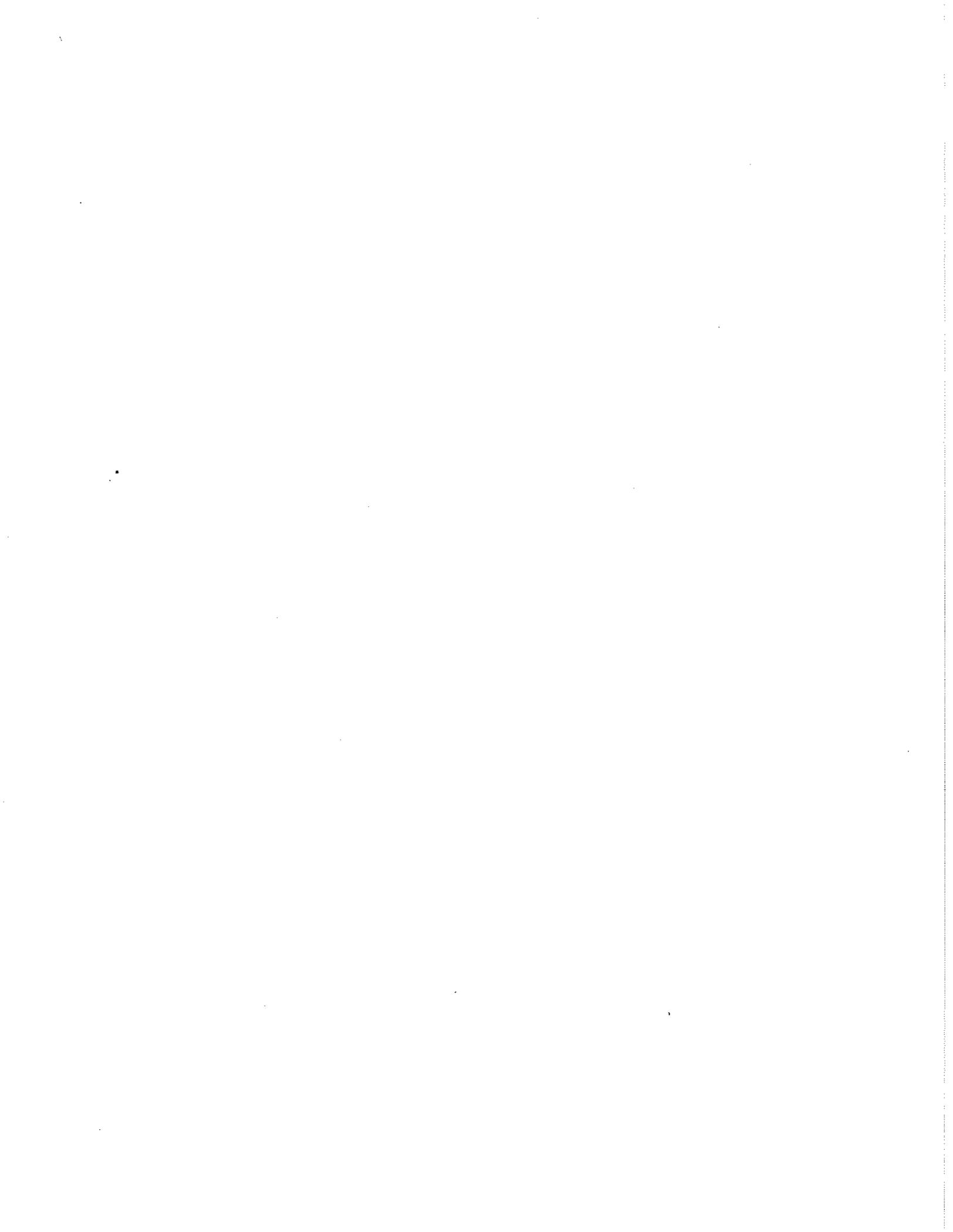


Under the 2030 Agenda for Sustainable Development Sub-Fund of the UN Peace and Development Trust Fund

EXECUTIVE SUMMARY

Project Title:	Promoting Sustainable Investments along the Belt and Road by Strengthening Partner Countries' Capacities and Establishing a Network of Sustainable Investment Promotion (SIP) Facilities with Ethiopia as the Early Pilot (Project ID #: PDF-SDG-2018-10)								
Start date:	01 January 2019								
End date:	31 December 2020								
Budget:	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">UNDP</td> <td style="text-align: right;">\$1,087,928.92</td> </tr> <tr> <td>UNDESA</td> <td style="text-align: right;">\$31,382.57</td> </tr> <tr> <td></td> <td style="text-align: center;">=====</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">\$1,119,311.49</td> </tr> </table>	UNDP	\$1,087,928.92	UNDESA	\$31,382.57		=====	Total	\$1,119,311.49
UNDP	\$1,087,928.92								
UNDESA	\$31,382.57								
	=====								
Total	\$1,119,311.49								
Target countries/groups:	China, Ethiopia								
Executing Entity:	<p>Project Coordination focal point: Wang Bing, Partnership Coordinator, UNDP China, bing.wang@undp.org</p> <p>Finance focal point: Meseret Moges, Programme Implementation Support Officer, meseret.moges@undp.org</p> <p>UNDP China: Liu Renfei, Assistance Country Director, Global Partnership Advisor; Wang Bing, Partnership Coordinator, bing.wang@undp.org</p> <p>UNDP Ethiopia: Selamawit Alebachew, Programme Specialist, Strategic Industrial and Agricultural Initiatives, selamawit.alebachew@undp.org; Meseret Moges, Programme Implementation Support Officer, meseret.moges@undp.org</p>								
Co-operating Entities within the UN system:	/								



Brief description:

The Belt and Road Initiative (BRI) is seen as a powerful regional and global initiative, generating a high level of engagement in many countries. It has great potential as a global public good and as an accelerator for the Sustainable Development Goals (SDGs). The development challenge is to ensure that while the BRI provides a timely platform for the delivery of finance and investments to help meet the infrastructure funding gap, it also puts into action the enormous opportunity to create sustainable social and environment development and generate global public goods, particularly focusing on its partner countries. Sustainable investment is to be promoted in the context of BRI.

UNDP thus proposes to promote sustainable Investments along the Belt and Road by strengthening partner countries' capacities and establishing a network of sustainable investment promotion (SIP) facilities with Ethiopia as the early pilot, to help enhance social and environmental sustainability.

Through platform building, policy engagement and piloting projects, the facility is to strengthen institutional frameworks and building capacity in a selected pilot country (Ethiopia) towards the leveraging of sustainable investments, in order to improve the overall investment climate to attract and sustain foreign investments that respond to the country's national development priorities and local needs.

The short-term goals are to provide a framework of cooperation to leverage sustainable investment opportunities, show early and positive results, bridge communication gaps and ensure BRI investments complement existing programmes with local stakeholders fully engaged. The programme will first focus on the positive early results in Ethiopia and is expected to generate: i) Concrete, relevant and effective modalities for setting up an effective BRI-SIP facility; and ii) Concrete lessons for what areas to focus on for the biggest impact and what approaches work the best (and which ones do not).

The long term and intermediate goals are to improve the overall investment cooperation and conditions towards a sustainable, forward-looking path, and to tie investment promotion approach with well-structured, local institutions that have embodied local needs and development priorities of partner countries. Based on the effective modalities that are derived of the piloting results, the upgraded facility will have better access and make bigger impact to other BRI partner countries during the next-step replicating and ensuring the sustainability of the institutional setting created by the proposed facility in Ethiopia.

Potential partners include government agencies, regulators, financial institutions, enterprises, chambers and civil society as well as the academic institutions and think tanks. These facilities will promote and attract overall investment to the country from all interested nations not only Chinese investment.

I. PROJECT BACKGROUND

1.1 Background

1. Launched in 2013, the “Belt and Road initiative” (BRI) envisions enhanced economic cooperation with five major pillars of policy coordination, infrastructure connectivity, unimpeded trade, financial integration and people-to-people bonds¹. It started as an economic-commercial action to develop new trade and investment opportunities and to be an engine for shared economic growth. It is developing into a regional/global cooperation mechanism between China and its partner countries with emphasis on sustainable development. While it is based on the old Silk Road, it is open to all countries globally as a framework of cooperation.
2. The 1st Belt and Road Forum (BRF) for International Cooperation held in Beijing in May 2017, showcased the economic potential and global interest in the initiative, paired with high expectations but also concerns on the impact of the unprecedented scale of investments and financial flows out of China. The forum, for the first time, explicitly positioned BRI as integral to development and the 2030 Agenda for Sustainable Development². During the forum, Antonio Guterres, UN Secretary General, stated that “While the Belt and Road Initiative and the 2030 Agenda are different in their nature and scope, both have sustainable development as the overarching objective. Both strive to create opportunities, global public goods and win-win cooperation. And both aim to deepen “connectivity” across countries and regions”³. As such, the BRI-SDGs strategic alignment represents an opportunity to strengthen the quality and sustainability of growth through market-based investments and economic growth initiatives, hence generating sustainable development dividends.
3. The development challenge is to ensure that while the BRI provides a timely platform for the delivery of finance and investments to help meet the infrastructure funding gap, it also puts into action the enormous opportunity to create sustainable social and environmental development and generate global public goods, particularly focusing on its partner countries. Sustainable investment is to be promoted in the context of BRI.
4. The term sustainable investment generally refers to the investment approach that incorporates environmental, social and governance (ESG) factors in portfolio selection, management and evaluation. This approach brings the issue of environment and social impacts of an investment; on top of the economic feasibility and profitability of an investment. The sustainable development goals are categorized under the five Ps (profit/prosperity, Planet/Environment, People/Social, Peace/governance and Partnerships.). Any investment in order to be sustainable has to contribute to these categories of the SDGs. Therefore an overall enabling investment climate need be created, as both public and private sector partners are expected to increase awareness and improve capability to identify and manage social and environmental impacts during project implementation.
5. Through long-established platforms such as the UN, World Bank, EU and OECD, policymakers, institutional investors and corporates from both developed and emerging economies, are increasingly focusing on sustainable investment embedding related concepts such as ESG standards into their investment strategies. At G20 2016, *the Guiding Principles for Global Investment Policy-Making* were endorsed by the G20 Leaders,

¹ Vision and Actions on Jointly Building Silk Road Economic Belt and 21st-Century Maritime Silk Road, March 2015, <https://www.fmprc.gov.cn/ce/cevn/chn/sghkt/t1251121.htm>

² Belt and Road Forum for International Cooperation, President Xi Jinping’s Opening Remarks at the Roundtable Summit of the Belt and Road Forum for International Cooperation, 15 May 2017, <http://www.beltandroadforum.org/n100/2017/0515/c24-415.html>

³ Belt and Road Forum for International Cooperation, UN Secretary General Antonio Guterres’ Opening Remarks of the Belt and Road Forum for International Cooperation, United Nations, 14 May 2017, <https://www.un.org/sg/en/content/sg/speeches/2017-05-14/secretary-general's-belt-and-road-forum-remarks>

highlighting the promotion of inclusive economic growth and sustainable development. *The 2017 Guiding Principles on Financing the Development of the Belt and Road* adopted by the Government of China (GoC) highlight “the need to strengthen social and environmental impact assessment and risk management of projects, improve cooperation on energy conservation and environmental protection, fulfill social responsibilities, promote local employment and ensure sustainable economic and social development”⁴.

6. UNDP thus proposes to promote sustainable Investments along the Belt and Road by strengthening partner countries’ capacities and establishing a network of sustainable investment promotion (SIP) facilities with Ethiopia as the early pilot, to help enhance social and environmental sustainability.

1.2 Link to the 2030 Agenda for Sustainable Development

7. UNDP’s engagement on the BRI and the promotion of sustainable investments is envisioned to contribute to the UNDP’s work on leveraging “financing for development”, the key priority of the UNDP 2018-2021 Strategic Plan. An investment of \$5-\$7 trillion per year is needed globally to deliver the SDGs. Developing countries alone require \$3.3-\$4.5 trillion annually, in areas ranging from basic infrastructure to climate change mitigation and adaptation. A key challenge in the implementation of the SDGs is to allocate all available public resources in ways that are aligned with the goals of meeting the SDGs and catalyze private investments.
8. Despite some remaining resistance, new prospects are emerging in the global economic governance discussions with renewed commitments to mobilize public and private finance and unlock trade opportunities and technological development in a way that favor a balance among short- and long-term economic, social and environmental priorities. The emergence of South-led multilateral institutions also provides new and expanded financing options that complement traditional financing modalities for development, opening up large-scale opportunities with a broader sustainable development impact.
9. The BRI sets one prominent example that can drive the momentum of sustainable development to a whole new level as well as to accelerate the SDGs on the ground. The BRI, given its massive investments and financing flows, can potentially unlock the resources needed. Importantly, beyond its potentials in mobilizing multiple resources and filling the financial gaps, the BRI can become an accelerator to achieve the 2030 Agenda, if inclusive and equitable development is part of it⁵. If BRI investments are channeled towards sustainable development in line with national priorities in partner countries, they could strengthen the course of “financing for development”. This provides China and the other BRI countries with a major opportunity to narrow development gaps, foster quality growth and thus show how the BRI priorities can support the 2030 Agenda. Demonstrating some modalities under which partner countries can best do so is a key objective of this pilot.
10. Therefore, sustainable investments are to be promoted in the context of the BRI. The proposed BRI-SIP facilities aim to generate positive impact to the implementation of the SDGs both on the short and long terms. The expected short-term deliverables would directly focus on **SDG 17**: partnerships for the goals and the economic aspects of the SDGs, including:
 - ✓ **SDG 8**: decent work and economic growth;
 - ✓ **SDG 9**: industry, innovation and infrastructure;

⁴ Guiding Principles on Financing the Development of the Belt and Road, May 2017, <https://www.yidaiyilu.gov.cn/wcm.files/upload/CMSydy/gw/201705/201705161050023.pdf>

⁵ A New Means to Transformative Global Governance Towards Sustainable Development, UNDP China, 9 May 2017, <http://www.cn.undp.org/content/china/en/home/library/south-south-cooperation/a-new-means-to-transformative-global-governance-towards-sustaina.html>

11. The facility will target to address the social, environmental, governance as well as economic aspects of the SDGs with a long-term vision, including:
 - ✓ SDG 1: no poverty;
 - ✓ SDG 9: industry, innovation and infrastructure
 - ✓ SDG 11: sustainable cities and communities;
 - ✓ SDG 13: effectively addressing climate change;
 - ✓ SDG 16: peace, justice and effective institutions.
12. Leveraging the BRI towards greater sustainability with environmental, social and governance factors highlighted aligns the United Nations Development Assistance Framework (UNDAF) in both China and Ethiopia in the new era. On one hand, as China has increasingly expanded the breadth and depth of South-South Cooperation, the SIP facilities along the Belt and Road would contribute to enhancing “**the effectiveness of China’s engagement in international cooperation for the mutual benefit of China and the world**” and supporting the China-led initiative in “**promoting sustainable development principles in line with international standards**”⁶. On the other hand, to Ethiopia, the BRI will serve as an important framework for engagement between Ethiopia and China on promoting sustainable and inclusive investment. The initiative will also contribute to the broader South-South Cooperation (SSC) that builds on the existing collaboration and partnership between Ethiopia and China, to further strengthen institutional capacity, knowledge, and technology adoption towards industrial transformation in Ethiopia.
13. The BRI-SIP facility will strive to enhance the overall investment climate in Ethiopia and contribute to the sustainability outcomes and inclusiveness of all investments in the country, regardless of source. The facility will be designed with a view to enabling subsequent replication in other countries.

