



Entrepreneurship Development Center (EDC) –Ethiopia
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FOURTH QUARTER 2017, REPORT

REPORTING PERIOD: October – December 2017

PROGRAMME NO.	00106212
PROGRAMME TITLE	Entrepreneurship Development Programme (EDP II)
PROGRAMME PERIOD	2017-2020 (Phase II)
IMPLEMENTING INSTITUTION	Entrepreneurship Development Center (Federal Urban Job Creation and Food Security Agency)
ANNUAL BUDGET	3,629,560
EXPENDITURE BY December 2017	459,947.5
SOURCE OF FUND	UNDP
REPORTING PERIOD	October - December, 2017

BACKGROUND

The development of the Micro, Small, and Medium Enterprises (MSMEs) is key to the country's industrial development and for the transformation of the economy. The Ethiopian government in its five year strategic plan identified the need for transformation of the economy towards industrialization. As a result, the country's plan on economic development emphasizes the need to create a broad-based spring board for competitive domestic private sector development and to expand MSMEs for large scale employment creation and for strengthening the rural-urban economic linkages to reduce poverty. Entrepreneurial activities are very limited in the country, and development of micro and small enterprises are at an infant stage.

The Entrepreneurship Development Programme (EDP) ensures the development of private sector manufacturing and service industries across the country by improving the competitiveness of existing MSMEs and by supporting the growth of new enterprises. The programme identify growth-oriented MSMEs as well as potential entrepreneurs, unemployed youth and women primarily in four regions and Addis Ababa, and provide them with direct support to enhance their entrepreneurial skills and competencies to establish and operate profitable and competitive businesses on a sustainable basis. The programme incorporates major components required for the development of small and micro enterprises. Programme interventions include entrepreneurship development training, provision of follow up services through the provision of business development service; and facilitating access to finance. The program also works to build the capacity of government machineries (including the establishment of Entrepreneurship Center of Excellence in Public Universities) which support enterprise development, and facilitating policy dialog with stakeholders with the intention to create favorable private sector development environment in the country.

OVERALL OBJECTIVE

The overall objective of the Programme is to bring about a transformational change in unleashing the growth potential of small and micro enterprises through developing a cadre of entrepreneurs that establish

successful and growth oriented enterprises. The programme will directly contribute to the overall competitiveness of the private sector in Ethiopia as well as productivity and job creation potential of the SME sector.

The programme has four major components:

- Institutional Capacity of government and private sector strengthened for Entrepreneurship Development and improve the business environment for enterprise development;
- Entrepreneurship competencies and employability skills promoted through Training;
- Productivity and job creation of SMEs enhanced through continuous and inclusive Business Development Services; and
- Access to finance facilitated for entrepreneurs.

BENEFICIARIES

Potential entrepreneurs – start-ups and existing micro, small, and medium enterprises as well as employees in government organizations working in institutions supporting enterprise development.

PROGRAMME NO.

0083922

Output 1: Institutional Capacity of government and private sector and Improved business environment

Capacity Development: EDC conducted 11 capacity building training sessions to strengthen capacities of public and private sector institutions to enable them actively play their role in the promotion and development of enterprises in the country. A total of 533 people participated in the capacity development training (accomplishing >100% of the plan). Training participants include employees at regional government level, polytechnic college (lead trainers and instructors) and staffs from Amhara Women Entrepreneurs Association (AWEA).

Table 1. Capacity Building Training (GCBT) - plan vs accomplishment

Region	Training session			Number of participants				
	Planned	Accomp.	% Accomp.	Planned	Accomplished			% Accomp.
					Male	Female	Total	
Tigray	1	1	100%	45	25	18	43	95.5%
Amhara	1	3	>100%	40	110	23	133	>100%
SNNP	1	1	100%	40	28	17	45	>100%
Oromia	6	6	100%	240	271	41	312	>100%
Total	9	11	>100%	365	434	99	533	>100%

Partnership for access to finance and Market: EDC has active partnership with a number of public as well as private institutions including Universities, Banks, Women and Youth Associations, and others. Utilizing existing partnership arrangements, EDC continued to provide its entrepreneurship training and BDS supports. Partnering with Enat bank, EDC provided one-to-one business counseling services supporting clients (a total of 14 clients during the quarter) with their business plans for facilitating loan.

