



## UNITED NATIONS INDUSTRIAL DEVELOPMENT ORGANIZATION

### Project of the Federal Democratic Republic of Ethiopia

**Project number:** SAP 170040

**Project title:** *Capacity building and job creation for youth and women in the textile sector in migration prone areas of the FDR of Ethiopia.*

**Thematic area code:** PRP

**Starting date:** April 2017

**Duration:** 36 months

**Project site:** Tigray Regional State and Addis Ababa

**Government Co-ordinating agency & Counterpart:** Ministry of Industry and the Ethiopian Textile Industry Development Institute (ETIDI) of the FDR of Ethiopia

**Executing agency/ cooperating agency:** UNIDO

**Project Inputs:**

<b>UNIDO inputs:</b>	EUR 2,500,000
<b>Total</b>	EUR 2,212,389
<b>Support costs (13%):</b>	EUR 287,611
<b>Counterpart inputs:</b>	In kind

**Grand Total:** EUR 2,500,000

**Brief Description:** As a follow up of the in depth assessment conducted within the SINCE project<sup>1</sup> inception phase, the present project has been developed for contributing to reduce irregular migration from Northern and Central Ethiopia by creating greater economic and employment opportunities. The general objective of this project is to support the Government of the FDR of Ethiopia (GoE) in the creation of decent and productive job opportunities for young women and men through the development of strategic sectors such as the textile and garment industry. This will be done through the development of local capacities (at managerial, technical and institutional levels) in the textile industry through a public private partnership approach. This project proposal also responds to a specific Official request sent by the Ethiopian MoI for supporting the T&G sector<sup>2</sup>. Finally, this project has also been articulated in line with the *Valletta Action Plan*<sup>3</sup> under the chapter development benefits of migration and addressing root causes of irregular migration and forced displacement. Two priority areas will be targeted:

1. *Enhance employment opportunities and revenue-generating activities in regions of origin and transit of migrants to enhance the professional skills and employability of young people.*
2. *Facilitate responsible private investment in Africa agriculture, agri-business and agro-industries and boost intra-African trade and exports of agricultural products through agricultural financial activities.*

**Approved:**

	Signature:	Date:	Name and title:
<b>On behalf of</b> <b>GoE:</b>	_____	_____	<b><u>Bogale Feleke, State Minister</u></b>
<b>On behalf of</b> <b>UNIDO:</b>	_____	_____	_____

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<sup>1</sup> “Stemming Irregular Migration in Northern & Central Ethiopia (SINCE)”, SAP 160089. It has to noted that the SINCE Project Output 0 envisages the preparation of a UNIDO technical assistance project proposal - “Output 0 - Inception Phase: Detailed Final Inception phase report plus a joint (ILO and UNIDO) inception phase report is produced: including a UNIDO technical assistance project proposal, results oriented ToRs incl. LOGFRAME, risk and stakeholder analysis, work plan, monitoring plan, budget prepared for SINCE implementation”. This task has been also inserted among SINCE project activities related with the Output 0, specifically, the activity 0.14 “0.14 A UNIDO Technical Assistance Project Proposal for supporting inclusive and sustainable development of the selected value chains is prepared and submitted to the PSC”.

<sup>2</sup> Annex 3

<sup>3</sup> The European Union (EU) has launched in November 2015, at the *Valletta Summit*, an “*Emergency Trust Fund for stability and for addressing root causes of irregular migration and displaced persons in Africa*”, made up of €1.8 billion from EU budget and European Development Fund, combined with contributions from EU Member States and other donors.

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## ACRONYMS

ACTIF	African Cotton and Textile Industries Federation
AGR	Agro-Business Development Department (UNIDO)
AICS	Italian Agency for Development Cooperation
AIT	Agro-Industries Technology Division (UNIDO)
CAMM	Common Agenda on Migration and Mobility
CTC	Coordination Technical Committee
DFIs	Development Finance Institutions
ERP	Enterprise Resource Planning
ETGAMA	Ethiopian Textile and Garment Manufacturing Association
ETIDI	Ethiopian Textile Industry Development Institute
EU	European Union
FDIs or DFIs	Foreign Direct Investments
GoE	Government of Ethiopia
GTP	Growth Transformation Plan
HR	Human Resource
IADC	Italian Agency for Development Cooperation
IAIP	Integrated Agro-Industrial Parks
IDPs	Internal Displaced Persons
ILO	International Labour Organization
ISID	Inclusive and Sustainable Industrial Development
IT	Information Technology
ISID	Inclusive and Sustainable Industrial Development
KPIs	Key Project Indicators
M&E	Monitoring & Evaluation
MoI	Ministry of Industry
MoU	Memorandum of Understanding
MSME	Micro Small and Medium Enterprise
PCP	Programme for Country Partnership
PIU	Project Implementation unit
PM	Project Manager
PCP	Programme for Country Partnership
PPP	Public Private Partnership
PSC	Project Steering Committee
SINCE	Stemming Irregular Migration in Northern & Central Ethiopia
SME	Small and Medium Enterprise
SDGs	Sustainable Development Goals
TA	Technical Assistance
TC	Technical Cooperation
T&G	Textile and Garments
TTF	Technical Task Force
TVET	Technical Vocational Education and Training
TWG	Technical Working Group
UNIDO	United Nations Industrial Development Organization

## A. CONTEXT

### A.1 Background Information

The European Union (EU) has launched in November 2015, at the *Valletta Summit*, an “Emergency Trust Fund for stability and for addressing root causes of irregular migration and displaced persons in Africa”, made up of €1.8 billion from EU budget and European Development Fund, combined with contributions from EU Member States and other donors.

The Trust Fund is an innovative mechanism under the EU’s Financial Regulation used in the field of development cooperation to pool large resources from different donors to enable a swift, common, complementary and flexible response to the different dimensions of an emergency situation. The Trust Fund will benefit a wide range of countries across Africa that encompasses the major African migration routes to Europe. These countries are among the most fragile and those most affected by migration. They will draw the greatest benefit from EU financial assistance.