1.3 Mandates, comparative advantage

14. UNDP’s interventions could support China and the partner countries engaging in the BRI provide tailor-made and sustainable solutions in the alignment with the SDGs. UNDP is well-placed for this, given its:
 - ✓ Position as the lead development agency, key advocate for the 2030 Agenda for Sustainable Development and the SDGs;
 - ✓ Universal mandate and global presence with a capacity network in more than 170 countries and territories with in-depth and unique understanding of national and local contexts
 - ✓ Access to and ability to convene all stakeholders, including national and local governments, civil society, private sector and civil society at large;
 - ✓ Policy influence based on a large project portfolio on the ground and its national policy advisory inputs and role in global cooperation;
 - ✓ Impartiality promoting independent and evidence-based actions.
15. UNDP has established a strategic partnership on the BRI working both in China and in countries participating in the BRI to promote sustainable development along the Belt and Road. UNDP was the first international organization to sign a MOU⁷ on the BRI with the GoC, represented by the National Development and Reform Commission (NDRC), in September 2016 at the margins of the 71st United Nations General Assembly. A BRI Action Plan⁸ was signed by UNDP and the GoC at the BRF, including a list of concrete projects. The first formal UNDP-

⁶ United Nations Development Assistance Framework (UNDAF, 2016-2020), UNDP China, pp21-23, http://www.un.org.cn/uploads/kindeditor/file/20160104/20160104104815_5332.pdf

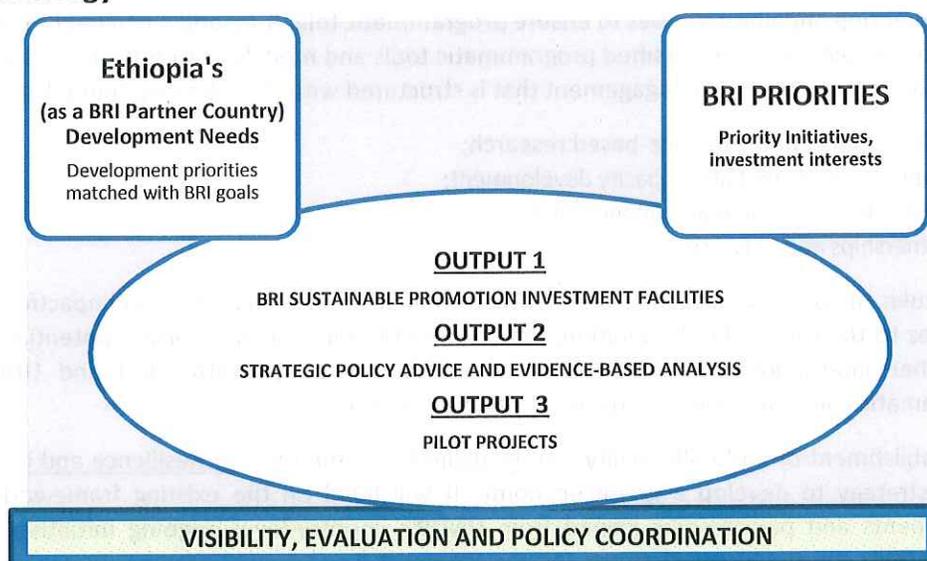
⁷ UNDP and China to Cooperate on Belt and Road Initiative, UNDP China, 19 September 2016, <http://www.undp.org/content/undp/en/home/presscenter/pressreleases/2016/09/19/undp-and-china-to-cooperate-on-belt-and-road-initiative.html>

⁸ Cooperation for Common Prosperity, UNDP China, 14 May 2017,

China joint working group (JWG)⁹ meeting was successfully held in April 2018, participated by approximately 20 line ministries. The meeting approved the structure and key concepts of the JWG as well as a preliminary list of projects to be officially recognized as deliverables at the 2019 BRF.

16. Through its Beijing-based global platform, UNDP can help the BRI to respond to development priorities of partner countries, and influence China's global engagement. Through its common strategy and global footprint when engaging on the BRI, UNDP is well placed to help its partners build in sustainability principles into BRI-related investment and its subsequent implementation. UNDP can also help leverage financing for development in providing the following services in general:
 - ✓ Pre-investment analysis (research, analysis, ex-ante impact assessments, investment promotion);
 - ✓ Impact measurement, quality assurance, project monitoring and evaluation;
 - ✓ Support to project identification and pipeline management;
 - ✓ Risk assessment and de-risking of investment projects.

1.4 Methodology



17. **Adopting a partner country oriented approach with the focus on the national and local development priorities and capacity building as its core.** One of the lessons learnt from the previous and existing programmes related to engaging China's development cooperation and overseas investments was that empowering and enhancing partner countries' capacities help attract and manage investments, also leverage long-term impact and associated benefits. Through country engagement and capacity development, the proposed BRI-SIP facilities will enhance engagement ability and absorptive capacity with the outcome of strengthening countries' leadership and ownership in BRI engagement. National stakeholders will collaborate to enhance policy, regulatory and procedural aspects of the BRI, as well as institutional frameworks for investment promotion and methods for monitoring its effectiveness and

<http://www.cn.undp.org/content/china/en/home/presscenter/pressreleases/2017/05/14/cooperation-for-common-prosperity.html>

⁹ The First Joint Working Group Meeting between the Government of China and UNDP Held in Beijing to Jointly Advance the Belt and Road Initiative, 28 April 2018, People's Daily, accessible only in Chinese:

<https://baijiahao.baidu.com/s?id=1598990335152371899&wfr=spider&for=pc>

sustainability. This aligns the proposed BRI-SIP facility with national sustainable development goals in Ethiopia.

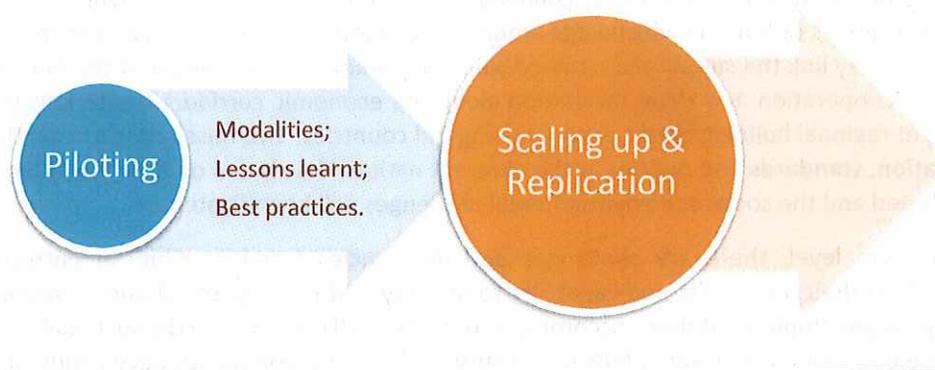
18. **Standing from a multi-stakeholder and multi-country perspective.** The proposed BRI-SIP facilities are designed to provide interactive platforms to engage both public and private sector partners for matching investment opportunities with local demands, and exchanging knowledge, best practices and lessons learnt on sustainable investment. Potential partners include government agencies, regulators, financial institutions, enterprises, chambers and civil society as well as the academic institutions and think tanks. These facilities will promote and attract overall investment to the country from all interested nations not only Chinese investment. Both cross-sector mingles and in-sector tailored dialogues will be carried out. Based on the knowledge and experiences thoroughly exchanged through multi-stakeholder events, the facility will further devise a practical guide on sustainable investment, targeting to strike a balance based on well-established international guidelines (e.g. EU, World Bank, OECD), recent ones initiated by the G20 mechanism and the GoC as well as domestic ones in Ethiopia.
19. **Complementing ongoing activities to ensure programmatic follow-up and sustainability.** The proposed interventions will provide diversified programmatic tools and models as to reflect and support **UNDP's corporate strategy** on its BRI engagement that is structured with the following four pillars.
 - ✓ Policy support and evidence-based research;
 - ✓ Country engagement and capacity development;
 - ✓ Sustainable investment and finance; and
 - ✓ Partnerships and networks.

In particular the proposed facilities are designed to mainly focus on and attain impactful development outcomes to the third pillar. In addition, the proposed facility will also consult potential collaboration with other international agencies such as UNCTAD, UNECA, UNIDO, ILO and UNCDF to seek programmatic coherence and synergy on the related aspects.

20. The establishment of a BRI-SIP facility will be aligned with the Climate Resilience and Green Economy (CRGE) strategy to develop a green economy. It will build on the existing framework in Ethiopia, achievements and partnerships gained from UNDP's country-level ongoing initiatives such as the National SDGs Private Sector Platform and the industrial development programme that aim to provide catalytic support in strengthening national capacities towards industrial transformation and contributing to the attainment of goal set in Ethiopia's Growth and Transformational Plan (GTP II). The Ethiopia National Private Sector SDG Platform will provide space to discuss and implement innovative solutions towards a better enabling environment for private sector engagement in pursuit of achieving SDGs. While the industrial programme supports industrial parks development, industrial product diversification, market and investment promotion as well as industrial policy, research and technology transfer. It directly strengthens technical and policy advisory capacity as well as facilitates use of proven knowledge and technologies for industrial development.
21. In parallel, the BRI-SIP facility will complement Business Platforms, Global Governance Initiative and Sustainable Business Abroad Initiative in China. As the SIP facilities go deeper, given its strong relevance, alignment and complementarities to the existing initiatives, programmes and projects, synergies would be achieved towards better policy coordination, stronger partnerships and increased development dividends along the Belt and Road. In a long term, the overall programmatic impacts would be further scaled up to support UNDP's engagement on the BRI, inclusive economic growth and private sector to both China and partner countries.
22. **Piloting at country level to demonstrate impact, and paving the way towards scaling up.** The proposed

SIP facility is designed on a two-phase approach:

- i) **In the short term**, it will initially develop a pilot BRI-SIP facility in Ethiopia, which should be a joint Ethiopia-China facility with full support from UNDP China office. The programme will first focus on the positive early results in the piloting country on the two-year implementation basis and is expected to generate the below two set of deliverables in linkage with the future scaling-ups and replication:
 - ✓ Concrete, relevant and effective modalities for setting up an effective BRI-SIP facility; and
 - ✓ Concrete lessons for what areas to focus on for the biggest impact and what approaches work the best (and which ones do not).
- ii) **In the intermediate and long term**, based on the “dos & don’ts” and the effective modalities that are derived of the piloting results, the upgraded facility will have better access and make bigger impact to other BRI partner countries (e.g. southeast Asia, Central Asia) during the next-step replicating and ensuring the sustainability of the institutional setting created by the proposed facility in Ethiopia.



II. ANALYSIS

1.1 Problem analysis

23. The BRI is seen as a powerful regional and global initiative, generating a high level of engagement in many countries. By September 2018, consensus on cooperation has indeed been deepened and more than 105 countries are on board, a total of 123 bilateral MoU have been signed, and efforts are made to link the BRI to existing regional plans already in place.¹⁰ Some countries are already fully engaged. Emblematic are the investments announced for Pakistan, which signed a MoU in 2015, including for a steel mill to be built by a Chinese state owned company, or for the China-Pakistan Economic Corridor with investments amounting up to US\$ 46 billion, mainly for the energy and logistics sector. Similarly, in the case of Indonesia, financing framework has been agreed upon, and around 52 projects are envisioned.
24. However, despite its gaining momentum, some obstacles and challenges exist that may undermine the sustainability aspects of the BRI. To start with, there are **countries that have not fully engaged in the BRI**. There are various reasons for this: lack of knowledge on how to engage or of the potential of the Initiative, perceived risks or other political reasons. Concerns arise over the engagement mechanisms, potential risks of large infrastructure projects and the need to better understand how to manage their impact and trade-offs. This is critical because of the considerable challenges faced by developing

¹⁰ According to the latest statistics released by China’s official website on the BRI: China signs MOUs with 37 African countries, AU on B&R development, 10 September 2018, <https://eng.yidaiyilu.gov.cn/qwyw/rdxw/65620.htm>

countries along the Belt and Road with regard to institutional capacity and governance of the direct investment.

25. The development challenge is to **ensure that while the BRI focuses on shared economic growth, it also helps realize host countries' objectives on sustainable social and environmental development and provision of regional and global public goods**. Common barriers need to be overcome to achieve the aims of the BRI. These include the need to address the valid environmental and social concerns in partner countries; barriers due to lack of understanding of the investing countries' priorities, policies and regulations; slowing growth prospects in Asia and globally; and communication barriers due to cultural differences. In particular, the programme needs to identify specific proposals on how Chinese investment can genuinely contribute to sustainable development in poorer countries, while delivering low-risk returns for China, as well as ensuring stability and long-lasting mutual trust in the region.
26. Further questions remain on **the level and design of engagement in the cross-regional scope** of the BRI. A strong regional integration component is a typical feature of cross-national economic corridors which develop out of transport corridors, connecting economic agents along a defined geography, linking economic nodes or hubs, in which large amount of economic resources and actors are concentrated. By doing so, they link the supply and demand sides of markets. In the context of the BRI, the emphasis on regional cooperation and trade facilitation along the economic corridors create linkages between the different regional building blocks encompassing BRI countries. This raises concerns on **the coherence of regulation, standards and policies** at the different national levels and on how the different gains will be distributed and the social and environmental challenges will be mitigated.
27. At the firm level, there are challenges and deficiencies faced by **Chinese enterprises overseas**, particularly their awareness and capability **to identify and manage social and environmental impacts during project implementation**. According to the 2017 UNDP Report on the sustainable development of Chinese enterprises overseas¹¹, 50% of the surveyed Chinese companies have conducted Social Impact Assessments (SIA) and 65% of enterprises have done Environmental Impact Assessments (EIA) for their overseas projects in host countries.¹² However, nearly half of the surveyed enterprises have not yet carried out independent SIAs and 35% firms proceeded with their overseas investment operations without in-depth EIAs, due to the unfamiliarity with global standards or the disparity in local business norms and the like. It is also critical to carry out such assessments early enough in the investment process, so that the critical findings can be incorporated into the final project design. As the Chinese enterprises take a major part in carrying on the BRI projects abroad and engaging with diversified social, cultural and environmental contexts, the lack of business awareness and behaviours in sustainable investment may pose a threat to the related projects and investments regarding both implementation and impacts.
28. The development challenges demonstrate a further need to improve the investment cooperation and conditions. The re-balance between BRI partner countries' demands and external investors' interests with the aim of leveraging sustainable investment opportunities are structured around a set of issues to be addressed through targeted support. There are four main dimensions to be taken into consideration

¹¹ 2017 Report on the Sustainable Development of Chinese Enterprises Overseas, 8 May 2017, UNDP China, <http://www.cn.undp.org/content/china/en/home/library/south-south-cooperation/2017-report-on-the-sustainable-development-of-chinese-enterprise.html>

¹² Social Impact Assessments (SIA) are methods to predict and assess potential social effects of a proposed intervention and to provide optimization and monitoring measures. Environmental Impact Assessments (EIA) aim to identify environmental impacts of a project before its execution and to propose solutions that can avoid or mitigate negative impacts. SIA and EIA have been incorporated into the project approval and formal planning processes in several countries.

when assessing the needs:

- ✓ Quantity and quality of BRI investments, including the BRI investment motive, sourcing strategy, and technology potential;
 - ✓ The absorptive capacity of BRI countries from both private and public sectors and their ability to generate knowledge;
 - ✓ BRI overall institutional framework and capacity; and
 - ✓ The achievement of early-harvest results that complement existing programmes and engage local stakeholders.
29. Zooming in the Ethiopian context, investment has been steadily on the rise and has played an important role in economic growth. Public sector investment in infrastructure has been a major driver of capital formation with private investment gaining importance. The primacy of this public investment in infrastructure is to crowd-in private sector investment as a driver of structural transformation and to achieve the national vision of becoming a low middle-income country by 2025.
30. Specific policy directions pursued by the government in bringing the desired structural transformation in the Ethiopia's industrial sector include special support and guidance to large and medium scale industries. In this regard, as Ethiopia is pursuing export-oriented light manufacturing led industrialization, it is desirable that BRI interventions are targeted to support textile and garment, leather and leather products, agro-processing, sugar and sugar related industries, ICT and mobile technology as well as renewable energy, but does not necessarily preclude industries outside of the mentioned sectors.
31. Recently the new leadership in the Government of Ethiopia (GoE) has announced the need to open up the space for private sector engagement and also its plan to partly and entirely privatize big conglomerates such as Ethiopian Airlines, Ethio-telecom and others. However, the pace of structural transformation has been slow and has not translated into a tangible increase in jobs so far. To address this challenge, the GoE has embarked on an industrial transformation agenda targeting to create 2 million jobs by 2025. The investments coming from the BRI could further serve to boost economic growth and regional cooperation, and accelerate the SDGs localization process in Ethiopia.