Stakeholder engagement: EDC strengthened its network and engagement with key stakeholders to improve the business environment for enterprise development. Stakeholders' engagement meetings were conducted in Amhara, Tigray and SNNP Regions (three meetings, in total) that improved EDC's visibility and engagement and partnership with various stakeholders. In Amhara the stakeholder meeting on 'Challenges of Integrated MSEs Development Services in ANRS' was supported by a brief survey report on the topic and presented during the meeting.

Global Entrepreneurship Week: Hosting the GEW event for the 4th consecutive year, EDC celebrated the Week (Nov 13 – 18, 2017) with different activities promoting entrepreneurship in the country. Major events include recognition of Seasoned and Young Male and Female Entrepreneurs of the Year, Stakeholders' meetings, Transmission of educational video through Plasma TV to all secondary schools in the country, Executive Mentorships programs, Entrepreneurship training and BDS provisions to young entrepreneurs, and other activities. Around 1,677 people have participated in the different GEW events conducted in Addis Ababa, Amhara, Oromia, Tigray and SNNP Regions, and over 150,000 students watched the educational video (on entrepreneurship) transmitted in all secondary schools in the country. *Please see Annex 1 for sample report of some of the GEW events in Addis.*

As part of the Celebration of the GEW, entrepreneurship ecosystem players in Ethiopia held a consultative meeting to exchange ideas on the formation of **Global Entrepreneurship Network (GEN)**– Ethiopia. Representative from EDC; Addis Ababa Chamber of Commerce and Sectoral Association, United Nations Industrial Development Organization (UNIDO); Information and Communication Technology (ICT) Center of Excellence; and Saint Mary University attended the meeting.

Policy Dialogue: EDC identified six topical issues to discuss policy options and strategies to improve the country's entrepreneurial ecosystem; the major ones are Access to finance, Education, Mindset and Workforce development, and Access to market. During the quarter, EDC conducted (along with GIZ and UNIDO) the 2nd meeting of 'Entrepreneurship and Education Working Group' in which 6 different organizations were represented.

Centers of Excellence for entrepreneurship (CoEE): the CoEE in Bahir Dar University primarily conducted three sessions of Youth Entrepreneurship Training (to 1,094 prospective graduates) and organized different activities during the GEW 2017 events including competition of business ideas in which 11 projects (27 students) competed and top three were recognized. The top three projects are: *Smart Assistant Stick and Visually Impaired People; Production of Building and Construction Materials using Waste Plastics; and Fixed Spring Killer for Irrigation System.*

Business plan competition was also held in Hawassa University and Adama University in order to recognize and motivate students with innovative business ideas.

EDC hosted a two day consultative meeting (in partnership with Federal Urban Job Creations and Food Security Agency and Ministry of Education) with selective universities at Bahir Dar in order to stimulate discussions on establishment of Center of Excellence in other public universities and to devise mechanisms to strengthening existing center of excellences. Important inputs were obtained from the meeting in order to develop guideline that can help to integrate CoEEs in all universities structure. The Center is now working on the guideline for CoEE establishment in other universities.

To date, the Center is also providing technical supports to strengthening and establishing center of excellence in selected universities such as Jimma University, Wollega University, Ambo University, Wolaita Sodo University, DebreBrehan University, Wollo University, Axum University, Woldia University, Wolkitie University, and Arbaminch University.

Output 2: Entrepreneurship competencies and employability skills through Training

EDC improved entrepreneurship skills and competencies of potential entrepreneurs, startups and existing enterprises. A total of 39 training sessions were conducted during the fourth quarter benefiting 2,966 entrepreneurs. Women accounted for significant proportion (33%) of the total entrepreneurs participated in the trainings.

The various entrepreneurship trainings are;

- Entrepreneurship Training Workshops (ETW),
- Women Entrepreneurship Training (WET),
- Customized Training (CT),
- Youth Entrepreneurship Training (YET), and
- Rural Entrepreneurship Training (RET).