The Trust Fund aims at tackling root causes of irregular migration and forced displacement in countries of origin and transit, in particular by strengthening the rule of law, creating economic and education opportunities, and building better governance, and the effective sustainable return, readmission and reintegration of irregular migrants not qualifying for protection. This requires a firm commitment to supporting capacity building of third countries in the field of migration and border management, as well as to the stabilisation and development of these regions of Africa.

Migration has during the past two years increasingly become an issue of importance for the Government of the Federal Democratic Republic of Ethiopia (GoE). Work has been initiated towards enhancing the framework for legal migration. In June 2015, a proclamation for the prevention and suppression of trafficking in person as well as smuggling of migrants was adopted, giving Ethiopia a tool to help prevent and tackle this increasingly important problem.

Furthermore, the EU and Ethiopia have signed a joint Declaration for a Common Agenda on Migration and Mobility (CAMP), reflecting the importance of Ethiopia as a key country of origin, transit and destination of irregular migrants and refugees from the Horn of Africa on the route to Europe. The GoE has been actively supporting the reintegration of returnees and is willing to address migration matters in a comprehensive way. Moreover, the new country strategy outlined in the Growth and Transformation Plan II (GTP II) makes youth and employment a high priority and intends to achieve results in particular through manufacturing development, including through the opening of industrial parks around the country. The goal of these parks is to promote industrial development and FDIs and hence generate employment.

Forced displacement, irregular migration, trafficking in human beings and smuggling of people are transnational challenges that affect Ethiopia to high degree. A country with an estimated population close to 100 million inhabitants, Ethiopia hosts over a million displaced persons, including over 450 000 internally displaced persons (IDPs) and about 730 000 refugees, the largest refugee population in Africa. The geostrategic situation of Ethiopia makes it a source of, a destination for, and a transit region for migration and refugee flows, mostly within the region but also to the Gulf countries and Middle East (Eastern Route), Europe (Northern route) and South Africa (Southern route), as well as of internal displacement. Ethiopia has an open door policy to migrants and refugees fleeing war, famine and hunger. In this context, it is often difficult to clearly distinguish irregular migrants from refugees. The concept of mixed migration has thus appeared to describe these complex population movements including refugees and asylum seekers, unaccompanied minors, victims of trafficking, economic migrants and others often travelling in an irregular manner. Ethiopia is increasingly becoming a transit country for mixed migration flows, mainly from Eritrea and Somalia using primarily the Northern route, as well as a country of departure for migrants mainly using the Eastern route and to a lesser extent the Southern and Northern routes.

According to demographic projections, more than two million young Ethiopians enter the labour market every year. The challenge of their socioeconomic integration is immense. A lack of success in integrating these young people would be a collective failure and it could risk destabilising Ethiopia. In addition, Ethiopia is regularly hit by humanitarian crises.

Although manifested differently according to local contexts, a complex set of drivers underpins forced displacement and mixed migration in Northern and Central Ethiopia: lack of economic opportunities, marginalisation, natural disasters, and food insecurity are at the roots of the problem. While the country has experienced double-digit positive growth rates during the last decade, the lack of economic opportunities, as well as of participation in economic life, are still very high, adding to a sense of disenfranchisement and constituting an important push factor for displacements. Across the country, population displacement has continued or increased, with returns to places of origin decreasing, and a growing flow of mixed migrants has also moved across the borders, fuelling human trafficking and smuggling of migrants. A culture of migration, amplifying the success stories of those making a good living abroad, spreads throughout the Ethiopian society and constitutes a strong pull factor. Information may also have a key role on migration patterns. At the same time, Ethiopia is also a recipient country for refugees arriving in camps and irregular migrants. They are not allowed to access a regular work permit and, as a result, they survive relying on informal sector activities with no legal status. Insufficient data are available on the subject in Ethiopia.

Women, girls and migrants under the age of 20 are increasingly on the move and they face additional vulnerabilities during their transit or at the point of arrival. Despite the relatively low overall migration rate in Ethiopia if compared to other countries, migration rates have been increasing. 86% of all migrants in Ethiopia are working migrants, seeking employment and 25% migrate from rural to urban areas. In Addis Ababa, internal migrants (all those not residing in the community of their birth) represent nearly half of

the population, although there is a recent migration favoring smaller rural cities. A majority of migrants are young at the time of departure: the average age of a migrant in Ethiopia is 24 years old. There is also a large number of unaccompanied minors continuously arriving in Ethiopia (particularly from Eritrea) who are at high risk of trafficking and abuse. With more than 8,500 migrant child returnees registered from the total of over 160,000 deportees from the Kingdom of Saudi Arabia in 2013-2014, the issue of migrant children is an important focus for Ethiopia.

Within this framework, the MAECI-DGCS presented a project initiative entitled: “*Stemming Irregular Migration in Northern & Central Ethiopia (SINCE)*” for creating employment opportunities, especially for young people and women.

In light of the above *SINCE* was favourably endorsed by EU and the first contract within the context of the EU Trust Fund was signed. By this agreement, the European Union delegates to Italy the management of one of the projects financed by the Trust Fund, *SINCE*, valued at 20 million €EU, to contribute to tackle the root causes of irregular migration and forced displacement in Northern & Central Ethiopia.

The Embassy of Italy in Addis Ababa requested UNIDO<sup>4</sup> to prepare a technical assistance project proposal to contribute in the reduction of irregular migration from Northern and Central Ethiopia by creating greater economic and employment opportunities for young women and men through the development of high potential sectors such as agro-industries and related (e.g. textile, leather, metal working, edible oil etc....).

In particular, *SINCE* identified four target regions namely Tigray, Amhara, SNNPR, Oromia, and in particular specific zones within those regions, showing a high incidence of irregular migration, both origin and transit. The project intervention will be focused on socio and economic empowerment in the regions where the incidence of migration is higher. As indicated within *SINCE*, the project will target the small cities, rural towns, and particularly Addis Ababa, where the target population (potential migrants, returnees) is located, in close coordination with ILO to ensure complementarity between the two actions.