1.2 Country level problem analysis

32. Ethiopia has experienced more than a decade of high economic growth over the last decade registering annual average GDP growth rate over 10%. Ethiopia is the second most populous country in Africa with a population approaching 100 million, distributed widely over the country's 11 regions. Ethiopia has also managed to achieve one of the lowest levels of income inequality in the world (GINI Index less than 33). Ethiopia is now in the early stage of the second Growth and Transformation Plan (GTP II, 2016-2020). In GTP II, economic transformation is envisioned with industrial value addition projected to increase at an annual average growth rate of 20% and the share of the industrial sector in overall GDP anticipated to increase from 15.1% in 2014/15 to 22.3% by 2019/20.
33. The country envisages transforming the economy into middle income status by 2025 where industry is expected to contribute 27% of the GDP. Hence, for the decade ahead the focus of the industrial sector will be on private sector development and on the selected priority manufacturing sub-sectors which are expected to bring about the transformation of the manufacturing sector taking it from a share in GDP of 5% to above 17% by 2025.
34. To this end, the GoE has prepared the Ethiopian Industrial Development Strategic Plan as part of GTP II (2015-2020) and GTP III (2020-2025) with a vision of ***“building an industrial sector with the highest manufacturing capability in Africa which is diversified, globally competitive, environmentally friendly,***

and capable of significantly improving the living standards of the Ethiopian people by the year 2025”.

The industrial sector and manufacturing in particular, are expected to lead and underpin sustainable and inclusive economic growth as the country heads towards middle-income status by the conclusion of GTP III.

35. Within this broader framework, an integral part of the industrial development strategy is to deepen and diversify the industry base by enhancing the manufacturing capacity and to ensure both balanced regional industrial development and integration of a diverse group of industries with regional and global markets. However, limited capacity of government implementing bodies and coordination of support-providing government institutions, shortage of industrial inputs, and limited engagement of private investors in the manufacturing sector are among the challenges facing the industrial sector. Moreover, productivity and technological capacity limitation, inefficient logistics systems, low levels of technological and managerial capacity of factories, inability to cope up with fierce global competition in terms of quality and price are also persistent challenges to the sector.
36. To bring about manufacturing sector transformation and to address some of the challenges mentioned above, key industrial development directions are envisaged by the GoE. These are upgrading and capacity enhancement of major priority industries, diversification of manufacturing sector to new sectors, private and public investment, and Industrial zone development. Furthermore, the country will continue pursuing both export-led and import substitution industrialization.
37. In terms of **country assets**, Ethiopia has been designing and implementing integrated national policies and strategies to alleviate poverty and to bring about sustainable development. These policies and strategies have brought significant changes in the lives of the Ethiopian people and built a progressive image of the country as a whole. Driven by global competitiveness and the existence of untapped resources, the country has now advanced in establishing industrial parks that are expected to play a great role in GDP growth, job creation, foreign exchange earnings, and SMEs development in the GTP II period and beyond. Targeted industries are labor intensive, which makes the nation regionally competitive to attract such investments, use agricultural products as input for the targeted integrated industrial parks and acquire broad linkages with the rest of the economy.
38. Moreover, industrial parks/integrated agro industrial parks are of paramount importance in lowering production costs, transportation costs, energy costs and also ensure higher returns as a result of high quality outputs. Successful replication of such models across strategic production hubs for key commodities can lead to the transition of Ethiopian industries to an organized, high-tech, safe, demand-led, and high-value orientation undertakings. The private sector is the expected actor for the above points to materialize. With the new direction the country is taking and the anticipated private sector reform, more investment both from local and foreign sources is expected to flow through the improvement of the enabling business environment. Investment interventions of the government in capital intensive and strategically important industries are also expected to be strengthened.
39. **Expected Outcome:** This BRI-SIP facility will be aligned with *UNDAF 2016–2020* in Ethiopia, which is in support with GTP II that frames UN agencies’ support to economic sectors deemed vital. The programme will respond to Pillar 1: *Inclusive growth and structural transformation* that highlights particular focus to private sector participation in the economy and align with Pillar 2: *the Climate Resilience and Green Economy (CRGE) strategy* to develop a green economy. In particular, to *Outcome 2: By 2020 private sector driven industrial and service sector growth is increasingly inclusive, sustainable, competitive and job rich*. More specific expected outcome contribution of the proposed BRI-SIP facility are highlighted herein:

- ✓ **Sustaining the manufacturing sector’s contribution to industry and economic growth:** As the manufacturing sector will continue to be one of the major sources of growth, the BRI-SIP facility is instrumental towards export promotion, enhance productivity, diversify industrial products and markets, and shift towards higher value-added products. It will also open room for knowledge exchange, appropriate technology transfer through encouraging greater investments to Ethiopian industries.
- ✓ **Industrial zone development:** The development of IPs, ultimately into industrial city developments, is a continuous process which requires a long-term and sustained commitment from the part of the government. It demands not only the preparation/update of policy and regulatory frameworks, but also a comprehensive and integrated plan to establish regional business centers, social services (schools, hospitals, residence, etc.), environmental standards and other dimensions which are crucial to develop industrial cities – commonly known as development zones. The BRI/SIP platform will be vital for provision advisory services on the matter, best practice sharing and knowledge exchange in bringing Chinese and East Asian experiences into national contexts. This is a crucial step towards urbanization and industrial transformation that ensures structural change of the country’s overall economy.
- ✓ **Private sector development:** As noted earlier, the private sector is the main expected actor in Ethiopia’s industrial development. Hence supporting the private sector involved in the prioritized industries is among the key industrial development directions. The BRI-SIP facility will serve as a channel to make the private sector aware of existing opportunities. Identifying such growth potentials, addressing challenges and recommendations via the BRI/SIP dialogue forums will provide opportunities for economic inclusiveness, poverty alleviation, and income generation that contribute towards a more balanced regional growth.
- ✓ **Integrating the Ethiopian industries into regional and global market:** The facility will be key in bringing out opportunities towards economic integration at the regional and global levels. Awareness will be created on regional and international business agreements to enhance competitiveness of Ethiopian industries in regional and global markets. Champion products will be promoted for investment attraction at the various BRI-SIP dialogue/discussion forums towards making the country a regional hub for selected products and services.

Table 1 – Country/Regional/Sectoral analysis

Description of the Issues to be addressed	Status of affairs /Baseline	Realistic Outcomes/Target
1. Manufacturing sector	Limited technical capacity, coordination challenges, as well as limited engagement of the private sector in the manufacturing sector at the expected level	Improved investment policies and enabling environment towards enhanced manufacturing sector. Increased awareness and strengthened measures in introducing/applying the ESG factors into practical production process along the manufacturing value chain.
2. Industrial zone development	Limited operational efficiency and effectiveness for industrial parks to operate at optimal level	Increase in measurable investment (Chinese/otherwise) in industrial parks. Increased awareness and improved capability to identify and manage social and environmental impacts during project implementation and zone operation.

3. Private sector development	Limited private sector participation in the manufacturing sector	Enhanced knowledge and information exchange among government, private sector community on sustainable investment. Networks established, and B2B relations strengthened. Increased awareness and improved capability to identify and manage social and environmental impacts during project implementation.
4. Integrating the Ethiopian industries into regional and global market	Limited knowledge and awareness about regional agreements/business opportunities.	Strengthened regional integration. Measurable increase in Ethiopia's regional competitiveness to attract FDI in manufacturing sector. Best practice sharing and knowledge exchange at the regional level.

1.3 Stakeholder analysis and capacity assessment

Table 2 – Stakeholder Analysis

Non UN Stakeholders	Type and level of involvement in the project	Capacity assets	Capacity Gaps	Desired future outcomes	Incentives
Stakeholder 1: Ethiopian Investment Commission (EIC)	The lead government institution to implement the BRI-SIP intervention. Involved in spearheading the improvement in the investment climate and attracting investments by ensuring a favorable environment and providing attractive incentive packages to all investors.	EIC is well placed and positioned to lead investment attraction undertakings to the country.	Coordination, harmonization, sector specialized technical knowhow to attract and operationalize targeted investment.	Overall increase in investment flows to the nation (FDI) through strengthening policy, negotiating capacity, business dialogue as well as knowledge exchange.	Support in strengthening business to business linkages towards increase in investment flows to the nation (FDI). Knowledge and experience in sustainable and inclusive investment as well as in undertaking investment de-risking analysis.
Stakeholder 2: Ministry of Industry	The responsible government ministry to lead the industrial sector.	Well placed to design/revise/update industrial policies as well as anchors the implementation of the country's industrial roadmap up to 2025. Coordinates prioritized sector industries development institutes.	Coordination, harmonization, sector specialized technical knowhow in designing/updating industrial policies and regulatory frameworks.	Overall increase of the manufacturing sector contribution to GDP.	Support in policy formulation, designing regulatory frameworks and sector tailored advisory services.
Stakeholder 3: Ministry of Finance and Economic Cooperation	The responsible government ministry to lead financial cooperation and partnerships.	Well placed in coordinating government ministries pertinent to investment and trade.	Fairly better coordinated. May benefit from innovative financing models and approaches in the implementation of the	Overall increase in national income towards change in livelihoods and deepening partnerships for future cooperation.	Support/experience in expanding/strengthening partnership opportunities and regional integration. Deeper understanding of BRI project financing

			BRI.				options/public private partnership modalities of mega projects.
Stakeholder 4: Industrial Park Development Cooperation	The responsible government entity to spearhead industrial park operations ranging from construction of the parks to management.	Stakeholders from both Ethiopia and China are at the forefront of in country experience in establishing economic corridors and special economic zones.	Institution is new and may benefit from technical capacity support and advisory services as well as outbound experience sharing.	Efficient and effective industrial park establishment and management.	Additional knowledge in environmentally safe park establishment. Knowledge and experience in holistic park establishment that takes account of social matters (women safety, safe working space, health management, etc.)		
Stakeholder 5: Environment, Forest and Climate Change Commission (EFCCC)	Responsible government entity for co-ordination and overseeing the implementation of environmental and forestry policies and programs.	Ministry is at the forefront of implementing the Climate resilient green economy strategies	Institution may benefit from coordination and harmonization support in linking environmental aspects in the country's investment endeavor.	Socially and environmentally responsible investment expansion.	Knowledge and skill in incorporates environmental, social and governance (ESG) in investment.		
Stakeholder 6: Ministry of Labor and Social Affairs (MOLSA)	Responsible entity for Labor and Social Affairs with particular emphasis on the industrial sector in the BRI-SIP Context.	Ministry is responsible and currently leading the development of minimum wage strategy pertinent to the social wellbeing of employees at industrial parks.	Ministry may benefit from specialized awareness in addressing labor issues in the industrial sector and more so in the industrial parks.	Well organized labor management in the industrial sector.	Experience gain from eastern economies in effective and efficient labor management including strategies addressing labor productivity.		
Stakeholder 7: Ethiopian Chamber of Commerce and Sectoral Associations	The lead business association in Ethiopia.	Able to organize registered business entities as well as good entry point to the business community.	Holding evidence-based discussion/dialogue forums with government. Limited awareness of the private sector community in getting engaged with mega projects or creating public private partnerships.	Private sector growth at global, regional, and country levels.	Exposure and knowledge gain to private sector community. Strengthening dialogue and exchange perspectives.		

III. PROJECT STRATEGY: OBJECTIVE, EXPECTED ACCOMPLISHMENTS, INDICATORS, MAIN ACTIVITIES

1.1 Project Strategy

40. UNDP proposes to promote sustainable Investments along the Belt and Road by strengthening partner countries' capacities and establishing a network of sustainable investment promotion (SIP) facilities, to help enhance social and environmental sustainability. The proposed strategy aims to:
- ✓ **Increase** BRI investments social and environmental impact while boosting economic growth supporting jobs creation, access to services and poverty eradication;
 - ✓ **Accelerate** context-based structural transformations for sustainable development channeling investments towards a low carbon and green economy; and
 - ✓ **Catalyze** global partnerships in leveraging finance and investments towards key sectors for economic growth and regional cooperation.