Table 2. Entrepreneurship Training (plan vs accomplishment)

Training Type	Region	Training session			Number of participants				
		Planned	Accomp.	% Accomp.	Planned	Accomplished			% Accomp.
						Male	Female	Total	
ETW	Tigray	4	3	>100%	135	67	38	105	>100%
	Amhara	7	7	100%	280	177	87	264	94%
	Oromia	10	8	80%	400	229	76	305	76%
	SNNP	3	4	>100%	120	47	90	91	76%
	Addis Ababa	4	4	100%	160	72	66	138	86%
	Total	28	26	93%	1,095	592	357	903	82%
WET	Tigray	1	1	100%	40	-	40	40	100%
	Amhara	1	0	-	40	-	-	-	-
	SNNP	1	0	-	40	-	-	-	-
	Oromia	2	1	50%	80	-	40	40	50%
	Total	5	2	40%	200	-	80	80	40%
CT	Tigray	1	1	100%	45	27	5	32	71%
	Amhara	3	1	33%	120	5	14	19	16%
	SNNP	1	1	100%	40	-	60	60	-
	Oromia	2	0	-	-	-	-	0	-
	Total	7	3	43%	205	32	80	111	54%
RET	Tigray	1	0	-	120	0	0	0	-
	Amhara	4	0	-	160	-	-	-	-
	Total	5	0	-	280	-	-	-	-
YET	Tigray	2	2	100%	400	289	39	328	82%
	Amhara	0	3	-	-	875	219	1,094	-
	SNNP	4	2	50%	800	165	135	300	38%
	Oromia	13	1	8%	1,950	90	60	150	8%
	Total	19	8	42%	3,150	1419	453	1,872	59%
Grand Total		64	39	61	4,930	2,042	970	2,966	61%

Regional Distribution of Trainings: EDC provided the entrepreneurship training in the five major regions of the country: Amhara, Oromia, Tigray, SNNP and Addis Ababa. Majority (46%) of the training participants were from Amhara region, followed by Oromia and Tigray (17%, each) and SNNP (15%), while Addis Ababa contributed for the rest of the training participants.

Youth and startup focused trainings: EDC's entrepreneurship trainings during the quarter focused mainly on youth and startups, which, respectively, accounted for about 88% and 70% of the total trainees. Furthermore, significant proportion of women (32%) and owners and managers of existing enterprises (30%) have also benefited from the various trainings. Particularly, through EDC's partnership with Universities in Amhara (Bahir Dar University) and Tigray regions several sessions of Youth Entrepreneurship Training were conducted focusing specifically on prospective graduates and unemployed youth.

Table 3. Training participants –Youth, women and business ownership – by Region

Region	Total participants (N)	Women (%)	Youth (%)	Startup/aspiring (%)	Existing business (%)	Others including government staff
Addis Ababa	138	48%	72%	7%	93%	-
Oromia	495	36%	90%	45%	53%	2%
Tigray	505	24%	73%	69%	31%	-
Amhara	1,377	23%	94%	82%	18%	-
SNNP	451	57%	87%	78%	22%	-
Total	2,966	32%	88%	69.7%	30%	0.3%

Entrepreneurship Training by economic sector: EDC's training to existing enterprises gave high priority to growth oriented enterprises in the economic sector that have potential for better productivity and job creation. Most (27%) of the training participants were from the manufacturing sector, and the construction sector also contributed significant proportion of the trainees (18%), Entrepreneurs from other sectors such as service (15%), trade (10.5) and agriculture (8.5%) have also benefited from EDC's trainings (see Table below).

Table 4. Entrepreneurship Training participants (existing businesses) by economic sector

Region /Sector	Manufacturing	Services	Construction	Agriculture	Trade	Others	Total
Amhara	81	38	90	25	15	34	283
Oromia	34	49	76	24	45	118	345
Tigray	141	7	8	2	11	7	177
SNNP	36	25	19	44	29	45	197
Addis Ababa	22	56	11	4	20	25	138
Total	313	175	205	98	120	229	1,140

Output 3: Productivity and job creation of SMEs enhanced through Business Development Services

Further to the various entrepreneurship trainings, EDC provided business counseling services to selected entrepreneurs, and enabled them establish and/or expand their businesses. A total of 223 enterprises (both startups and existing businesses) benefited from the BDS provision.

