

**INDUSTRIAL DEVELOPMENT PROGRAMME
ANNUAL REPORT
REPORTING PERIOD: 2013**

PROGRAMME NO.	0084432
PROGRAMME TITLE	Capacity Strengthening for Industrial development
PROGRAMME PERIOD	2012-2015
IMPLEMENTING INSTITUTION	Ministry of Industry
ANNUAL BUDGET	USD 664,000
ANNUAL EXPENDITURE	USD 636,780
SOURCE OF FUND	UNDP
REPORTING PERIOD	2013

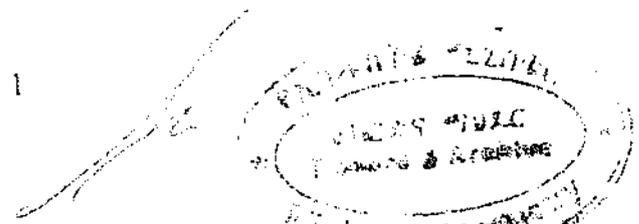
BACKGROUND

The development of the industrial sector is critical to create a strong foundation for the sector to start playing a leading position in the national economy as envisioned in the Growth and Transformational Plan (GTP). Strengthening the sector is also vital for poverty reduction mainly due to the sector's potential to create employment opportunities, livelihoods, income, and generate adequate savings. In addition, a broad based growth in the industrial sector contributes to increase in foreign direct investment and financial flow to the country. The industrial sector is, however, characterized by low level of technical and technological capabilities, lack of product competitiveness in terms of quality, and standard. Moreover, critically required institutional support at different layers of the sector with regard to research, improved product development, and management skills is not at the desired level. The project goal is to play a catalytic role in the government's effort to bring about a transformative and structural change in the industrial sector through enhancing the institutional capacity of private sector-led Ethiopian manufacturing and service industries. The key project interventions include provision of industrial sector wide advisory services; formulation of industrial development policies/strategies and promotion of competitiveness and effectiveness in the manufacturing sector.

OVERALL OBJECTIVES

- i) Government's policy review and regulatory capacity in Ministry of Industry strengthened for increased private investment in micro, small and medium enterprises (SMEs);
- ii) Capacity of Metal Industries Development Institute (MIDI) strengthened through value chain analysis and cluster development in selected metal and engineering sub sectors as well as through adoption of appropriate technologies in Distractive and Non-Distractive (NDT) testing centre
- iii) Private sector support-giving institutions and Ms have improved skills, knowledge, and improved technological capacity

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BENEFICIARIES

Ministry of Industry (MoI)

Metal Industries Development Institute (MIDI),

Leather Industries Development Institute (LIDI)

Ethiopian Chamber of Commerce and Sectoral Associations (ECCSA)

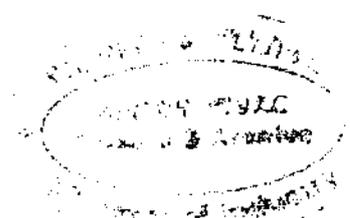
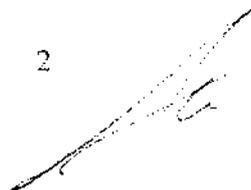
ACHIEVEMENTS

Output One: Government's policy review and regulatory capacity in Ministry of Industry strengthened for increased private investment in micro, small and medium enterprises (SMEs);

- The programme has enhanced policy and programme implementation capacity of the Ministry of Industry specifically through placing the necessary IT infrastructure required to establish central data base management system.
- Initial phase of support initiated towards development of a standardized input-output coefficient system to enhance industrial coherence and improve industrial planning through systematization of incentives given in prioritized export oriented sub sectors. Among others, the system is pertinent to calculate the scale of raw materials used to generate one unit of production in the selected sector. Additionally, the system will also be useful to have synchronized information on incentives given to exporters in terms of duty drawbacks and export voucher systems.
- Among the major intervention areas of the programme on provision of advisory services to the Ministry, the recruitment process to place a senior industrial advisor is also underway.