Addis Ababa appeared as an important hub for transit and temporary settlement of migrants and/or urban displaced population, particularly Eritreans. Based on these results, the geographic zones identified for the project’s implementation are:

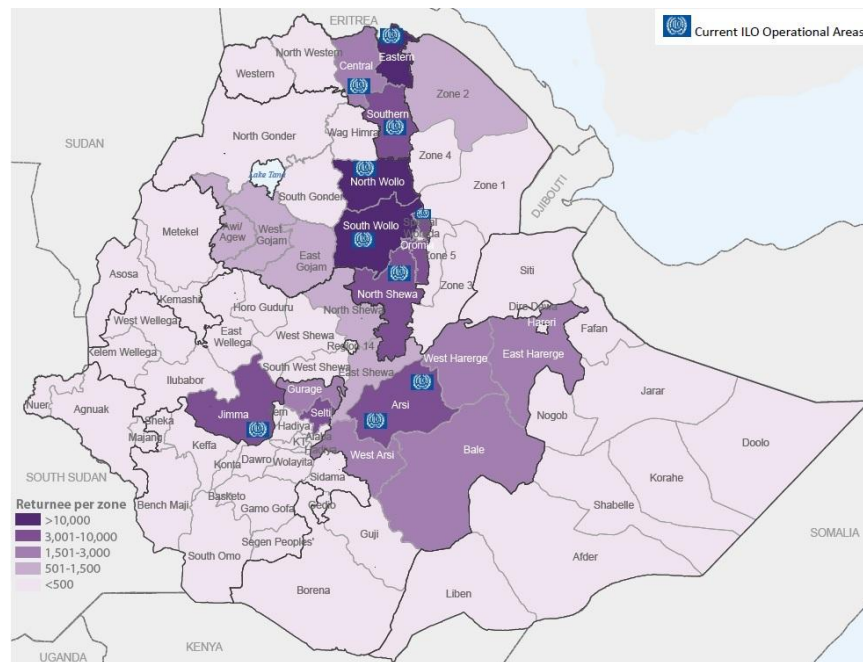
- **Tigray:** Southern, Eastern, and Central Tigray
- **Amhara:** South Wollo, North Wollo, Oromia Special Zone, and North Shewa.
- **Oromia:** Jimma, Gurage, Silte, East and West Hararge, Arsi, West Arsi and Bale
- **Addis Ababa**
- **Southern Nations, Nationalities and People's Regions (SNNPR):** Northern zones

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<sup>4</sup> As per letter sent by the Italian Ambassador on 26 May 2016 and herewith enclosed as Annex III



*UNOCHA Map of returnee locations and ILO operational areas in the action 'Support to the reintegration of returnees in Ethiopia':*



## A.2 The textile sector in Ethiopia

The Textile and Garment (T&G) sector offers ideal conditions to achieve the objective of the SINCE project of reducing the likelihood of irregular migration through rapid employment creation in Ethiopia, with a specific focus on youth and women. In providing evidence for this, the following paragraphs will discuss the relevance and coherence of the sector in relation to the criteria established in the SINCE inception phase methodology. The sector was initially included in the long list of nine industrial sectors selected through the criteria established under Group A, namely *“the coherence and significance with the GoE socio-economic development strategy and existing initiatives”*. T&G was then shortlisted as one of the sector responding to the criteria under Group B, namely *“the relevance to target groups and to the specific objective of the SINCE project”*. After a comprehensive description and analysis of the T&G value chain (available in the SINCE inception phase report prepared by UNIDO), specific segments were selected in relation to the responsiveness to criteria established under Group C, namely *“the feasibility in relation to achieving the SINCE project specific objective”*.

While the T&G industry has a long history in Ethiopia dating back to the Italian period when the first garment factory was introduced in 1939, since the return to a market economy in 1990s the sector was given particular consideration by the GoE for its poverty reduction and economic growth potential, given its labour intensity. Since 2010-11 the T&G has been identified as one of the priority sector of the Ethiopian industrial policy. A significant transformation is the transfer of public owned T&G industries to the

private sector. As part of the development agenda set in the 2010-2015 Growth and Transformation Plans (GTPI & II) – whose overall objective was to lay out the structural conditions to transform Ethiopia into a middle income country by 2025 – the GoE included the T&G sector as one of the strategic areas for export growth and fast employment creation. While the ambitious initial plan to generate USD 1 billion worth of the industry’s export by the end of the GTP1 period was not achieved (in 2014/15 accounted for USD 98.9 millions), in recent years the T&G sector has experienced a remarkable expansion and managed to attract the attention of key foreign investors and buyers, such as ITACA, H&M, G&T, Primark, Phillips Van Heusen, Tchibo, Tesco, Marks & Spencer, VF Corporation, and INDITEX. In 2014, 36 T&G foreign direct investments projects were licensed in Ethiopia, with an average capital investment of USD 140 million. These projects employ an estimated average of 2,500 people each.

Current figures show that over 136 T&G manufacturing companies, ranging from medium to large scale, are currently involved at different levels in the segments of ginning, spinning, weaving, finishing and garment. In addition, a considerable number of start-ups and micro enterprises are involved in the sector at different levels and both in ‘modern’ and ‘traditional’ apparel production. Figures obtained from the Central Statistical Agency (CSA) accounting for the T&G sector for the last four years, show the remarkable growth in the number of people employed from 72,899 in 2013 to 250,552 in 2016 (see Table 1).