Objective

41. To strengthen institutional frameworks and building capacity in a selected pilot country (Ethiopia) towards the leveraging of sustainable investments, in order to improve the overall investment climate to attract and sustain foreign investments that respond to the country's national development priorities and local needs.
42. The **short-term goals** are to provide a framework of cooperation to leverage sustainable investment opportunities, show early and positive results, bridge communication gaps and ensure BRI investments complement existing programs with local stakeholders fully engaged.
43. The **long term and intermediate goals** are to improve the overall investment cooperation and conditions towards a sustainable, forward-looking path, and to tie investment promotion approach with well-structured, local institutions that have embodied local needs and development priorities of partner countries. Specifically, the SIP facility will:
- a) **Promote investments in a way that creates sustainable patterns** in economic, social and environmental terms, searching for innovative solutions that will ensure the achievement of the enhanced connectivity and accelerated progress for the advancement of the SDGs in both Ethiopia as the piloting country and other countries along the Belt and Road.
 - b) **Provide investment offer to match investment demand.** The assessment of development needs of BRI partner countries calls for a careful matching with offer and resource availability. The quantity and quality of BRI investments, including the investment motive, sourcing strategy, and technology potential should be balanced with countries' national development priorities and aspirations.
 - c) **Strengthen BRI partner countries' capacities to better engage with BRI investment opportunities.** The development of domestic skills and innovation capabilities is essential not only to attract and manage BRI investments but also to leverage long-term impact and potential benefits associated with such investments.
 - d) **Forge mutually-beneficial and win-win cooperation for Chinese, international and local actors.** There is a need to increase transparency of enterprises and awareness of procedures of partner countries, and equip investment decisions with consistency and predictability. It is vital to foster cooperation to embed project-level economic returns into a multi-stakeholder platform that will generate mutually beneficial outcomes for investors, operators, government officials, regulators and local communities.
 - e) **Promote positive early-harvest results and enhanced communication.** While the BRI is still at an early stage, it is crucial to achieve positive results and to showcase successful examples, to demonstrate the potential of the initiative and encourage sustainable investments in the long run that clearly benefits partner countries. It also needs to create engagement mechanisms to enhance communication and

consultation among key stakeholders to strengthen linkages to national and local authorities, rules and regulations and partners.

Pathways

- i) **Platform.** The BRI-SIP facilities will act as a platform to synthesize the experience of BRI partner countries and provide sustainable channels for mutual learning, knowledge and experience exchange to achieve the SDGs.
- ii) **Policy.** The BRI-SIP facilities will in a collaborative way bring national actors together to look at policy, regulatory and procedural aspects related to the BRI, institutional frameworks for investment promotion and methods for monitoring BRI effectiveness. It will also provide both macro-level policy advice and tailor-made solutions to problems faced by existing or potential investors and streamline the level of BRI investments with a sustainability focus at its core.
- iii) **Piloting.** The BRI-SIP will support the testing and application of the above solutions by providing project-level advice and analyses to the identified priority sectors and piloting projects.

1.2 Logical Framework

Table 3 – Logical Framework

<u>Logic Intervention</u>	<u>Indicators</u>	<u>Means of verification</u>
<p>Objective To strengthen institutional frameworks and building capacity in a selected pilot country (Ethiopia) towards the leveraging of sustainable investments, in order to improve the overall investment climate to attract and sustain foreign investments that respond to the country’s national development priorities and local needs.</p>		
<p>Expected accomplishment - EA1 Enhanced knowledge, information exchange and communication on BRI related investments, fostered knowledge and experience sharing on sustainable investment among multiple stakeholders in the selected pilot country and established a learning and capacity building network</p>	<p>IA 1.1 Four sets of events (can be further adjusted during the implementation) designed for increasing the awareness and forging mutual understandings among the targeted multiple stakeholders on the key concepts and successful practices on sustainable investments; for exchanging ideas, lessons learned and experiences on sustainable investments.</p>	<p>Pre-event background paper / scoping paper and agenda, List of participants, Participants feedback and questionnaires, Post-event summary, knowledge products, project quarter annual substantive reports.</p>

towards presenting investment policy as well as governance solutions to identified hindrance /bottlenecks of FDI.	<p>IA 1.2</p> <p>A training programme/knowledge sharing/capacity building session for government officials and private sector in both Ethiopia and China to increase the understanding of ESG, legal perspective, SDGs, as well as principles, rules, guidelines, standards that are related to sustainable investment with practical field trip to selected projects (completed or ongoing), SEZs or enterprises in another city, as to demonstrate good measures and approaches through first-hand knowledge sharing between participants and in-site managers on deliverables, challenges and solutions.</p>	<p>Training materials and agenda, List of participants, Participants feedback and questionnaires, Post-training summary.</p>
	<p>IA 1.3</p> <p>An online information hub that can inform and encourage sustainable investments that facilitate local needs to match investment opportunities, reducing transaction costs on project identification and screening; and that provide easy access to analysis and measures for project de-risking and assessment with focus on social, environmental and governance aspects.</p>	<p>Online information hub (website) to update regular country-, project- and investment- level data, information and tailor-made analysis.</p>
<p>Main activity</p>		
<p>A1.1</p> <p>Organize Business to Business (B2B) match-making in Addis Ababa, Ethiopia, aiming to zoom in specific angles and themes, tentatively to invite a total number of 45 participants involving both public and private sector partners for leveraging investment opportunities with local demands, and for in-depth discussions based on real business practices (e.g. procurement, funding, resources).</p>		
<p>A1.2</p> <p>Organize a BRI-SIP dialogue in Addis Ababa, Ethiopia, aiming to exchange understanding, knowledge and practices on sustainable investment with the ultimate objective of developing a comprehensive Action Plan on facilitating sustainable investment in Ethiopia. Tentatively to invite a total number of 80 speakers and participants involving UNDP COs, Chinese embassy, central and local government, investment bureaus, financial institutions, private sector partners (e.g. Chinese and international investors, local enterprises in Ethiopia), Chinese overseas chamber, local commercial associations as well as development agencies. A field trip visit to selected projects (completed or ongoing), SEZs or enterprises around Addis Ababa is also included, as to demonstrate good measures and approaches through first-hand knowledge sharing between participants and in-site managers on deliverables, challenges and solutions.</p>		
<p>A1.3</p> <p>Organize a policy dialogue in Beijing, China, in light of the outcomes of the 2019 Belt Road Forum for International Cooperation, zooming in specific angles and themes that are mutually interested on the BRI related investment, tentatively to involve a total number of 20 Ethiopian and Chinese senior policy makers.</p>		

<p>A1.4 Organize a training programme (or a knowledge sharing workshop) in Beijing, China, tentatively to invite a total number of 35 trainees from line ministries, private sector in both Ethiopia and China. The programme is designed to include: i) a seminar, with four senior international experts / practitioners based in China and elsewhere in charge of leading the training and discussions on ESG, legal perspective, SDGs, as well as principles, rules, guidelines, standards that are related to sustainable investment; ii) a field trip to selected projects (completed or ongoing), SEZs or enterprises in another city, as to demonstrate good measures and approaches through first-hand knowledge sharing between participants and in-site managers on deliverables, challenges and solutions.</p>		
<p>A1.5 Develop and maintain a BRI-SIP information platform, based on the existing UNDP network, as well as information and data access provided by external partners. The BRI-SIP platform is expected to provide both general and tailored information and analysis on i) country, ii) sectoral/ industrial, and iii) projects and investment. The online information platform will also have two investment officers based in China (Beijing/Shanghai/Guangzhou) to facilitate information exchanges and the establishment of an investment office in China. The investment office aims to further advance the investment collaboration to align with BRI/SIP to serve as facilitation and entry point for FDI flows to Ethiopia.</p>		
<p>EA 2 Improved business environment and strengthened capacities of policymakers in the selected pilot country to identify regulatory and institutional gaps in adsorbing, sustaining and upgrading foreign investments in lineage with national development priorities and local needs.</p>	<p>IA 2.1 A diagnostic study on ESG/ sustainability aspects of Investment promotion and facilitation to be undertaken in consultation with Ethiopia Investment Commission (EIC) and its outcome to be used as an effective reference and tool for in-field public and private sector partners.</p>	<p>One diagnostic study</p>
	<p>IA 2.2 Five concrete policy advices (the specific number to be further discussed with the GoE) designed to analyze and help remove investors' related barriers as to improve the overall investment climate.</p>	<p>One policy analysis paper including five advices</p>
<p>A 2.1 Draft and launch a diagnostic study on ESG/ sustainability aspects of Investment promotion and facilitation both to reach to a common understanding ESG gaps + inform follow up actions of the programme + inform general areas of improvement for the GoE as well as develop a practical guideline (or a manual / working paper, the specific type to be further identified in consultation with government counterparts), based on the interactive discussions at the A1.1 B2B match making, A1.2 dialogue, A1.3 policy dialogue and A1.4 training programme, with SIP best practices and cases included. A team of international senior experts will be convened for drafting, based on both desk writing and field visits and aiming to harmonize the Chinese, Ethiopian and international perspectives. The knowledge product is planned to be launched with a consultation / review meeting included in the half-day launch event, tentatively to invite a total number of 100 participants.</p>		

<p>A 2.2 Together with the national government or the SIP- related supervisory authorities, a team of international senior experts will identify policies, procedures and practices that may pose as macro-level investment barriers and challenges reducing investment attractiveness or increases transaction cost. Based on the A2.1 knowledge product, provide five policy recommendation and advices (the specific number to be further discussed with the GoE), as to support the improvement of Ethiopia’s social and environmental regulations / standards / guidance for sustainable infrastructure investment and projects.</p>		
<p>A 2.3 A team of international senior experts will provide tailor-made, micro-level de-risking analysis or policy advice in specific investment sectors (the specific number and area to be further discussed with the GoE/EIC): e.g. analysis of SIP related policies and gaps, development of policy agenda and supporting policy reforms to enhance viability of sustainable investments and overall sustainable development.</p>		
<p>EA 3 Enhanced sustainability scale and level of the selected investment as the pilot project, with the successful practices and development impacts thoroughly demonstrated and to be further scaled up / replicated later within and out of the selected pilot country.</p>	<p>IA 3.1 One priority sector and / or one pilot project with value-chain approach identified and selected for participating in the de-risking analysis or project assessment on development aspects (social, environmental and governance).</p>	<p>Mapping on the selected priority sector / pilot project, One concept note prepared to the next-stage project assessment with de-risking / sets of policy advices and impact as the focus.</p>
	<p>IA 3.2 Five concrete project-level advices (the specific number to be further discussed with the identified private sector partner) designed to improve the sustainability level and scale of the pilot project and to build the capacity and knowledge of the project managers in the field.</p>	<p>One project assessment or analysis including five concrete project-level advices.</p>
	<p>IA 3.3 Three successful practices (e.g. effective measures, active engagement, innovative business models, UNDP interventions) summarized to demonstrate the sustainable impacts of the pilot project on development aspects to local, Chinese and international audiences, and to explore future cooperation aspects for scaling up / replicating.</p>	<p>One publication on the selected best practices, List of participants, agenda and summary of the demonstration events.</p>
<p>A3.1 A team of national and international senior experts will based on both desk writing and field visits provide five advice and analysis on project screening or de-risking in social and environmental aspects for 1-2 pilot projects (specific projects and sectors to be further identified).</p>		
<p>A3.2 A team of national and international senior experts will, based on both desk writing and field visits, take part in project monitoring and assessment on the development impact of the pilot projects, and summarize three successful practices (e.g. effective measures, active engagement, innovative business models, UNDP interventions).</p>		

A 3.3

Organize a two-day tailored activity (e.g. media tours) to increase international exposure of the demonstration project (e.g. project-level information, results and outcomes, key milestones, lessons learnt and good practices) through site visits and multiple communication platforms, targeting a total number of 50 participants involving journalists, policy makers, investors and development practitioners from China, Ethiopia and elsewhere.

1.3 Risks and mitigation actions

Table 4 – Risks and mitigation actions

Risks	Mitigating Actions
<p>R1. Difficulties to identify the targeted participants and audiences, and to monitor and assess the impact on the participants' awareness and understandings towards sustainable investment through the proposed interventions.</p>	<p>M1. Initial mapping and analysis on the stakeholder status and capacity will be conducted. Initial meetings and workshops will be organized to consult and brief with the potential partners to be involved.</p>
<p>R2. Data availability to establish the proposed the online information hub and to update on a regular, on-time basis.</p>	<p>M2. Additional knowledge and technical support will be pursued from the targeted media partners.</p>
<p>R3. Available staff from the GoE and the enterprises in charge of the piloting projects to devote to supporting project interventions.</p>	<p>M3. Capacity and awareness gaps will be augmented by including the targeted staff with the proposed events on knowledge sharing, capacity building and training. Necessary questionnaires, one-on-one interviews and consultations will be organized.</p>
<p>R4. Creating a SIP facility that is seen to exclusively focus on Chinese investment, not providing useful lessons for all investment – domestic and foreign.</p>	<p>M4. Local participation and buy-ins of the facility need be strengthened and highlighted in the whole process of the project implementation.</p>
<p>R5. Limited institutional capacity to fully realize the outputs of the BRI/SIP initiative.</p>	<p>M5. Relevant institutions to be provided with technical and operational assistance with in the scope of the initiative to kick start and fully implement the BRI/SIP facility.</p>
<p>R6. Lack of strong information management system and availability of comprehensive data</p>	<p>M6. Support will be provided to strengthen capacity in data management in implementation of BRI-SIP information platform.</p>
<p>R7. Weak linkage between federal ministries, sector bureaus and regional governments</p>	<p>M7. The advocacy platforms will be used to promote coordination and harmonization for the success of BRI-SIP initiation.</p>

<p>R8. Lack of financial resources to further expand the programme beyond the 2-year period.</p>	<p>M8. The BRI-SIP facility will also serve as a platform to advocate for resource mobilization to further expand the programme.</p>
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1.4 Sustainability

44. In the short run, the activities and process in supportive of the SIP facilities in Ethiopia as an early pilot will serve as a good testing ground and starting point to examine the feasibility, relevance and impact of UNDP's strategy, approach and measures on its BRI engagement. If early-harvest results are generated, this would potentially bring complementarities and synergies to the existing relevant initiatives, programmes, projects and partnerships to both China and its partner countries. On the other hand, through the substantive multi-stakeholder interactions during the project implementation process, it is expected to seek local buy-ins of the SIP key concepts, proposed measures and best practice sharing to Ethiopia.
45. In an intermediate and long run, the proposed facilities are to create not only a one-stop shop to facilitate sustainable investments in Ethiopia, but also to promote an enabling operating environment based on a partner country perspective in which BRI investments and business can thrive, supporting thus both trade, economic growth and technological advancement along the routes. As elaborated in paragraph 22, based on the "dos & don'ts" and the effective modalities that are derived of the piloting results in Ethiopia, the upgraded facility will have better access and make bigger impact to other BRI partner countries (e.g. southeast Asia, Central Asia) during the next-step replicating and ensuring the sustainability of the institutional setting created by the proposed facility in Ethiopia. ~~its geographical~~
46. Ultimately, it will aim at creating a network of facilities, which can engage with other facilities globally in neighboring and other partner countries strengthening cooperation in sub-regional and cross-border initiatives.