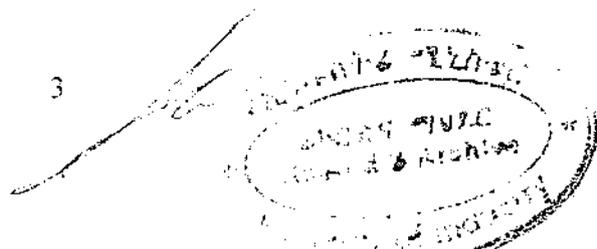
Output Two: Capacity of Metal Industries Development Institute (MIDI) strengthened through value chain analysis and cluster development in selected metal and engineering sub sectors as well as through adoption of appropriate technologies in Distractive and Non- Distractive (NDT) testing centre

- MIDI established Non-Destructive and Destructive Testing Technologies (NDT) Centre through procurement of necessary testing equipment. The NDT laboratory has received devices like Pullout Gun, Concrete Hammer Test, Infrared and Nuclear Density Gauge where these testing methodologies greatly contribute to enhancing the capacity and efficiency of the centre
- Having recognized the need for skill and knowledge on the application and use of the machineries, a 3 day training has been provided to MIDI personnel in the above mentioned devices. Moreover, a half day training seminar was organized for the Quality Management Centre of the Metals Engineering Corporation.
- MIDI also designed a strategy to address challenges in the basic metal and engineering sub sector value chain in Ethiopia as the industry is pertinent to the Ethiopian Economy, particularly due to the sub-sectors contribution to development of infrastructure necessary for industrialization and development. The study focused on design of specific intervention and implementation action plan for inclusive market development that could be adopted at firm level to make the sector competitive.



Output Three: Private sector support-giving institutions and SMEs have improved skills, knowledge, and improved technological capacity

- Ethiopian Leather Industries Association organized the 2013 All African Trade Fair held in Ethiopia. The fair created business linkages and strengthened the integration of Ethiopian and African leather industries with global partners. Manufacturing and service industries within the sector from 48 countries benefited as exhibitors and business transactions worth of 12 million USD were made.
- In terms of capacitating human resource, technical knowledge was developed for 85 leather industry representatives on leadership skills and awareness on work ethics for effective delivery of services; 50 leather industry mechanical and electrical experts on effective implementation of preventive maintenance, planning and management; 170 high level officials and operators within the leather sector on waste management, in process pollution reduction and adoption of clean technologies; and 24 experts on international trade, market access, awareness on WTO and supply chain management in leather sector.
- The programme also supported Leather Industries Development Institute to launch an Enterprise Resource Planning System by placing the IT infrastructure required to establish the system.
- Leather Industries Development Institute was also equipped with product testing machineries for improved quality certification provided by the Institute. Furthermore, the Institute's maintenance workshop was upgraded by placing tools and equipment essential for manufacturing down time minimization.
- Ethiopian Chamber of Commerce and Sectoral Associations enabled to inaugurate Business Development Service (BDS) Centers in 5 regional chambers. The Centers are now providing necessary trade related information to the business community. Furthermore, 77 chamber members gained knowledge on private sector policies and BDS development while 3 sector associations developed strategic plans to guide their programme of work for preceding 3-5 years.
- ECCSA delegates participated at the 8th World Chamber Congress at Doha, Qatar assembling a global community of more than 12,000 chambers of commerce. While Ethiopia is striving to be a member of WTO, Ethiopia's private sector voice was represented at this platform where five important recommendations were finalized for World Trade Organization (WTO) member countries to salvage parts of on-going Doha trade negotiations that could boost global GDP by \$960bn. The recommendations will be delivered to G20 leaders and WTO ministers ahead of the next G20 Summit and WTO Ministerial Conference later this year.



- ECCSA delegation participated at India Conclave organized by Confederation of Indian Industries (CII) & EXIM Bank. Nearly 900 delegates from 45 African countries took part in the deliberations and business meetings at the conclave, and 477 projects worth about \$ 68.37 billion were discussed. The event served as a platform for Ethiopian business counterparts to deal and interact with 187 Indian industrialists. In addition, Ethiopia presented 14 business plans to EXIM Bank for appraisal.

CONSTRAINTS

Implementation of the programme has not faced major challenges in the year under review notwithstanding pace of resource utilization was below desired level in the first 2 quartets of the year. These have been addressed by strengthened monitoring on implementation of activities, enhancing information flow, and continuous dialogue with respective responsible parties of the project.

Endorsed by:

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