Table 5. Business Development Service (BDS) by Region – Plan Vs Accomplishment

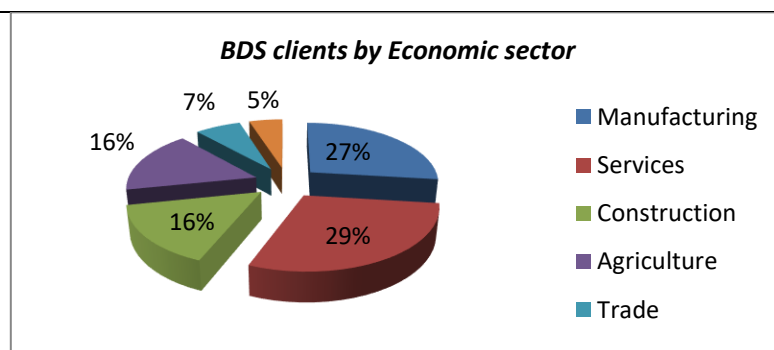
Region	Plan	No. of Enterprises supported with BDS service	% Accomplished
Amhara	174	38	22%
Oromia	40	37	93%
Tigray	40	58	>100%
SNNP	70	16	23%
Addis Ababa	40	74	>100%
Total	364	223	61%

Group and one-to-one BDS: EDC's BDS support is delivered in a group training format as well as customized one-to-one approach. The group training session focused on 5 topics: Start-Up Toolkit, Business Operations and HR Management, Marketing, Finance and Accounting, and Business Plan Preparations. A total of 168 startups and existing businesses participated in the Group BDS, while 55 enterprises (25% of the total) provided with the one-to-one BDS support. Majority (75%) of the BDS clients were owners and managers of existing enterprises, whereas the rest, 25%, were startups.

Table 6. Group and One-to-one BDS support to Startups and Existing Businesses

BDS Supports	Amhara	Oromia	Tigray	SNNP	Addis Ababa	Total
Start-up businesses in the Group BDS	1	10	10	2	23	46
Existing businesses in the group BDS	17	27	18	10	50	122
Total No. of Clients in the Group BDS support	18	37	28	12	73	168
Start-up businesses provided with one-to-one BDS	-	-	9	-	-	9
Existing businesses provided with one-to-one BDS	20	-	21	4	1	46
Total No. of Clients in the One-to-one BDS support	20	-	30	4	1	55
Total No. of Clients in the BDS support (both Group and One to one)	38	37	58	16	74	223
% of Female in the BDS support	35%	21%	16%	25%	49%	35%
% of Youth in the BDS support	66%	86%	45%	50%	58%	68%

BDS Support across Major Economic Sectors: The BDS provision targeted entrepreneurs (both startups and existing businesses) from major economic sectors of the country -manufacturing, agriculture, service, construction and trade sectors. Among the sectors, entrepreneurs from the manufacturing and service sectors were given priority, and together accounted for over half of (about 56%) the total BDS clients. Entrepreneurs from the agriculture (17%), construction (16%), and trade (7%) sectors were also benefited from the BDS support. The chart below shows total number of BDS clients, disaggregated by sector.



The Table below shows the regional distribution of BDS clients by economic sector.

Table 7. BDS clients by economic sector, by region

Region /Sector	Manufacturing	Services	Construction	Agriculture	Trade	Others	Total
Amhara	14	2	3	11	5	3	38
Oromia	5	8	12	7	3	2	37
Tigray	18	24	7	9	-	-	58
SNNP	8	2	1	4	1		16
Addis Ababa	15	29	12	6	6	6	74
Total	60	65	35	37	15	11	223

BDS Group Mentorship and client forum: Beside the group and one-to-one BDS support, EDC has provided group mentorship (a half-day session, mostly) on a specific area of interest; include business taxation, legal issues, custom clearing and others that are very important for the development of micro, small and medium enterprises. The group mentorships were conducted in Addis Ababa, Amhara and SNNP, and a total of 89 entrepreneurs attended the sessions. BDS experts (on a specific field with practical knowledge and experience) were involved to provide business counseling service on business legal issues (in Addis), tax reporting and regulations (Amhara), and risk management and insurance (SNNP). Clients' who participated in the group mentorship programme also benefited from the networking and experiences sharing among themselves.