1.5 Public Information and Communications

47. For most of the public events based activities (e.g. A1.1-1.4, A2.1, A3.3) in the proposed facilities, each has included communication and outreach attempts to maximize the visibility, publicity and impact of the achievements and knowledge outcomes.
48. For match-making activities and policy dialogues (e.g. A1.1-1.4), media representatives will be invited to participate in and report the events, distributing before/during/after event communication products (e.g. op-ed, info-graphic, photos, event videos, blogs, press release, social media posts) via a variety of media platforms both in Ethiopia and in China; in-depth interview with selected representatives and sectoral opinion leaders will also be conducted. For publication of planned knowledge product (e.g. A2.1), digestible communication products (e.g. info-graphic, op-ed, blogs, press release, social media posts) will be prepared for media distribution both in Ethiopia and in China; launching event will also be organized inviting relevant domestic and international stakeholders. A tentative tailor-made media tour has also been planned at the end of the project circle, to increase international exposure of the demonstration project in Ethiopia (e.g. A3.3). Through site visits, dialogues, interviews and other activities, both domestic and international media representatives will have access to project-level information, key results and outcomes, milestone, lessons learnt and good practices of the project. Specific communication plan is to be further concretized to each specific activity.
49. Moreover, acknowledgement of the project and the 2030 Agenda for Sustainable Development (ASD) Sub-Fund of the UN Peace and Development Fund (UNPDF) will be made during the whole project communication circle. Communication materials will be shared as well with the Programme Management Team of the 2030 ASD Sub-Fund.

IV. MONITORING AND EVALUATION

50. In accordance with the programming policies and procedures outlined in the *UNDP User Guide and Programme Implementation Manual (PIM)*, the programme will be monitored in order to ensure that the project activities are implemented effectively and efficiently. The responsible party on the end of the UNDP Ethiopia (as well as the Ethiopian Investment Commission, EIC) has the responsibility of monitoring ongoing activities on a regular basis. The Monitoring and Evaluation (M&E) strategy will include project monitoring, field visits, regular provision of reports, and data collection on a biannual basis. The focus will be on the achievement of the benchmarks indicated in the Logical Framework. In this regard:

- A monitoring plan is to be developed and implemented during the project life cycle. The plan shall be designed in due consideration of assessing progress of activities under each output. Results shall also be measured against, set targets, indicators, and estimated duration;
- Monitoring reports should be documented (electronic and hard copies), and these would be useful for follow-up on the identified issues and scheduled briefing to the project steering committee;
- Programme progress will be reviewed quarterly and annually; and,
- Communication engagements will be guided by a strong M&E system.

✓ **Project Reviews within the annual cycle**

- On a quarterly basis, a quality assessment shall record progress towards the completion of key results, based on standard quality criteria;
- Quarterly Progress Report (QPR) shall be submitted using the standard reporting format;
- An issue log shall be activated in Atlas and updated on timely manner to facilitate tracking and resolution of potential problems or requests for change;
- Based on the initial risk analysis, a risk log shall be activated in Atlas and regularly updated by reviewing the external environment that may affect project implementation;
- A project lesson-learned log shall be activated and regularly updated to ensure on-going learning within the organization, and to facilitate the preparation of the lessons-learned report at the end of the project;
- A monitoring schedule shall be activated in Atlas and updated to track key management actions/events; and,
- Following quarterly progress, an annual project review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the project and prepare comprehensive annual performance report. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

- ✓ **Reporting:** The UNDP Programme Manager assigned will prepare an annual narrative and financial report on the supported activities, which will be shared with EIC and UNDP China Office. Progress reports in the 2030 ASD reporting template will be provided to the Programme Management Team of the 2030 ASD Sub-Fund by every six months, according to the tentative timeline as below.

Project Progress Report	Timeframe
1st (2019 Q1)	30 April 2019
2nd (2019 Q2+Q3)	31 October 2019
3rd (2019 Q4+2020 Q1)	30 April 2020
4rd (2020 Q2+Q3)	31 October 2020

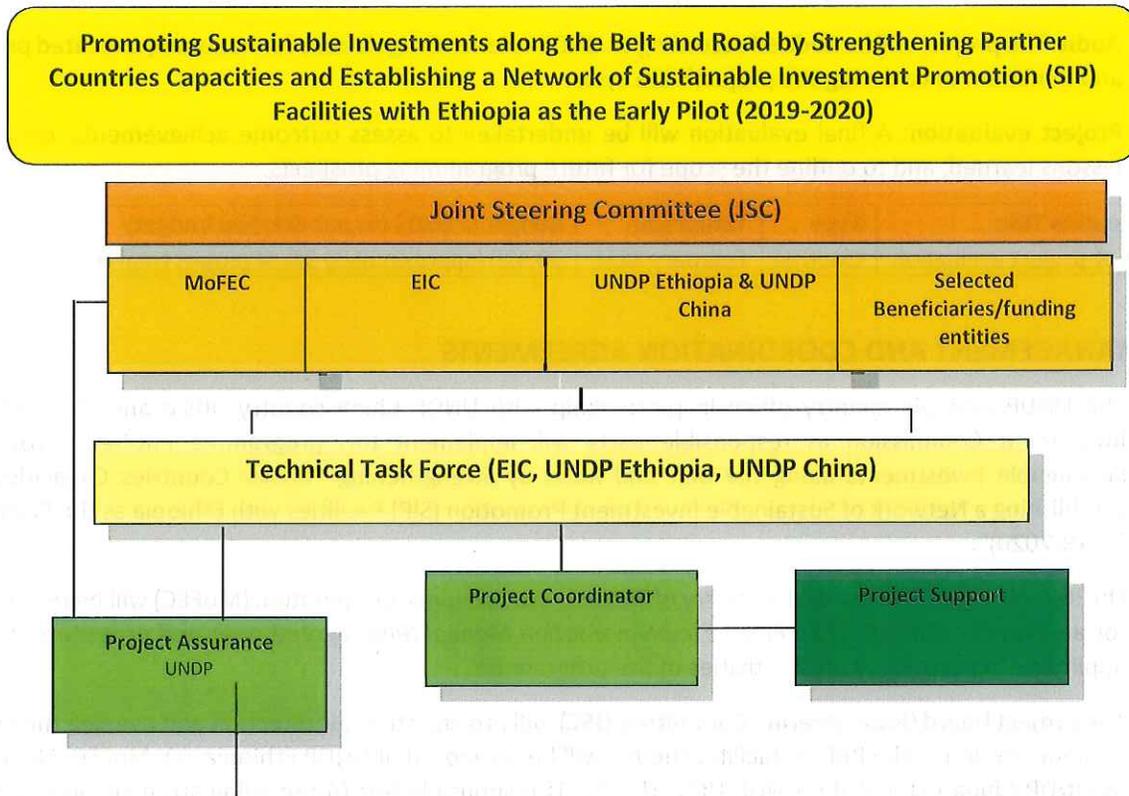
- ✓ **Audit:** The project will be audited according to UNDP rules and regulations for nationally executed projects and minimum once during the project’s life cycle.
- ✓ **Project evaluation:** A final evaluation will be undertaken to assess outcome achievements, document lessons learned, and to outline the scope for future programming prospects.

Evaluation Title	Type	Timeframe	Budget in USD\$ (as per detailed budget)
End-of-project evaluation	External	February 2021	29,329 (approximately 3% of project total cost)

V. MANAGEMENT AND COORDINATION AGREEMENTS

51. The UNDP Ethiopia country office in partnership with UNDP China country office and the Ethiopian Investment Commission as responsible party will implement this programme entitled “Promoting Sustainable Investments along the Belt and Road by Strengthening Partner Countries Capacities and Establishing a Network of Sustainable Investment Promotion (SIP) Facilities with Ethiopia as the Early Pilot (2019-2020)”.
52. On Ethiopia country office end, Ministry of Finance and Economic Cooperation (MoFEC) will be responsible for an overall oversight while *Project Implementation Manual (PIM)* agreed rules and procedures will be applicable in pursuing agreed activities of the programme.
53. The **project board/Joint Steering Committee (JSC)** will provide strategic direction and oversee the overall implementation of the BRI-SIP facility. The JSC will be composed of UNDP Ethiopia CO, MoFEC, EIC as well as UNDP China CO and the UNDP HQs. The JSC is responsible for: (i) providing strategic direction and

aligning the BRI-SIP interventions with priorities of the Ethiopian government and to ensure coordination among the various actors. The figure below briefly presents the management arrangement of the project.



54. There will be a **Technical Task Force (NTTF)**. The NTTF will be responsible for developing action plans; review implementation status and challenges and recommend mitigation measures; provide technical backstopping as well as validate and monitoring project outputs meet set targets outlined within the scope of the project.
55. UNDP Ethiopia in collaboration with UNDP China will provide technical and operational support in implementing the agreed activities. Furthermore, UNDP (Ethiopia/China) will support the JSC in oversight and monitoring functions. Additional specific responsibilities will include, but are not limited to, ensuring: beneficiary needs and expectations are being met or managed; risks are being controlled; the project remains viable; internal and external communications are conducted smoothly; quality management procedures are properly followed; and that the JSC deliberation are followed and possible activity revisions are managed in line with the required procedures.

VII. PROJECT ANNEXES

Annex 1: Work plan

Annex 2: Result-based budget

Annex 1 - Project Workplan

Project Title: Promoting Sustainable Investments along the Belt and Road by Strengthening Partner Countries Capacities and Establishing a Network of Sustainable Investment Promotion (SIP) Facilities with Ethiopia as the Early Pilot.

Project ref. #: PDF-SDG-2018-10

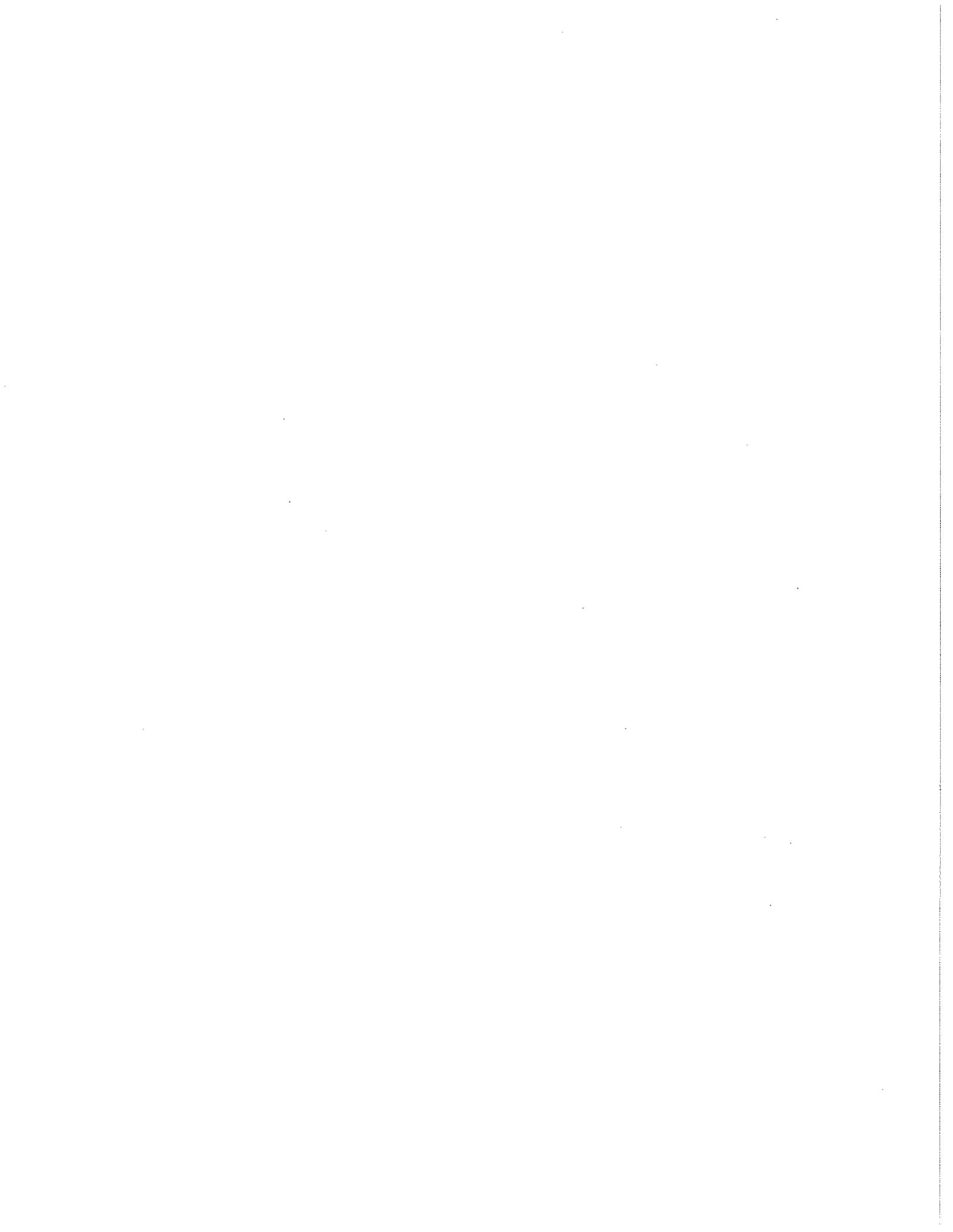
Implementing Organization: United Nations Development Programme (UNDP)

Country/Region/Sector: China and Ethiopia

Date submission: 10 Dec 2018

Annex 1: Workplan

LOGFRAME	Year 1	Year 2
Objective 1: To strengthen institutional frameworks and building capacity in a selected pilot country (Ethiopia) towards the leveraging of sustainable investments, in order to improve the overall investment climate to attract and sustain foreign investments that respond to the country's national development priorities and local needs.		
Expected Accomplishment (EA) 1.1: Enhanced knowledge, information exchange and communication on BRI related investments, fostered knowledge and experience sharing on sustainable investment among multiple stakeholders in the selected pilot country and established a learning and capacity building network towards presenting investment policy as well as governance solutions to identified hindrance /bottlenecks of FDI.		
Activity 1.1-1: Organize Business to Business (B2B) match-making in Addis Ababa, Ethiopia, aiming to zoom in specific angles and themes, tentatively to invite a total number of 45 participants involving both public and private sector partners for leveraging investment	X	-
Activity 1.1-2: Organize a BRI-SIP dialogue in Addis Ababa, Ethiopia, aiming to exchange understanding, knowledge and practices on sustainable investment with the ultimate objective of developing a comprehensive Action Plan on facilitating sustainable investment in	X	-
Activity 1.1-3: Organize a policy dialogue in Beijing, China, in light of the outcomes of the 2019 Belt Road Forum for International	X	-
Activity 1.1-4: Organize a training program (or a knowledge sharing workshop) in Beijing, China, tentatively to invite a total number of 35	X	-
Activity 1.1-5: Develop and maintain a BRI-SIP information platform, based on the existing UNDP network, as well as information and data	X	X
EA 1.2: Improved business environment and strengthened capacities of policymakers in the selected pilot country to identify regulatory		
Activity 1.2-1: Draft and launch a diagnostic study on ESG/ sustainability aspects of Investment promotion and facilitation both to reach to	X	X
Activity 1.2-2: Together with the national government or the SIP related supervisory authorities, a team of international senior experts will	X	X
Activity 1.2-3: By Q2 of the second year, the team of international senior experts will provide tailor-made, micro-level de-risking analysis or	X	X
EA 1.3: Enhanced sustainability scale and level of the selected investment as the pilot project, with the successful practices and development impacts thoroughly demonstrated and to be further scaled up / replicated later within and out of the selected pilot country.		
Activity 1.3-1: By Q4 of the first year, the team of national and international senior experts will be based on both desk writing and field visits	X	X
Activity 1.3-2: By Q2 of the second year, the team of national and international senior experts will, based on both desk writing and field	-	X
Activity 1.3-3: Organize a two-day tailored activity (e.g. media tours) in Ethiopia, to increase international exposure of the demonstration	-	X
Other Project Inputs (including project management, monitoring and evaluation, and other costs that cannot be directly attributed to	X	X