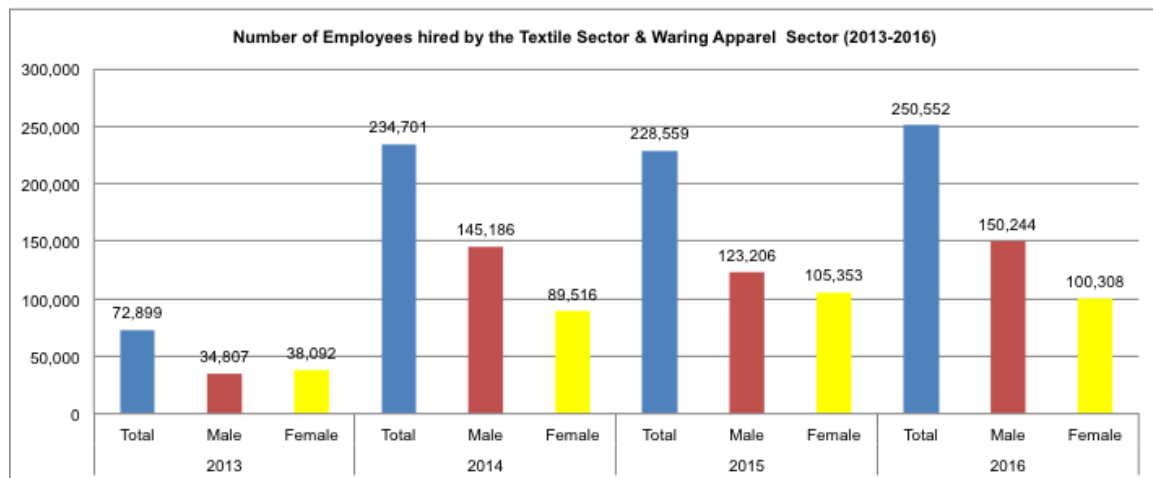


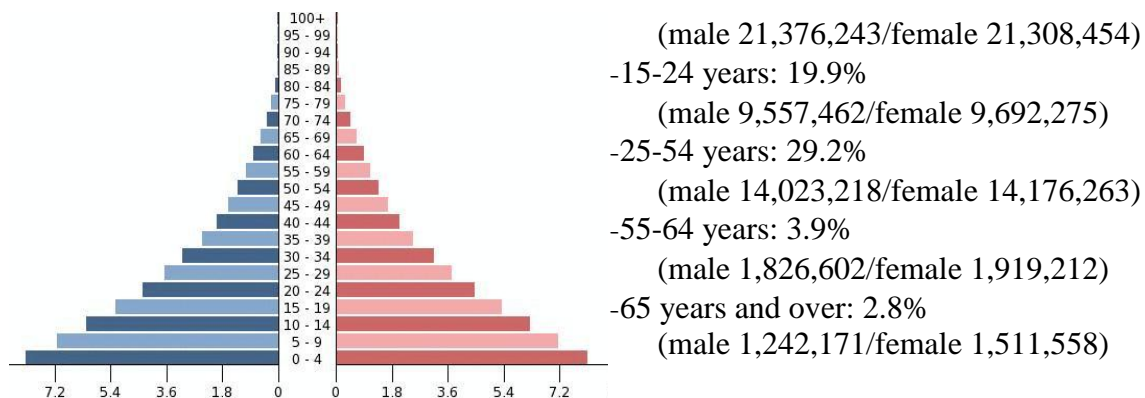
Table 1. Employees in the T&G sector, 2013-2016, Central Statistical Agency.

In line with the objectives outlined in the GTP1, the new Growth and Transformation Plan for the years 2015/16 – 2019/20 (GTP2) reaffirmed the focus on labour-intensive industrial products where Ethiopia has a comparative advantage given the relative abundance of labour and low wages during the plan period (GTP2, p. 106). Jobs in the manufacturing sector are expected to increase on average by 15% annually, from 380,000 in 2014/15 to 758,000 by 2019/20. Women and youths are expected to be the primary beneficiaries of the job opportunities in the manufacturing sector (GTP2, p. 117). Within manufacturing, the consolidation of the T&G industry will play a considerable role in rapid employment creation. At the end of GTP2 the sector is planned to manufacture

USD 2.18 billion worth of production, earn USD 779 million in export revenue, and to create 174,000 additional job opportunities.

The industrial development strategy of Ethiopia is expected to promote the T&G industry throughout the entirety of the value chain. It is assumed that the overall growth of the sector will potentially generate significant spill-overs in terms of opportunities for agriculture development through sustained cotton production – i.e. upstream linkages that create income for both farmers and investors – as well as laying the foundations for other industries to develop, such as for accessories, chemical, and other inputs which are currently imported. More broadly, the GoE approach to promote fast growth in the T&G industry was developed in the mid-2000s and is known as Top-Down Pulling Strategy. The strategy casts a primary role to central state intervention in developing the sector, and is based on a plan to accelerate the development of the apparel segment of the value chain first. This will in turn create the structural market conditions for pulling the development of the textile industry, as well as cotton production via increased demand. The strategy assumes that the apparel industry will initially be heavily run by foreign investments and import of capital-intensive goods such as machineries. However, in the long run a progressive import-substitution will occur as soon as the apparel segment will achieve a critical threshold able to drive an expansion of the upstream segments of the value chain. From an institutional perspective, a significant outcome of the increased emphasis on the T&G sector by the GoE was the establishment of the Ethiopian Textile Industry Development Institute (ETIDI) in 2010. The Institute's main mission is to lead, coordinate, and monitor the development of the sector, as well as to support the industry to speed up the establishment and competitiveness of textile and apparel industry in international market. As identified by the ETIDI, in the coming years the T&G sector holds significant prospect for growth because of the following strategic advantages:

- Suitable Agro climatic conditions for cotton production;
- Availability of a large and young workforce and relative low cost of labour for both skilled and unskilled workers;
- Low costs for electricity (especially hydraulic energy) and water;
- Relative proximity to Europe and preferential market access (e.g. AGOA, EBA, COMESA).



Distribution of the population (2014 est.):

-0-14 years: 44.2%

(male 21,376,243/female 21,308,454)  
-15-24 years: 19.9%  
(male 9,557,462/female 9,692,275)  
-25-54 years: 29.2%  
(male 14,023,218/female 14,176,263)  
-55-64 years: 3.9%  
(male 1,826,602/female 1,919,212)  
-65 years and over: 2.8%  
(male 1,242,171/female 1,511,558)

*Figure 1. Population distribution by age in Ethiopia.*

In addition to these strategic advantages, the GoE has set a number of incentives to attract Foreign Direct Investments (FDIs) in the T&G industry. The coordination of the FDIs is facilitated by the ETIDI, as well as the Ethiopian Investment Agency. Incentives include the following:

- Significant state support through a number of incentives, tax breaks, profit tax exemption, reduced rates for land lease, and creation of dedicated industrial zones;
- Advantageous rates for land lease;
- Access to credit through the Development Bank of Ethiopia, 70% loan for 30% own equity;
- Duty exemption for imported machinery and raw materials;
- Exemption from the profit tax for up to 7 years depending on the size and location of investment;
- Creation of dedicated Industrial Parks to support the T&G industry.

