

**INDUSTRIAL DEVELOPMENT PROGRAMME
REPORT
REPORTING PERIOD: JANUARY-JULY 20145**

PROGRAMME NO.	0084432
PROGRAMME TITLE	Capacity Strengthening for Industrial development
PROGRAMME PERIOD	2012-2015
IMPLEMENTING INSTITUTION	Ministry of Industry
ANNUAL BUDGET	USD 283,990.00
EXPENDITURE BY 31 JULY 2015	USD 141,907.00
SOURCE OF FUND	UNDP
REPORTING PERIOD	2015 January-June

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, productivity and management skills is not at the desired level. The project goal is to play a catalytic role in 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 industrial development strengthened for industrial sector transformation and increased private investment in medium and large enterprises (SMEs)
- ii) Ethiopian manufacturing and service industries, especially medium and large enterprises sustainably improved their competitiveness through 1)value chain analysis and cluster development 2) enhanced labor productivity
- iii) Private sector support-giving institutions and SMEs have improved skills, knowledge, and improved technological capacity



BENEFICIARIES
Ministry of Industry (Mol)
Metal Industries Development Institute (MIDI)
Leather Industries Development Institute (LIDI)

ACHIEVEMENTS
<p>Output One: Government's policy review and regulatory capacity in industrial development strengthened for industrial sector transformation and increased private investment in medium and large enterprises (SMEs)</p> <ul style="list-style-type: none"> • <u>Study on Manufacturing Export Performance:</u> the study highlighted the results of detailed assessment of the manufacturing export performance as a whole and that of prioritized sub-sectors in the GTP period. It also provides a synopsis review of the existing relevant export incentives and put forward overall policy and sector specific recommendations towards enhancing the performance of the sector. Included in the study as well is a highlight on policy settings of different industrial oriented countries in Asia on their export promotion programmes and some of the lessons learned from the impact of interventions to stimulate exports from both foreign and domestic investors. • <u>Development of Industrial Information System:</u> The main objective of the Industrial Information System is to centralize and disseminate statistical information related to the performance of the industrial sector. This system will support the Ministry of Industry in carrying out analytical work for evaluating different development programs, devising recommendations on industrial policy, analysing the competitiveness of the Ethiopian manufacturing through benchmarking. This information system will be used primarily by the Ministry of Industry (Mol), but also by other governmental institutions in the country. With the above broader framework, the central purpose of the task is to design, develop, and implement a comprehensive computerized and web-enabled "industry Information System" product for Mol. The task is being undertaken by a local IT firm in collaboration with the Ministry. Inception report is submitted is under review by Mol. • <u>Analytical capacity of the Ministry strengthened through advisory services:</u> Government's policy review and regulatory capacity in industrial development is continuously being strengthened towards industrial sector transformation. Specifically policy advisory services are being provided on assessment and review of the manufacturing sector in priority areas. • <u>Study of Development of Sustainable and Inclusive Basic Metal and Engineering Industry</u> in Ethiopia: The study purpose is to inform the Government of Ethiopia and potential private sector investors (both foreign and domestic) of the opportunities for and constraints to investment in the metal and engineering sub-sectors of Ethiopia, along with solutions. This study is expected to make an important contribution to transforming the metal and engineering industries, enabling accelerated, sustainable and inclusive growth in value added over the decade ahead. Towards, this end, ToR for the study is finalized and currently, technical proposals are being evaluated.

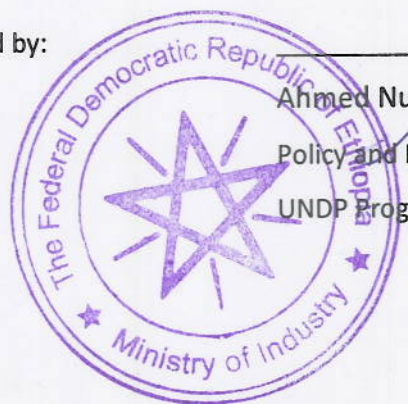


- **Feasibility Study & Business Plan preparation on Integrated Agro-Industrial Parks (IAIP) completed.**

CONSTRAINTS

Implementation of the programme is on track as per the AWP. No constraints were faced during the period under review.

Endorsed by:



Ahmed Nuru

Policy and Programme Study, M&E Directorate, Director

UNDP Programme Coordinator