Annex 2 - Budget of Project Proposal
Table 1. Detailed Budget by Results funded by PDF 2030 Agenda

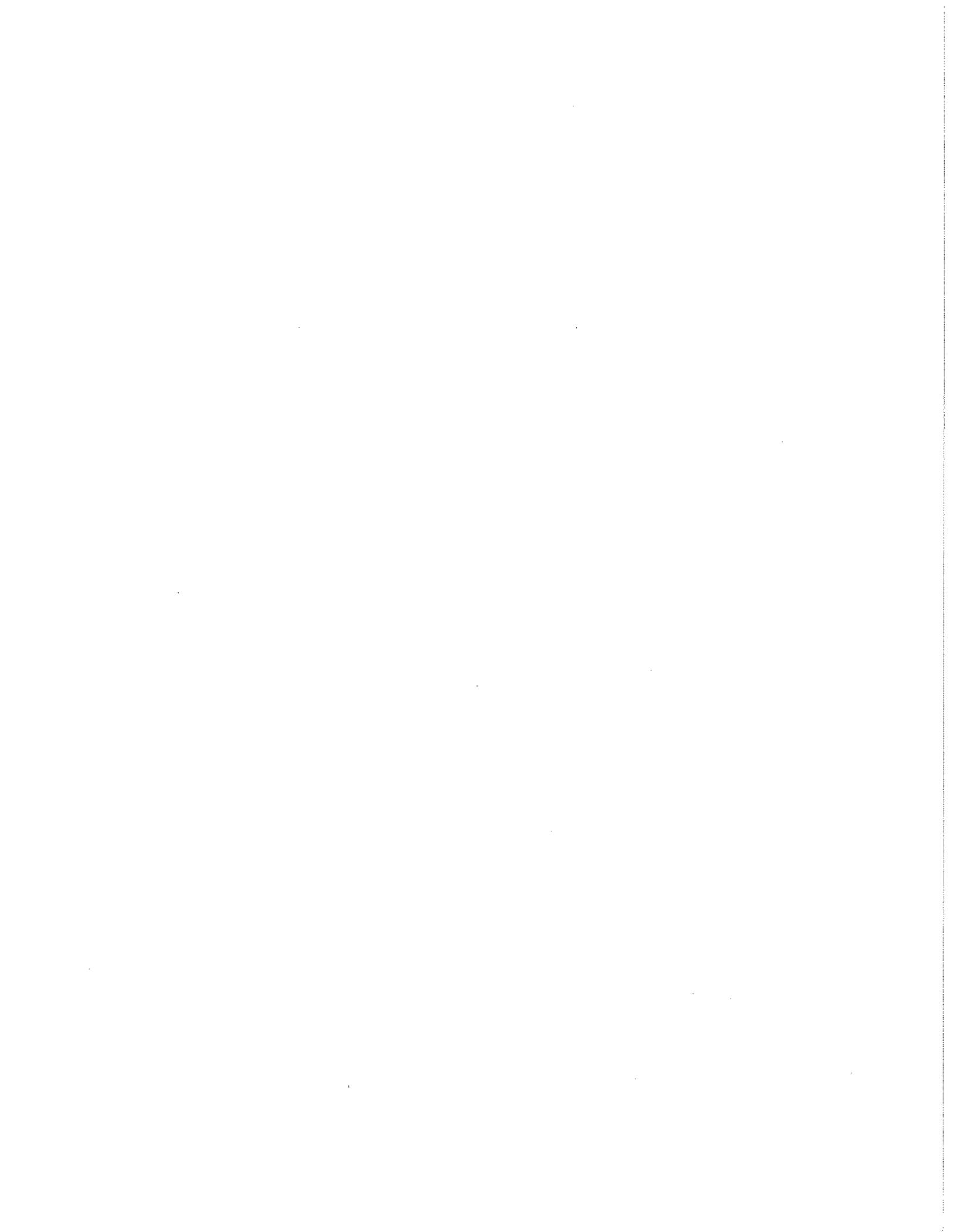
Project Title: Promoting Sustainable Investments along the Belt and Road by Strengthening Partner Countries Capacities and Establishing a Network of Sustainable Investment Promotion (SIP) Facilities with Ethiopia as the Early Pilot.
 Project ref. #: PDF-SDG-2018-10
 Implementing Organization: United Nations Development Programme (UNDP)
 Country/Region/Sector: **China and Ethiopia**
 Date submission: **10 Dec 2018**

Table 1: Detailed Budget by Results

Detailed description	Item line budget*			Budgeted Work Plan*			Reporting Object class	
	\$	Unit	Quantity	Total*	Year 1	Year 2		Total*
<p>Objective 1: To strengthen institutional frameworks and building capacity in a selected pilot country (Ethiopia) towards the leveraging of sustainable investments, in order to improve the overall investment climate to attract and sustain foreign investments that respond to the country's national development priorities and local needs.</p> <p>Expected Accomplishment (EA) 1.1: Enhanced knowledge, information exchange and communication on BRI related investments, fostered knowledge and experience sharing on sustainable investment among multiple stakeholders in the selected pilot country and established a learning and capacity building network towards presenting investment policy as well as governance solutions to identified hindrance /bottlenecks of FDI.</p> <p>Activity 1.1-1: Organize Business to Business (B2B) match-making in Addis Ababa, Ethiopia, aiming to zoom in specific angles and themes, tentatively to invite a total number of 45 participants involving both public and private sector partners for leveraging investment opportunities with local demands, and for in-depth discussions based on real business practices (e.g. procurement, funding, resources). The matchmaking is planned to be held in Q1 of the second year, with the estimated activity cost of \$58,700. <i>This is further detailed below as follows:</i></p>	58,700.00			58,700.00		58,700.00		
International flight for international participants (departing from somewhere out of Ethiopia, e.g. China)	1,500	person	20	30,000.00	30,000.00		UNDP Ethiopia Office	Travel on official business
Domestic travel for participants (departing from somewhere in Ethiopia)	200	person	25	5,000.00	5,000.00		UNDP Ethiopia Office	Travel on official business
Cost recovery for staff coordination (based in China and Ethiopia respectively, 2 staff, each 5 days)	500	staff	10	5,000.00	5,000.00		UNDP China Office	Staff and Other Personnel Costs
International flight for staff (e.g. China-Ethiopia)	1,500	staff	3	4,500.00	4,500.00		UNDP Ethiopia Office	Travel on official business
DSA and terminal transport for staff to provide on-site coordination (3 staff from e.g. China, each 3 days)	200	staff	9	1,800.00	1,800.00		UNDP Ethiopia Office	Travel on official business
Event logistics (1 day coffee break, lunch, dinner, accommodation, terminal transport for 50 participants, etc.)	200	person	45	9,000.00	9,000.00		UNDP Ethiopia Office	General Operating and Other Direct Costs
Cost of venue (1 day rental, venue design and arrangement, etc.)	1,000	day	1	1,000.00	1,000.00		UNDP Ethiopia Office	Contractual service
On-site interpreting (1 day, 2 interpreters; Chinese-English) and communication	1,500	day	1	1,500.00	1,500.00		UNDP Ethiopia Office	Contractual service
Material printing	20	person	45	900.00	900.00		UNDP Ethiopia Office	General Operating and Other Direct Costs

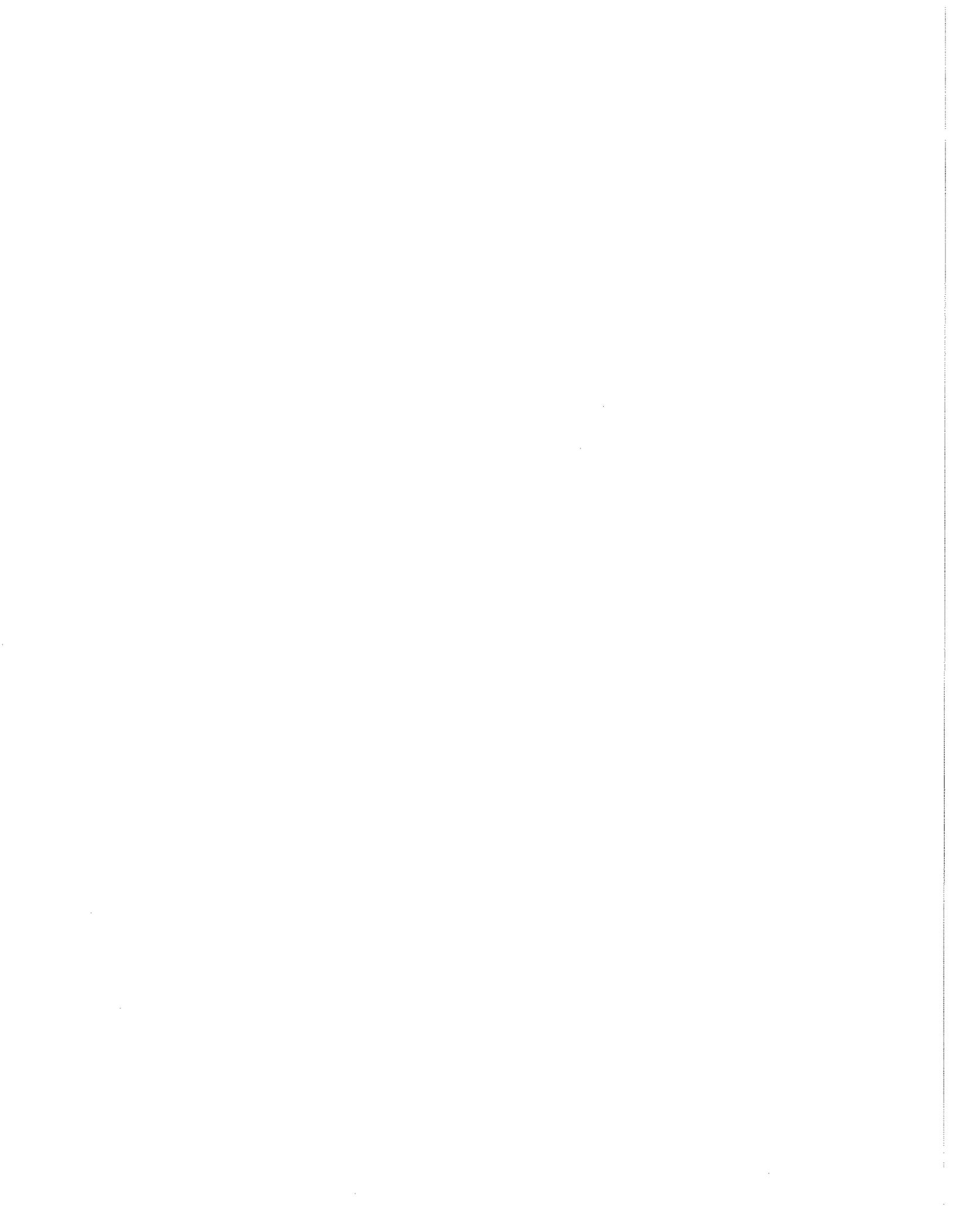
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<p>Activity 1.1-2: Organize a BRI-SIP dialogue in Addis Ababa, Ethiopia, aiming to exchange understanding, knowledge and practices on sustainable investment with the ultimate objective of developing a comprehensive Action Plan on facilitating sustainable investment in Ethiopia. Tentatively to invite a total number of 80 speakers and participants involving UNDP COs, Chinese embassy, central and local government, investment bureaus, financial institutions, private sector partners (e.g. Chinese and international investors, local enterprises in Ethiopia), Chinese overseas chamber, local commercial associations as well as development agencies. A field trip visit to selected projects (completed or ongoing), SEZs or enterprises around Addis Ababa is also included, as to demonstrate good measures and approaches through first-hand knowledge sharing between participants and in-site managers on deliverables, challenges and solutions. The forum is planned to be held in Q3 of the first year, with the estimated activity cost of \$121,800. <i>This is further detailed below as follows:</i></p>				121,800.00	121,800.00	121,800.00	
International flight for internaional participants (departing from somewhere out of Ethiopia, e.g. China)	1,500	person	15	22,500.00	22,500.00	22,500.00	UNDP Ethiopia Office Travel on official business
Domestic travel for forum participants (departing from somewhere in Ethiopia)	200	person	65	13,000.00	13,000.00	13,000.00	UNDP Ethiopia Office Travel on official business
Cost recovery for staff coordination (based in China and Ethiopia respectively; 2 staff, each 10 days)	500	staff	20	10,000.00	10,000.00	10,000.00	UNDP Ethiopia Office UNDP China Office Staff and Other Personnel Costs
International flight for staff (e.g. China-Ethiopia)	1,500	staff	6	9,000.00	9,000.00	9,000.00	UNDP Ethiopia Office Travel on official business
DSA and terminal transport for staff to provide on-site coordination (e.g. China-Ethiopia, 6 staff, each 6 days)	200	staff	36	7,200.00	7,200.00	7,200.00	UNDP Ethiopia Office Travel on official business
Event logistics (3 days coffee break, lunch, dinner, accommodation, terminal transport for 80 participants, etc.)	200	person	240	48,000.00	48,000.00	48,000.00	UNDP Ethiopia Office General Operating and Other Direct Costs
1 day field visit (transport and logistics for 80 participants)	50	person	80	4,000.00	4,000.00	4,000.00	UNDP Ethiopia Office Contractual service
Cost of venue (2 days rental, venue design and arrangement, etc.)	1,000	day	2	2,000.00	2,000.00	2,000.00	UNDP Ethiopia Office Contractual service
On-site interpreting (3 days; 2 interpreters; Chinese-English) and communication	1,500	day	3	4,500.00	4,500.00	4,500.00	UNDP Ethiopia Office Contractual service
Material printing	20	person	80	1,600.00	1,600.00	1,600.00	UNDP Ethiopia Office General Operating and Other Direct Costs