T&G is both coherent and highly significant to the GoE socio-economic development strategy, as well as to other existing private and public development initiatives. The sector is currently undertaking a rapid expansion driven by strategic interests of both the Government of Ethiopia and key international investors, and offers considerable opportunities to create employment of skilled and unskilled labour in large factories, as well as medium and small entrepreneurial activities.

It is common knowledge that the T&G is among the most labour intensive sectors within industry and manufacturing. In providing considerable employment opportunities worldwide – especially to young women – the T&G is characterized by rapid market-driven changes as well as geographically dispersed production. With a rapidly growing young population and an increasing trend towards urbanization, Ethiopia offers ideal conditions for a rapid development of the T&G sector when it comes to labour supply. As noted earlier, employment creation for youth and women is one of the top priorities of the GoE development strategy. At the same time, in Ethiopia the cost of labour is lower than in many other T&G producing countries. However, as productivity of labour remains low, this comparative advantage does not automatically translate into a competitive advantage for the sector. Nonetheless, in the coming years the growth of the T&G sector driven by FDIs is expected to generate considerable job opportunities for women and youth that are either unemployed, or employed in the informal sector. As explained by one manager in the T&G industry, the sector has also the potential to attract a large workforce from rural areas previously engaged in smallholding farming. *Table 2* highlights how the T&G sector is characterized by a relatively higher labour intensity as compared to other manufacturing industries in Ethiopia. The sector is believed to offer additional advantages when it comes to rapid employment creation. These include the capacity of state bureaucracy to mobilize people up to the micro level, the potential for creating other labour-intensive spin-off industries – such as accessories and chemicals – as well as upstream linkages to cotton production for which Ethiopia has a big potential.

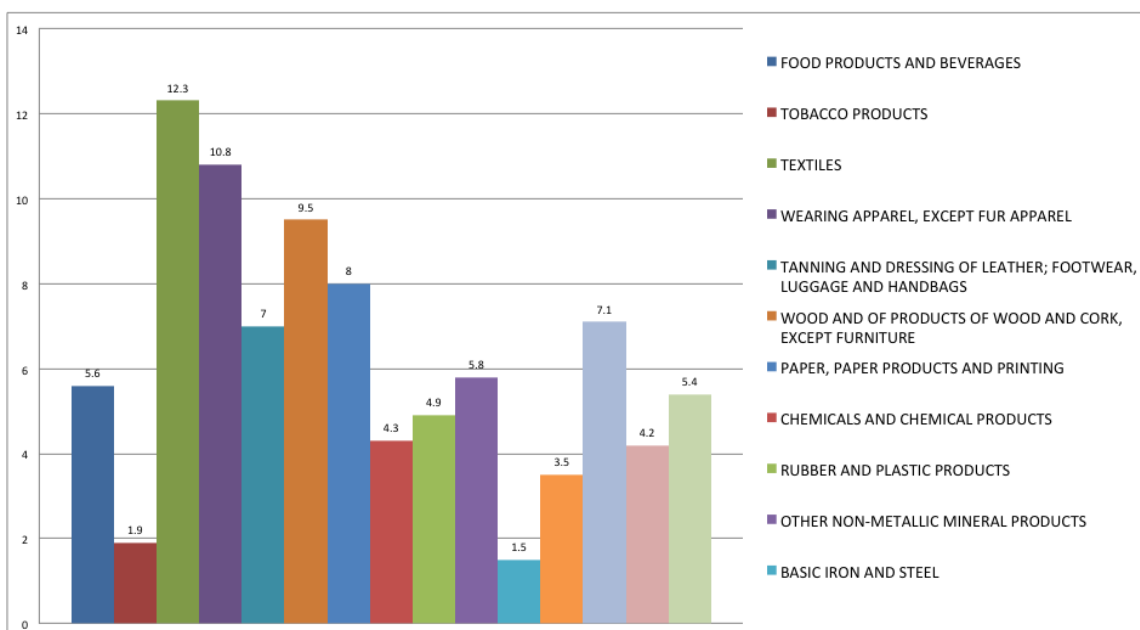
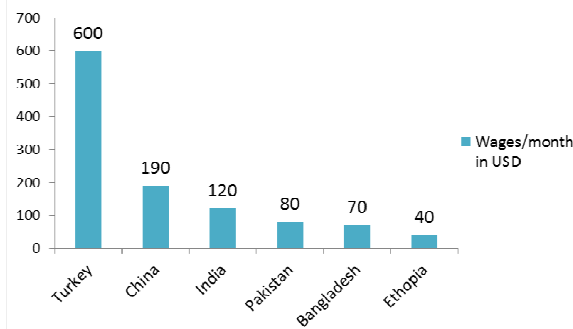


Table 2. Ratio of cost of labour to gross value of production by industrial group - public and private. Source: Large and Medium Scale Manufacturing and Electricity Industries Survey, Central Statistical Agency, 2014/2015.

The gender dynamic within the T&G industry varies quite considerably between small businesses and large companies. While male dominates the former, especially when it comes to handloom for traditional garment production, basic operators in large industries tend to be constituted mostly by women. As in the coming years the growth of the sector will be mainly driven by FDIs to establish large-scale companies, it is possible to expect that a majority of the employment opportunities will target young women with a low socio-economic profile<sup>5</sup>.

While there is little doubt about the labour intensity of the T&G industry, as well as its current potential for rapid expansion, the extent to which the sector offers possibilities for creating decent job opportunities is much more controversial. As noted in many interviews with local government officials, private sector, and NGOs, the low cost of labour is a main reason currently attracting FDIs in the sector. The cost of labour is comparatively lower than in other T&G export oriented countries such as China, India, Pakistan and Bangladesh (see Figure 2). In some cases low wages are the reason behind the relatively high turnover in the sector. The head of the Textile and Garment Federation

<sup>5</sup> Only about 25% of employees are women, this perhaps showing that the sector is currently largely dominated by small businesses operating through Cut, Make, and Trim (CMT) activities, for instance Ready Made Garment production. The prospected expansion of the sector towards large scale, export oriented industrial operations is likely to attract primarily female workforce, especially as far as basic operators are concerned. Conversely, middle management, as well as other technicians, mechanics, and other specialised occupations are likely to be covered by men. Another issue worth noting is that while on aggregate the number of women employed in the sector is low as compared to men, other manufacturing sectors perform much worse than the product finishing segment, as well as T&G more broadly. As also evincible from the other sector-based chapters of this report, the T&G industry is the sector that by far has the capacity to employ a significant number of women.