Output 4: Facilitate Access to Finance

Through the partnership EDC has with Enat Bank, EDC facilitated access to finance to women entrepreneurs additional to the provision of its flagship trainings and BDS supports. During the quarter, EDC provided one-to-one business counseling services to a total of 14 clients supporting them with their business plans for facilitating loan. To date, Enat Bank has provided collateral free loans to 18 women owned businesses (21 women), while a total of 132 business plans prepared and reviewed by EDC are being processed for the loan provision.

Table 8. Access to finance through EDC's partnership with Enat Bank

Items	Total
Total Number of Business plans submitted to Enat bank	132
Number of enterprises accessed loan from Enat bank	18
Total amount of loan provided to women entrepreneurs	4.2 Million birr

Furthermore, EDC has supported 132 BDS clients to access finance (a total of 22 million) from different financial institutions. Table below shows number of BDS clients, by region, who have reported they accessed

loan from MFIs, Banks, Saving and Credit Associations (e.g., OCSSCO), WEDB, and others.

Table 9. BDS clients who have accessed loan from different sources

Region	Total no. of clients	Total loan accessed (in birr)
Addis	39	7,441,370
Tigray	45	5,880,000
Amhara	36	6,616,900
SNNP	8	1,446,000
Oromia	4	740,000
Total	132	22,124,270

Major Results and Outcomes

EDC has supported entrepreneurs while establishing and expanding their enterprises for improved productivity and job creation. Through both the Entrepreneurship training and the BDS supports, EDC helped 297 enterprises to expand their operation, and 232 new businesses were established during the quarter. As a result, a total of 2, 513 additional (new) jobs were created, both due to establishment of new enterprises and growth and expansion of existing businesses.

Table 10. Performance in major outcomes of the BDS Support

Results of BDS intervention	Outcomes from Enterprises who have received BDS support	Outcomes from the Entrepreneurship Training**	Total
New businesses established	10	222	232
Existing businesses expanded	11	297	308
Formalized MSMEs	58	237	295
New jobs created by startup businesses	26	890	916
New jobs from growth of existing enterprises	262	1,335	1,597
Total employment created by startups and existing enterprises	288	2,225	2,513

Note **: Outcomes from the Entrepreneurship training was estimated based on parameters/findings from the EDP evaluation, conducted in January 2016.

CONSTRAINTS/CHALLENGES

Some of the challenges that were encountered during the quarter included:

- The unrest in the country, and particularly in different parts of Oromia Region affected implementation of activities in the Region.
- Limited number of active trainers, and lack of BDS Advisors in some key regional cities affected implementation in Amhara and SNNP regions.
- Limited number of trainers and advisors created dependency on the availability of trainers and advisors, particularly in SNNPR, to conduct trainings and BDS activities.
- Offices of major stakeholders in Oromia region are found in Addis Ababa, which limited active interaction of the EDC Oromia office (found in Bishoftu Town) with them.

- The legal entity of EDC created absolute dependence on the benevolence of Government officials and staffs to collect the petty cash in SNNPR.
- High dropout rate of participants/clients from the BDS sessions is still a challenge. Although high number of clients applied for the service, and invited to attend, very low numbers of them participated in the group BDS sessions. Venue for group BDS provision in Tigray and SNNP office are less comfortable to clients and may have contributed for high dropout rate of clients.
- The need to work more on access to finance: key lending institutions (banks and MFIs), capital leasing institutions, and other relevant stakeholders need to be invited to high level stakeholders' engagement meeting to better integrate EDP's interventions.