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<p>Activity 1.1-3: Organize a policy dialogue in Beijing, China, in light of the outcomes of the 2019 Belt Road Forum for International Cooperation, zooming in specific angles and themes that are mutually interested on the BRI related investment; tentatively to involve a total number of 20 Ethiopian and Chinese senior policy makers. The dialogue is planned to be held in Q3 of the first year, with the estimated activity cost of \$42,400. This is further detailed below as follows:</p>																																																																																																																																																																																																																																																																																																																																																																																																																																																																									
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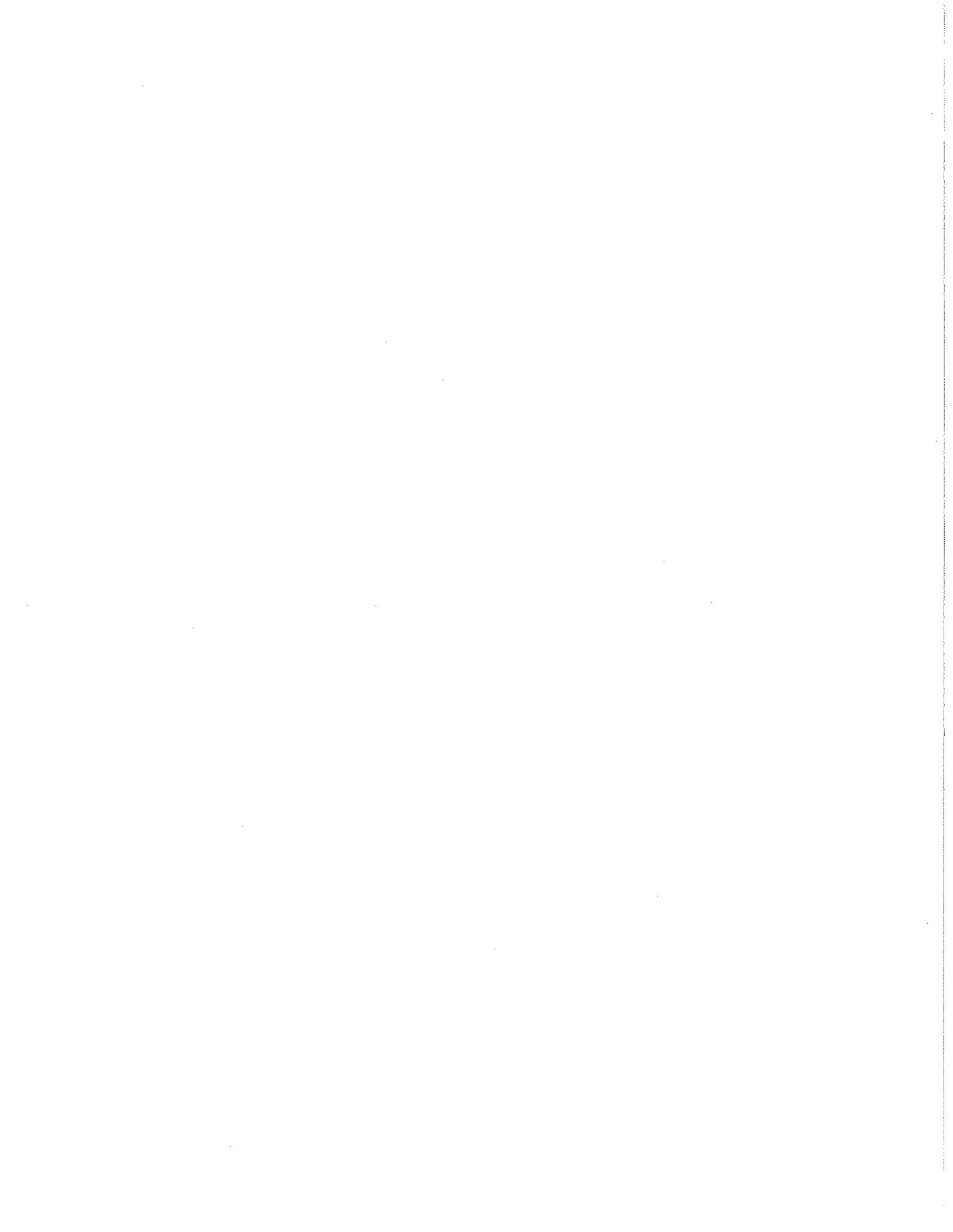


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	250	person	175	43,750.00	43,750.00	43,750.00	UNDP China Office	43,750.00	General Operating and Other Direct Costs
Event logistics (5 days coffee break, lunch, dinner, accommodation, terminal transport for 35 participants, etc.)	2,000	day	3	6,000.00	6,000.00	6,000.00	UNDP China Office	6,000.00	Contractual service
Cost of venue (3 days rental, venue design and arrangement, etc.)	150	person	70	10,500.00	10,500.00	10,500.00	UNDP China Office	10,500.00	Contractual service
2 days site visit (inter-city transport and logistics for 35 participants)	50	person	35	1,750.00	1,750.00	1,750.00	UNDP China Office	1,750.00	General Operating and Other Direct Costs
Material preparation and printing (training package)									
Activity 1.1-5: Develop and maintain a BRI-SIP information platform, based on the existing UNDP network, as well as information and data access provided by external partners. The BRI-SIP platform is expected to provide both general and tailored information and analysis on i) country, ii) sectoral/ industrial, and iii) projects and investment. The online information platform will also have two investment officers based in China (Beijing/Shanghai/Guangzhou) to facilitate information exchanges and the establishment of an investment office in China. The investment office aims to further advance the investment collaboration to align with BRI/SIP to serve as facilitation and entry point for FDI flows to Ethiopia. The total cost on a two-year basis is estimated at \$150,000. <i>This is further detailed below as follows:</i>									
Online information platform: 2 external consultants based in Ethiopia for coordination and maintenance (regular): 100 working days on the 2-year basis	250	day	200	50,000.00	25,000.00	25,000.00	UNDP Ethiopia Office	50,000.00	Contractual service
Online information Platform: Technical support for website and database maintenance (incl. external contractor needed for 200 working days over the 2-year basis, to support information and data collection, database inputting and maintenance, website design, translations, etc.)	200	day	200	40,000.00	20,000.00	20,000.00	UNDP China Office UNDP Ethiopia Office	40,000.00	Contractual service
2 investment officers (regular) based in China to facilitate information exchanges: each work for 100 working days for Q4 2018 and Q1 2019.	250	day	200	50,000.00	25,000.00	25,000.00	UNDP Ethiopia Office	50,000.00	Contractual service
Investment Office: international flight for the scoping mission of Ethiopian Investment Commission to China (2-day, 5 people)	1,500	person	5	7,500.00	3,750.00	3,750.00	UNDP Ethiopia Office	7,500.00	Travel on official business
Investment Office: Logistics for the scoping mission of Ethiopian Investment Commission to China (incl. 2 days coffee break, lunch, dinner, accommodation, terminal transport for 5 people, etc.)	250	person	10	2,500.00	1,250.00	1,250.00	UNDP Ethiopia Office	2,500.00	Contractual service
EA 1.1 Subtotal				524,650.00	449,650.00	75,000.00		524,650.00	
EA 1.2: Improved business environment and strengthened capacities of policymakers in the selected pilot country to identify regulatory and institutional gaps in absorbing, sustaining and upgrading foreign investments in line with national development priorities and local needs.									

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<p>Activity 1.2-1: Draft and launch a diagnostic study on ESG/ sustainability aspects of investment promotion and facilitation both to reach to a common understanding ESG gaps + inform follow up actions of the program + inform general areas of improvement for the GOE as well as develop a practical guideline (or a manual) / working paper in Addis Ababa, Ethiopia, the specific type to be further identified in consultation with government counterparts), based on the interactive discussions at the A1.1 B2B matchmaking, A1.2 forum, A1.3 policy dialogue and A1.4 training program, with SIP best practices and cases included. An team of international senior experts will be convened for drafting, based on both desk writing and field visits and aiming to harmonize the Chinese, Ethiopian and international perspectives. The knowledge product is planned to be launched in Q3 of the second year, with a consultation / review meeting included in the half-day launch event, tentatively to invite a total number of 100 participants. The total estimated activity cost is \$138,400. <i>This is further detailed below as follows:</i></p>	1	lump sum		138,400.00	69,200.00	69,200.00	138,400.00		
<p>Drafting: Lump-sum expert fee for 1 external international senior expert (with over 20 years working experience), 20 days, incl. international travel, DSA and terminal transport for the senior expert for conducting field visits with counterparts in Ethiopia (6 days)</p>	1	lump sum		22,700.00	11,350.00	11,350.00	22,700.00	UNDP Ethiopia Office	Contractual service
<p>Drafting: Lump-sum expert fee for 1 senior external expert based in Ethiopia (with 15 years working experience), 15 days, incl. domestic travel to field visits (3 days)</p>	1	lump sum		12,000.00	6,000.00	6,000.00	12,000.00	UNDP Ethiopia Office	Contractual service
<p>Drafting: fee for a contractor for translation, polish, formatting and design</p>	500	day	60	30,000.00	15,000.00	15,000.00	30,000.00	UNDP Ethiopia Office	Contractual service
<p>Publication: Cost recovery for staff coordination and support for editing (1 staff, 5 days)</p>	500	staff	5	2,500.00	1,250.00	1,250.00	2,500.00	UNDP Ethiopia Office	Contractual service
<p>Launch: international travel (for relevant international stakeholders from e.g. China to Ethiopia)</p>	1,500	person	20	30,000.00	15,000.00	15,000.00	30,000.00	UNDP Ethiopia Office	Travel on official business
<p>Launch: Domestic travel (for relevant domestic stakeholders departing from somewhere in Ethiopia)</p>	200	person	80	16,000.00	8,000.00	8,000.00	16,000.00	UNDP Ethiopia Office	Travel on official business
<p>Launch: Cost recovery for staff coordination (2 staff, based in China and Ethiopia respectively, each 5 days)</p>	500	staff	10	5,000.00	2,500.00	2,500.00	5,000.00	UNDP China Office	Staff and Other Personnel Costs
<p>Launch: International flight for staff (e.g. China-Ethiopia), 2 staff</p>	1,500	staff	2	3,000.00	1,500.00	1,500.00	3,000.00	UNDP Ethiopia Office	Travel on official business
<p>Launch: DSA and terminal transport for staff to provide on-site coordination (2 staff from e.g. China, each 3 days)</p>	200	staff	6	1,200.00	600.00	600.00	1,200.00	UNDP Ethiopia Office	Travel on official business
<p>Launch: Cost of Venues (half day; incl. rental, venue design and arrangement, etc.) and communication</p>	1,000	day	0.5	500.00	250.00	250.00	500.00	UNDP Ethiopia Office	Contractual service
<p>Launch: Logistics (half day coffee break, lunch, transport); for 80 participants from Ethiopia</p>	50	person	80	4,000.00	2,000.00	2,000.00	4,000.00	UNDP Ethiopia Office	General Operating and Other Direct Costs
<p>Launch: Logistics (half day coffee break, lunch; 1 day breakfast, dinner, accommodation and transport; for 20 international participants)</p>	200	person	20	4,000.00	2,000.00	2,000.00	4,000.00	UNDP Ethiopia Office	General Operating and Other Direct Costs
<p>Material printing: 150 print-outs (100 to be circulated at the Launch event)</p>	50	person	150	7,500.00	3,750.00	3,750.00	7,500.00	UNDP Ethiopia Office	General Operating and Other Direct Costs



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Activity 1.2-2: Together with the national government or the SIP related supervisory authorities, a team of international senior experts will identify policies, procedures and practices that may pose as macro-level investment barriers and challenges reducing investment attractiveness or increases transaction cost. Based on the A2.1 knowledge product, provide five policy recommendation and advice (the specific number to be further discussed with the Government of Ethiopia) by Q1 of the third year, as to support the improvement of Ethiopia's social and environmental regulations / standards / guidance for sustainable infrastructure investment and projects. The total estimated activity cost is \$54,000. <i>This is further detailed below as follows:</i>	500	staff	10	54,000.00	36,000.00	18,000.00	54,000.00		
Cost recovery for 1 staff coordination based in Ethiopia (10 days)		staff	10	5,000.00	3,333.33	1,666.67	5,000.00	UNDP Ethiopia Office	Staff and Other Personnel Costs
Lump-sum fee for 1 international external senior expert (with over 20 years working experience), 20 days	1	lump sum		29,000.00	19,333.33	9,666.67	29,000.00	UNDP Ethiopia Office	Contractual service
Lump-sum fee for 1 senior external expert based in Ethiopia (with 15 years working experience), 30 days	1	lump sum		20,000.00	13,333.33	6,666.67	20,000.00	UNDP Ethiopia Office	Contractual service
Activity 1.2-3: By Q2 of the second year, the team of international senior experts will provide tailor-made, micro-level de-risking analysis or policy advice in specific investment sectors (the specific number and area to be further discussed with the Government of Ethiopia); e.g. analysis of SIP related policies and gaps, development of policy agenda and supporting policy reforms to enhance viability of sustainable investments and overall sustainable development. The total estimated activity cost is \$49,000. <i>This is further detailed below as follows:</i>				49,000.00	16,333.33	32,666.67	49,000.00		
Cost recovery for 1 staff coordination based in Ethiopia (10 days)	500	staff	10	5,000.00	1,666.67	3,333.33	5,000.00	UNDP Ethiopia Office	Staff and Other Personnel Costs
Lump-sum fee for 1 international senior expert (with over 20 years working experience), 20 days	1	lump sum		24,000.00	8,000.00	16,000.00	24,000.00	UNDP Ethiopia Office	Contractual service
Lump-sum fee for 1 senior expert based in Ethiopia (with 15 years working experience), 30 days	1	lump sum		20,000.00	6,666.67	13,333.33	20,000.00	UNDP Ethiopia Office	Contractual service
EA 1.2 Subtotal				241,400.00	121,533.33	119,866.67	241,400.00		

EA 1.3: Enhanced sustainability scale and level of the selected investment as the pilot project, with the successful practices and development impacts thoroughly demonstrated and to be further scaled up / replicated later within and out of the selected pilot country.