of the Ethiopian trade union noted that a main problem with the current rapid growth of industry and manufacturing in Ethiopia is the lack of minimum wage. The T&G sector makes no exception to this picture, and many companies currently offer wages that in some cases can be as low as 800 ETB per month. From the perspective of the union the lack of a minimum wage limits the possibility for

discussing and negotiating other essential benefits for workers, such as health care, overtime, paid leave, and unfair dismissal cases. In addition, the T&G sector presents specific health hazard issues, for instance when it comes to the chemical processes employed in dyeing and finishing. The lack of adequate controls, standards, and procedures constitute challenges to the achievement of decent work conditions.

From the perspective of the big international investors currently operating in the country, the question of low wages is connected to the very low productivity of labour, as well as the lack of skilled manpower. On the one hand low productivity of labour limits the possibilities for increasing wages while keeping the industry economically sustainable. On the other hand as soon as workers acquire new skills they immediately look for better salaries elsewhere, and in some cases attempt to open their own small business, which is often valued much more in comparative terms to wage employment. A further element to consider when it comes to the objective of creating decent jobs is specific to prospected T&G large manufacturing plants. Interviews conducted in Tigray with a number of investors that are either currently planning to start large scale operations or are already operational show that while manpower is generally available, a specific problem is the recruitment of large numbers of people in one specific location. For this reason the availability of infrastructure, facilities, and services is crucial to limit labour turnover, as well as convincing a large number of people to relocate in the surrounding of newly established production plants. In light of these issues, many investors in collaboration with the local government are planning to strengthen existing transport services, as well as planning the construction of facilities such as medical clinics, housing, as well as shops and other services. Another element to take into account are the mechanisms of Social and Corporate Responsibility of large scale investors, which often commit producers to fulfil basic labour rights, as this is demanded by the public opinion purchasing the end product in western markets.

T&G in Ethiopia is a sector that historically attracts a considerable number of migrant workers. Interviews with Ready Made Garments companies and clusters in Addis Ababa show how the workforce employed in the sector rarely originates from the areas surrounding the production site. For instance interviews in the T&G cluster at Gundish Meda show that a majority of the workers employed are migrants from the SNNPR, and particularly from Gamo Gofa zone. This shows that at different levels a rapid expansion of the T&G sector has the potential for generating employment opportunities for migrants or potential migrants. A recent study conducted by regional TVET offices in Tigray put

in correlation the T&G industry with migratory patterns in the region. The study shows that the T&G industry has the potential to limit the economic migration both internally in Ethiopia, as well as international migration (Mekelle Textile Garment College 2013).

Due to the scale and the profile of workers employed, the sector offers great potential to contribute significantly to the specific objective of this project.



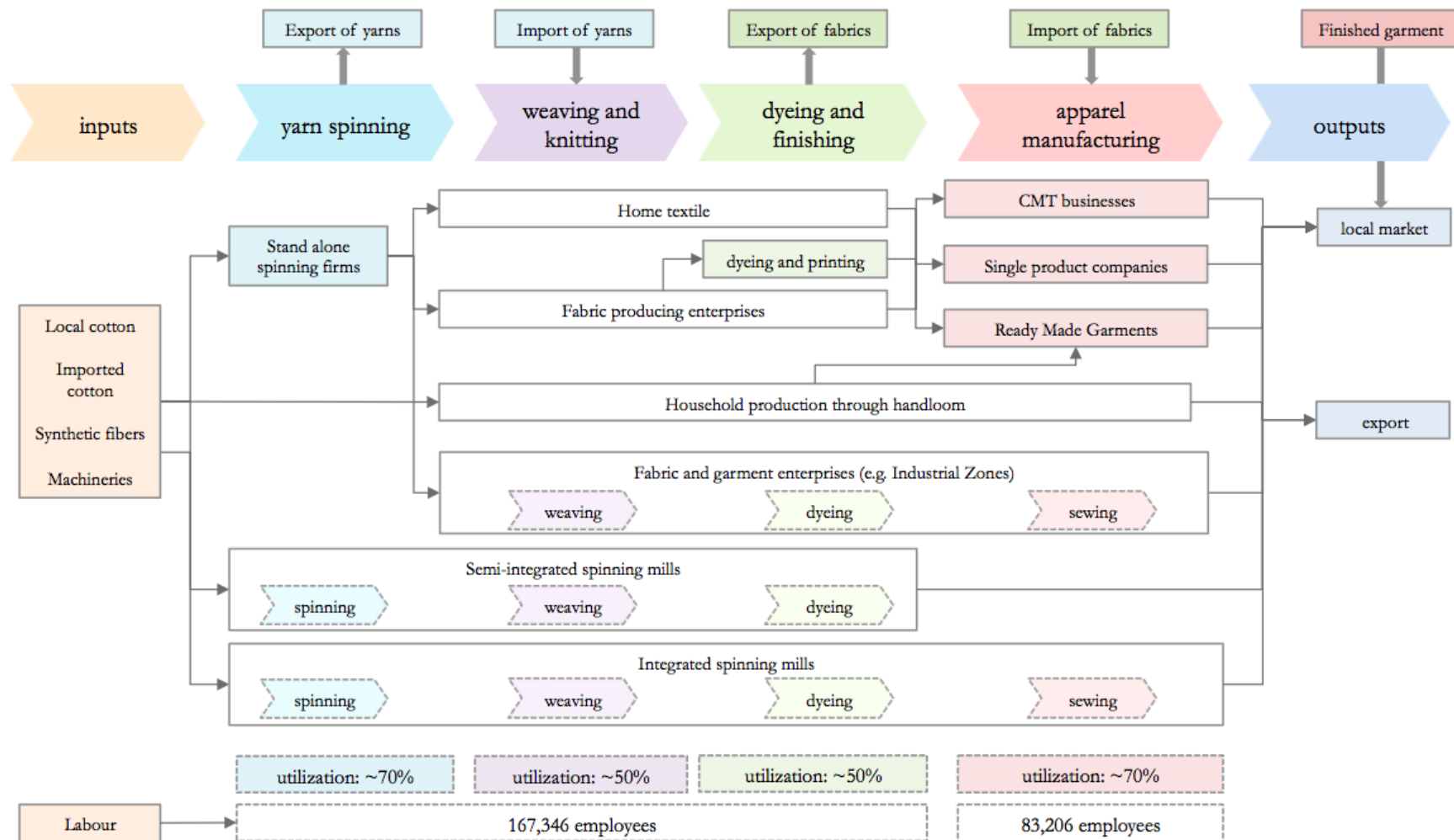


Figure 3. The T&G value chain in Ethiopia (based on the ITC 2016, p. 25).