Annex 1. GEW's Major Events in Addis Ababa

Consultative Meeting to form Global Entrepreneurship Network (GEN) – Ethiopia

As part of the Celebration of the Global Entrepreneurship Week 2017, entrepreneurship ecosystem players in Ethiopia held a consultative meeting to exchange ideas on the formation of Global Entrepreneurship Network (GEN) – Ethiopia. Representative from such organizations as Entrepreneurship Development Center (EDC) – Ethiopia; Addis Ababa Chamber of Commerce and Sectoral Association, United Nations Industrial Development Organization (UNIDO); Information and Communication Technology (ICT) Center of Excellence; and Saint Mary University. Dugassa Tessema, Acting Managing Director of GEN Ethiopia provided a short presentation to the participants about the GEN and why it is important to form GEN Ethiopia. The participants agreed on the importance of establishing a platform that can bring the efforts of different actors together and selected a team consisting of seven members who will work closely with GEN Ethiopia Acting Managing Director in the pre-launching and planning of GEN Ethiopia formation. The meeting was held at Entrepreneurship Development Center (EDC) – Ethiopia mini conference room on 15 November 2017.

Business Development Support to Young Entrepreneurs

Business Development Service (BDS) was provided to young entrepreneurs from Addis Ababa. A total of 35 young entrepreneurs, both start-ups as well as owners of existing enterprises, have attended the group business counseling session which lasted for three consecutive days. The group session focused on delivering practical skills and business knowledge specifically on Accounting and Finance. Experienced and qualified business advisors having practical business experience have provided the support. The BDS support continued with four other business modules including Marketing, Business Plan Preparation, Human Resource and Operation Management and Startup Toolkit.

Roundtable discussion Held to initiate the formation of entrepreneurs networking in Ethiopia

Entrepreneurship Development Center (EDC) – Ethiopia organized a round table discussion with entrepreneurs who have been supported by the Center on 15 November 2017 with the intention to form strong business for entrepreneurs. The discussion was attended by 15 entrepreneurs engaged in diverse business sectors. The meeting was culminated with the selection of a team of eight people who will coordinate further activities to form the form. The participants have provisionally agreed to call the forum Empretec Network in Ethiopia with the intention to adopt the name that applies to entrepreneurs who attend Entrepreneurship Training Workshop (ETW), United Nations Trade and Development (UNCTAD'S) training methodology adopted by EDC Ethiopia.

Executive Mentorship (client forum) with Legal Firm

EDC organized executive mentorship (client forum) to its clients found in Addis Ababa. A legal firm, called AmanAsseffa Associates Legal office, with which EDC has a partnership, was invited to present and discuss legal aspects that entrepreneurs face while establishment, running and closing their business. A total of 20 EDC clients (both startups and existing enterprises) have attended the session. Among others, the discussion highlighted the need to follow legal procedures of the country while establishing enterprises, and employment contracts, relationships and taxation while running businesses. Furthermore, clients were advised to seek for expert advice (like accountants, legal experts) particularly for issues related to taxation and finance, and when they want to work with other firms, and closing their business.

Best entrepreneurs of the Year recognized at GEW cocktail reception in Ethiopia

As part of the efforts to promote a more entrepreneurial culture by celebrating the successes of entrepreneurs and inspiring the next generation of behind them, Ethiopia recognized entrepreneurs who have registered remarkable entrepreneurial careers at GEW 2017 celebration cocktail reception held at Hilton Addis Ababa Hotel. The recognition was made in three categories: Young Female Entrepreneur of the Year; Young Male Entrepreneur of the Year; and Seasoned Entrepreneur of the Year.

MeronSeid, the founder and owner of Meron Leather Exotica based in Addis Ababa, was recognized as the Young Female Entrepreneur of the Year while **AlebachewMihirete** from Bahir Dar (the capital of Amhara National Regional State), the Founder and Managing Director of Alebachew and Mastewal Garment was recognized as Young Male Entrepreneur of the Year. **BeleteBeyene**, the Owner and Managing Director of Hilina Enriched Foods, Bless Food Laboratory and other companies was recognized as the seasoned Entrepreneur of the Year.

All the three entrepreneurs were provided with a crystal plaque with their names engraved in along with the GEW Ethiopia logo. The recognition was made in the presence of senior government officials, development partners including *MsAhunnaEziakonwa-Onochie*, UN Resident Coordinator, UNDP Resident Representative, and UN Humanitarian Coordinator in Ethiopia, and Ms Louise Chamberlain, UNDP Ethiopia Country Director; members of the private sector; entrepreneurs, representatives from media and communication organizations; and GEW – Ethiopia celebration partners committee.