Activity 1.3-1: By Q4 of the first year, the team of national and international senior experts will based on both desk writing and field visits provide five advice and analysis on project screening or de-risking in social and environmental aspects for 1-2 pilot projects (specific projects and sectors to be further identified). The total estimated activity cost is \$62,800. [Prioritized sectors: infrastructure, industrial cooperation, new industrialization, others to be further identified.] [Indicative pilot projects: infrastructure projects under the Chinese government grant; a China-initiated/supported Special Economic Zone, Industrial Parks, Agroindustry Zones, others to be further identified.] <i>This is further detailed below as follows:</i>	500	staff	20	62,800.00	20,933.33	41,866.67	62,800.00		
Cost recovery for 2 staff coordination, based in China and Ethiopia respectively, each 10 days		staff	20	10,000.00	3,333.33	6,666.67	10,000.00	UNDP China Office UNDP Ethiopia Office	Staff and Other Personnel Costs
Lump-sum expert fees for 1 external international senior analyst (with over 15 years working experience), 30 days, incl. DSA and terminal transport for conducting field visit, 4 days	1	lump sum		35,200.00	11,733.33	23,466.67	35,200.00	UNDP Ethiopia Office	Contractual service

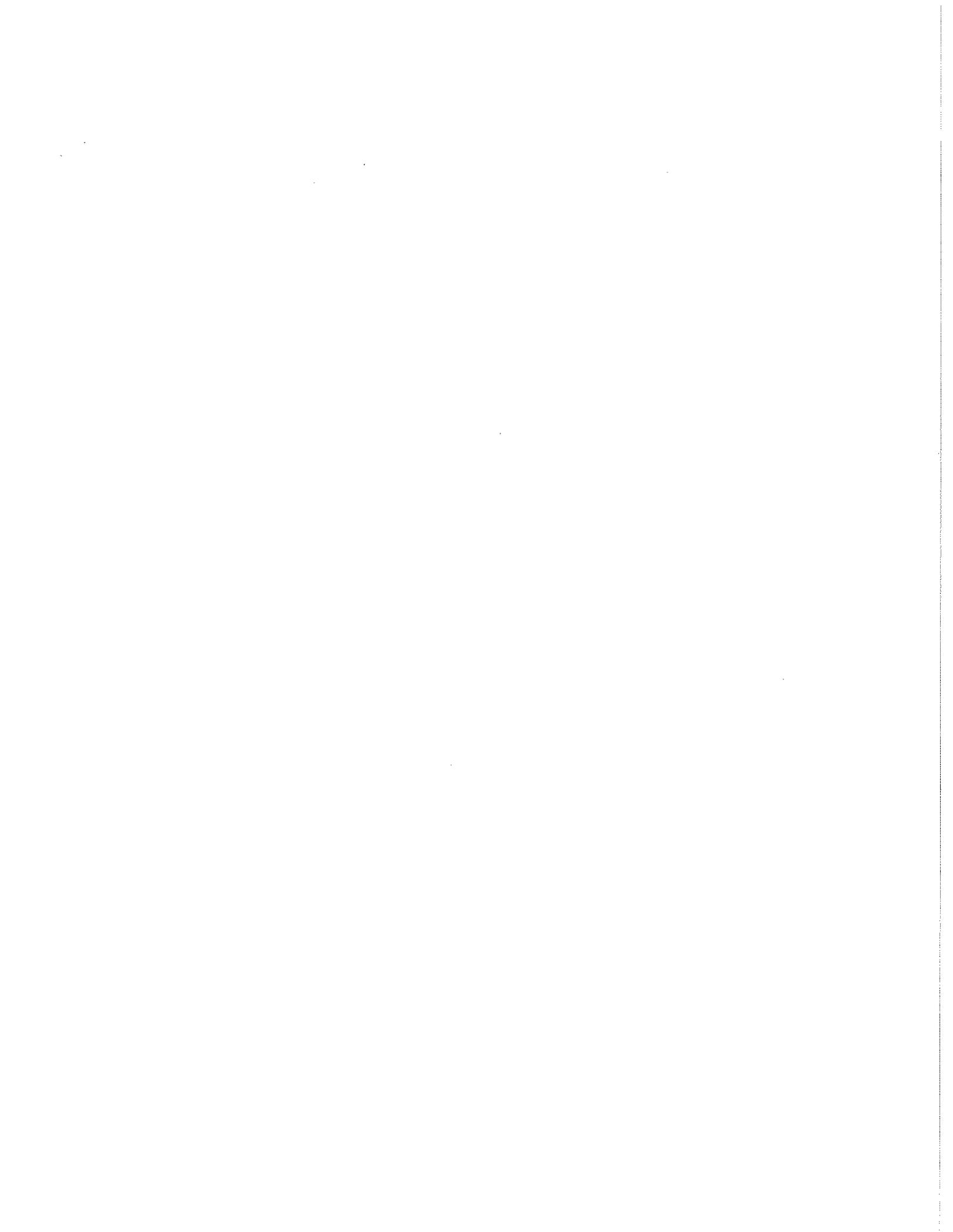
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	1	lump sum		17,600.00	5,866.67	11,733.33	17,600.00	UNDP Ethiopia Office	Contractual service
Lump-sum expert fees for 1 external senior analyst (with over 10 years working experience), 30 days, incl. domestic transport for conducting field visit, 4 days									
Activity 1.3-2: By Q2 of the second year, the team of national and international senior experts will, based on both desk writing and field visits, take part in project monitoring and assessment on the development impact of the pilot projects, and summarize three successful practices (e.g. effective measures, active engagement, innovative business models, UNDP interventions). The total estimated activity cost is \$65,300. <i>This is further detailed below as follows:</i>				65,300.00		65,300.00	65,300.00		
Cost recovery for 2 staff coordination, based in China and Ethiopia respectively, each 10 days	500	staff	20	10,000.00		10,000.00	10,000.00	UNDP China Office	Staff and Other Personnel Costs
Lump-sum expert fee for 1 external senior analyst based in China (with over 10 years working experience) 30 days, incl. international travel (China-Ethiopia); DSA and terminal transport for conducting field visits with counterparts in Ethiopia (6 days - 3 days to the project site).	1	lump sum		33,200.00		33,200.00	33,200.00	UNDP Ethiopia Office	Contractual service
Lump-sum expert fee for 1 senior expert based in Ethiopia (with 15 years working experience), 30 days, incl. domestic transport for conducting site visits with counterparts in Ethiopia (3 days).	1	lump sum		22,100.00		22,100.00	22,100.00	UNDP Ethiopia Office	Contractual service
Activity 1.3-3: Organize a two-day tailored activity (e.g. media tours) in Ethiopia, to increase international exposure of the demonstration project (e.g. project-level information, results and outcomes, key milestones, lessons learnt and good practices) through site visits and multiple communication platforms, targeting a total number of 50 participants involving journalists, policy makers, investors and development practitioners. The tour is planned to be held in Q3 of the second year, with the estimated activity cost of \$83,500. <i>This is further detailed below as follows:</i>				83,500.00		83,500.00	83,500.00		
International flight for international participants (departing from somewhere out of Ethiopia, e.g. China)	1,500	person	25	37,500.00		37,500.00	37,500.00	UNDP Ethiopia Office	Travel on official business
Domestic travel for participants (departing from somewhere in Ethiopia)	200	person	25	5,000.00		5,000.00	5,000.00	UNDP Ethiopia Office	Travel on official business
Cost recovery for staff coordination (based in China and Ethiopia respectively; 2 staff, each 5 days)	500	staff	10	5,000.00		5,000.00	5,000.00	UNDP China Office	Staff and Other Personnel Costs
International flight for staff (e.g. China-Ethiopia)	1,500	staff	2	3,000.00		3,000.00	3,000.00	UNDP Ethiopia Office	Travel on official business
DSA and terminal transport for staff to provide on-site coordination (e.g. China-Ethiopia; 2 staff, each 5 days)	200	staff	10	2,000.00		2,000.00	2,000.00	UNDP Ethiopia Office	Travel on official business
Event logistics (2 days breakfast, coffee break, lunch, dinner, accommodation for 50 participants)	200	person	100	20,000.00		20,000.00	20,000.00	UNDP Ethiopia Office	General Operating and Other Direct Costs
Local transport to site visits (2 days, 50 participants) (transport and logistics for 50 participants)	50	person	100	5,000.00		5,000.00	5,000.00	UNDP Ethiopia Office	General Operating and Other Direct Costs
Cost of venue (for knowledge sharing and wrap-up sessions; half-day; incl. rental, venue design and arrangement, etc.)	1,000	day	0.5	500.00		500.00	500.00	UNDP Ethiopia Office	Contractual service
On-site interpreting (2 days; 2 interpreters; Chinese-English) and communication	1,500	day	2	3,000.00		3,000.00	3,000.00	UNDP Ethiopia Office	Contractual service
Material preparation and printing (tailored tour package)	50	person	50	2,500.00		2,500.00	2,500.00	UNDP Ethiopia Office	General Operating and Other Direct Costs
EA 1.3 Subtotal				211,600.00	20,933.33	190,666.67	211,600.00		
Objective 1 Sub-Total				977,650.00	592,116.67	385,533.33	977,650.00		



Annex 2 - Budget of Project Proposal
 Table 1. Detailed Budget by Results funded by PDF 2030 Agenda

Other Project Inputs (including project management, monitoring and evaluation, and other costs that cannot be directly attributed to an activity)				68,435.50	41,448.17	26,987.33	68,435.50	
DPC to recover waived GMS (4%) (under account 74597)	39,106.00	Lump sum	1	39,106.00	23,684.67	15,421.33	39,106.00	General Operating and Other Direct Costs
Other general operating expenses related to project evaluation, financial transactions and operational services for the project (Estimate at 3% of total project budget)	29,329.50	Lump sum	1	29,329.50	17,763.50	11,566.00	29,329.50	General Operating and Other Direct Costs
Total Project Cost (Requested from PDF) -A				68,435.50	63,564.83	41,520.67	1,046,085.50	
Programme support costs to Implementing Entity (4% of the total programme cost above)-B1					25,342.59	16,500.83	41,843.42	
Programme support costs for DESA (3% of the total programme cost above) -B2					19,006.95	12,375.62	31,382.57	
TOTAL Project BUDGET - requested from PDF 2030 Agenda (total programme costs A + indirect support costs B1 and B2)					677,914.37	441,397.11	1,119,311.49	

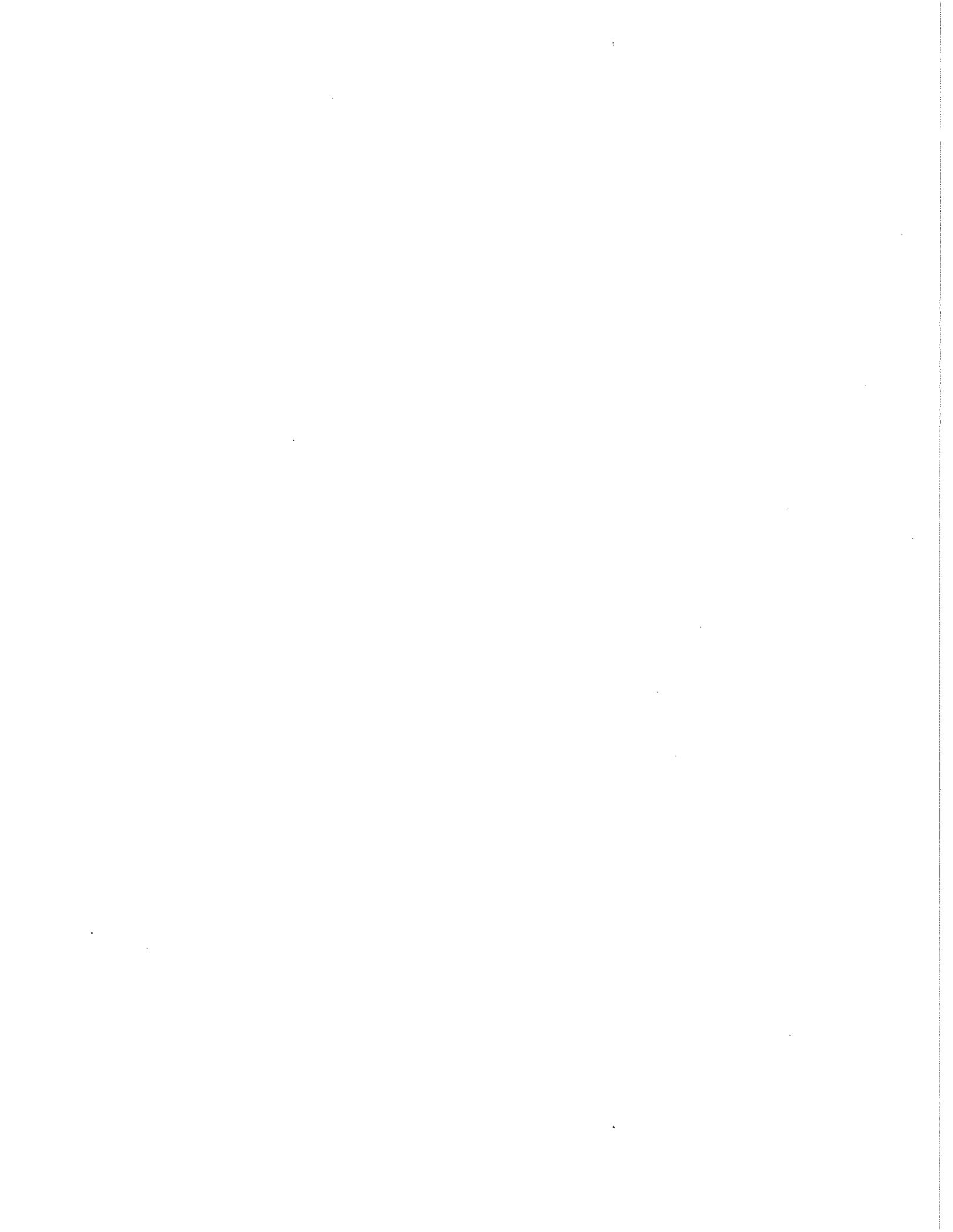


Annex 2 - Budget of Project Proposal
Table 2. Budget Summary by Reporting Object Class funded by PDF 2030 Agenda

<p>Project Title: Promoting Sustainable Investments along the Belt and Road by Strengthening Partner Countries Capacities and Establishing a Network of Sustainable Investment Promotion (SIP) Facilities with Ethiopia as the Early Pilot.</p> <p>Project ref. #: PDF-SDG-2018-10</p> <p>Implementing Organization: United Nations Development Programme (UNDP)</p> <p>Country/Region/Sector: China and Ethiopia</p> <p>Date submission: 10 Dec 2018</p>

Table 2: Budget Summary by reporting object class (ONLY for Implementing Organization)

Object Class	Approved Budget (US\$)			% over Programme Cost
	Year 1 UNDP	Year 2 UNDP	Total	
Staff and other personnel Costs	45,833.33	29,166.67	75,000.00	7.17%
Travel on official business	202,100.00	76,350.00	278,450.00	26.62%
Contractual Services	226,033.33	244,766.67	470,800.00	45.01%
General Operating and Other Direct Costs	159,598.17	62,237.33	221,835.50	21.21%
Equipment, Vehicles and Furniture (including depreciation)	-	-	-	0.00%
Supplies, Commodities and Materials	-	-	-	0.00%
Transfers and Grants to Counterparts	-	-	-	0.00%
Total programme cost	633,564.83	412,520.67	1,046,085.50	100.00%
Indirect Support Costs (4% of the total programme cost)	25,342.59	16,500.83	41,843.42	4.00%
Total project budget	658,907.43	429,021.49	1,087,928.92	104.00%
Programme Support Costs (3% to DESA)	19,006.95	12,375.62	31,382.57	3%
UN PDF Grand Total Fund Allocation	677,914.37	441,397.11	1,119,311.49	



Annex 2: Conditions for Project Revisions

Further to the Chapter H of the Agreement, in cases where substantial changes to the project programme and/or budget of the project are necessary, the Recipient Agency is required to inform the Contributing Agency for the latter's approval. Generally, revisions that require the Contributing Agency's approval can be categorized as follows:

- (a) A "no cost" extension of a project without any change to the overall project programme.
- (b) A variance equal to or more than 10% of the approved budget by reporting object class. A budget variance less than 10% from the approved project budget does not require approval from the Contributing Agency, but the Implementing Entity is expected to promptly inform the Contributing Agency through the progress reports described in Part D of this Agreement.
- (c) Substantive change to the project details, i.e. main activities, methodology, work plan, outcome and beneficiaries. The request must be accompanied by a revised project document, which clearly highlights the proposed changes.
- (d) Revisions should be documented both in the consolidated progress report(s) covering the period when changes occur and the final narrative and financial reports. Financial reallocations made without prior approval of the Contributing Agency will not be accepted and funds may have to be reimbursed to the Contributing Agency.