### A.2.1 Problems to be addressed<sup>6</sup>

In recent years the T&G sector has experienced a remarkable expansion and managed to attract the attention of key foreign investors and buyers. In 2014, 36 T&G foreign direct investments projects were licensed in Ethiopia, with an average capital investment of USD 140 million. In addition, T&G businesses will play a central role in the 15 Industrial Parks (IPs) that are currently under construction throughout the country (4 have been already completed).

Tigray is at the forefront of this development: while the Mekelle IP infrastructures will be completed in the next few months, important international T&G firms have already invested in new production plants and will soon become operational. For instance, these include the Indian Velocity, the Bengalese DBL, and the Italian ITACA. In the next couple of years the expanding T&G industry will therefore require a significant amount of workers with different degrees of specialization that are currently not readily available in the market.

Current figures show that over 136 T&G manufacturing companies, ranging from medium to large scale, are currently involved at different levels in the segments of ginning, spinning, weaving, finishing and garment. In addition, a considerable number of start-ups and micro enterprises are involved in the sector at different levels and both in ‘modern’ and ‘traditional’ apparel production. Figures from the Central Statistical Agency (CSA) show the remarkable growth in the number of people employed from 72,899 in 2013 to 250,552 in 2016.

With a rapidly growing young population and an increasing trend towards urbanization, Ethiopia offers ideal conditions for a rapid development of the T&G sector when it comes to labor supply. Employment creation for youth and women is one the top priorities of the GoE development strategy. At the same time, in Ethiopia the cost of labor is lower than in many other T&G producing countries. However, as productivity of labor remains low<sup>7</sup>, this comparative advantage does not automatically translate into a competitive advantage for the sector. While there is little doubt about the labor intensity of the T&G industry, as well as its current potential for rapid expansion, the extent to which the sector offers possibilities for creating decent job opportunities is more controversial.

Despite the availability of a young and large labor force, Ethiopia’s T&G sector is constrained by the lack of sufficiently skilled manpower, in terms of basic operators and technicians, as well as specialists, designers, mechanics, and management supervisors. Lack of skills is an overwhelming priority that is directly correlated to low productivity and quality, and which currently hinders the potential expansion of the sector as a whole. Skill development is crucial for creating value addition, increasing profitability, as well as meeting buyer requirements.

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<sup>6</sup> In Annex 3 the main Gaps in technical and soft skills within the T&G sector are detailed.

<sup>7</sup> The cost of labor is comparatively lower than in other T&G export oriented countries such as China, India, Pakistan and Bangladesh, and companies currently offer wages that in some cases can be as low as 800 ETB per month. While the law provides no minimum wage, in some cases this limits the possibility for negotiating other essential benefits for workers, such as health care, overtime, paid leave, and unfair dismissal cases. The lack of adequate controls, standards, and procedures constitute challenges to the achievement of decent work conditions. The question of low wages is connected to the very low productivity of labor, as well as the lack of skilled manpower. On the one hand low productivity of labor limits the possibilities for increasing wages while keeping the industry economically sustainable. On the other hand as soon as workers acquire new skills they immediately look for better salaries elsewhere, and in some cases attempt to open their own small business, which is often valued much more in comparative terms to wage employment.

Lack of skills is particularly significant for the downstream segments of the value chain such as production of finished garments. The lack of basic operators and supervisors reduces the productivity and quality, whereas the lack of designers limits the capacity of companies to create value addition. Both hinder the ability of clothing companies to expand production, and hence hire more workers. A connected issue is that lack of skilled manpower reduces the potential positive gains in terms of productivity stemming from the adoption of new machineries and technologies: as many large companies are currently upgrading their capacity through the adoption of capital intensive equipment, they often lack qualified staff to operate it. This is also one of the reasons why the T&G industry as a whole, and downstream segments in particular, operate much below full potential capacity.

Finally, as a follow up of the “High Level MoI-UNIDO Planning Meeting - Manufacturing Sector” held in Addis Ababa the 14 December 2016, the UNIDO team has received clear instruction from the Ethiopia Ministry of Industry regarding the activities to be performed in 2017 within the framework of the PCP-ETH (please refer to paragraph B.1). In this context, the State Minister of Industry H.E. Bogale Feleke, in charge for leather and textile sectors, officially requested the UNIDO technical assistance also for improving the institutional capacities both of the Ministry of Industry and the Ethiopian Textile Industry Development Institute (ETIDI), in order to meet the private sector requirements, facilitate the T&G sector growth and play a relevant role in creating skilled labour force.

**Major issues constraining the rapid creation of decent employment opportunities in the T&G sector are the following:**

- 1) Lack of adequate technical and vocational training (TVET) capacity<sup>8</sup>. The education system in Ethiopia provides for the formation of both skilled and unskilled workers through a number of curricula at university level, as well as TVET colleges. However, the institutes have little capacity to produce the required quality and quantity of manpower.
- 2) Lack of sufficient on the job training. The lack of an effective TVET system leaves the burden to prepare a specialized workforce to the private sector. However, few companies provide adequate trainings, whose scope is often quite narrow.
- 3) High turnover and absenteeism: Low salaries provide little incentives to enhance labor productivity and loyalty. Low salaries are coupled by the lack of a working culture in the large industry, and lead to high levels of turnover and absenteeism. Currently Turnover rate on average is 8.5% / month and Absenteeism rate on average is 9.6% / month.

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<sup>8</sup> As indicated in the document “GROWTH AND TRANSFORMATION PLAN OF THE TVET SECTOR FOR THE NEXT FIVE YEARS (2015/16-2020)” prepared by the GoE, the major challenges that need attention for ensuring TVETs development are listed as follows:

- “The structure of the technology army was not built on bases of knowledge, skills and attitudes to create the army at the expected level.
- The development program implementing offices are unable to own the determinant role of assuring workforce competence and technology capacity building for competitiveness.
- There are difficulties in making development programs centre for assessment and training by certifying occupational competences of professionals who are engaged in works and in selecting and promoting the best ones as industrial assessors and trainers.
- Since institutions have not been expanded at regional and Federal levels, accessibility problem has been abundant
- Since there is no strong connection among universities, research institutions, TVET and the industry, technology capacity building was not owned collectively and not yet become effective.
- There is a wide gap between demand and capacity in the endeavour of transition from agriculture led to industry led economy.
- Our trainers are not in a position to fully imitate technology based on value-chains.
- There are constraints in terms of fully ascertaining the equitable benefits of women, the emerging regions and others who seek for different types of trainings.”

- 4) Lack of workers efficiency: Efficiency is around 20% to 30% (max 45% in seldom cases and not continuous. The international benchmark for a profitable business is at 65% as a minimum).
- 5) Lack of middle management capacity and supervisors: Beside the lack of basic operators the T&G industry suffers from the absence of middle management personnel such as line managers supervisors. Management methods are outdated and do not respond to the current requirements of an industry facing global competition. The industry depends not only on the availability of man power with the right attitude but also on the technical competence which extends from operator to production manager; supporting staff for merchandising as well as mechanics. Looking at the broad demand on workers issues need to be address at various levels.
- 6) Resistance to change and lack of soft skills: Workers and managers lack sector-specific knowledge, and broader behavioral and factory 'life-style' trainings. Many employees come from very different backgrounds and often from a completely different life-style in agriculture.
- 7) Lack of Institutional capacities: Both the MoI and ETIDI require technical assistance in order to support the T&G industrial growth and improve the coordination among the stakeholders involved both public and private. The coordination among the activities and initiatives performed within the T&G sector by the development partners has also to be improved and inserted within the PCP-Ethiopia framework.

The above-mentioned challenges will be addressed by this project.

### A.3 Expected target beneficiaries

The objective of the project is to create decent job opportunities in the emerging Textile and Garment industry in Ethiopia, with a special focus on **women and youth**. Trainings are envisaged to facilitate the employability of basic operators and middle management staff in large factories operating directly in the T&G or related sectors. The project envisages a capacity building component whereby an effective system of training is established by creating stronger ties between private and public sector actors. Public Private Partnerships (PPPs) will involve TVETs, universities, and key private sector actors currently operating in Ethiopia such as ITACA and H&M.

This will improve the capacity of the system to create autonomously a sufficient amount of skilled workers – basic operators, middle management staff and designers – for the industry to develop rapidly. As a result of the process of capacity building in general, as well as the technical capacity development, training and institutional support programs for the National Institutions working on the T&G industry, Ethiopia will benefit from a quality product development and a consumer protected supply chain.

Furthermore the project will support MoI and ETIDI in particular representing the major institutions aimed at developing this sector as well as improving the coordination among the stakeholders involved both public and private. The coordination among the activities and initiatives performed within the T&G sector by the development partners will also be improved and inserted within the PCP-Ethiopia framework.

With regard to the geographical area, the Tigray Regional State will mainly benefit from this project as in the coming 1-2 years around 25.000-30.000 workers are estimated to be employed in the Mekele industrial Park and other new investments around Mekele. Out of these 25.000-30.000 approximately 4000 will be junior, senior or/and higher skilled professions. Hence one of the most important topics for discussion is the supply and training

of both workers and middle management for the industry and the supply will be able to match the demands of the industry<sup>9</sup>.

Accordingly with the data received by a presentation held by the textile private sector (led by H&M and presented to the main stakeholders both public institutions and donors) on February 9, 2017 in Makelle, the following figure represents an estimation of the workforce need of a sample factory size with 2000 sewing machines.

Department	Number of workers
Sewing operator	2000
Helper (sew+cut+fin)	1014
Cutting department	26
Sewing department	156
Finishing department	20
Industrial Engeeniaring department	7
Merchandising Team	14
Others	103

Skill requirement	Number of workers
Helper (sew+cut+finish)	1014
Sewing operators	2000
Junior management	260
Middle management	54
Top management	8

An estimation of the workforce need of a sample factory size with 2000 sewing machines.

Mekelle holds the most potential for expansion in the short to medium term. In particular it is worth mentioning that a specialized TVET is located in Mekelle, Tigray Region, which is the Mekelle Textile and Garment College.

During the project inception phase an in depth assessment of the T&G College will be conducted both in terms of capacities and technology needs. Strategic linkages between the College and the PP platform (composed by ETGAMA, ETIDI, investors, etc.) will be analyzed and ensured by the project during its implementation phase. An adequate representation of the public and private sector has to be ensured for strengthening project effectiveness and sustainability.

In upgrading the capacities of the targeted training centres, the project should take into due account the gender issue. In particular female participation and benefits should be incorporated in all the activities of the sector and be implemented with special attention. It is essential to enhance female participation and benefits as trainers and leaders in areas of marketable vocations so as to sustain equal participation of women. The leadership at different levels should incorporate and implement the following targets with commitment and with special attention in the Ethiopian Growth and Transformation Plan:

<sup>9</sup> Interviews with business operators suggest that Tigray, and the area around Mekelle more specifically, is considered particularly suitable for the development of the T&G industry for a number of reasons. These include the prospective construction of an additional railway line connecting Mekelle to Djibouti, the commitment of the federal and local institutions to develop the T&G sector in the region, the availability of water and electricity, and political stability. Conversely, the area around Addis Ababa holds the strategic advantage of having the greatest concentration of T&G industrial plants for each segment of the value chain. Furthermore, in the segments of spinning, weaving & knitting and dyeing & finishing, and garment production companies are virtually exclusively concentrated in the areas surrounding Addis Ababa. The recent opening of the IP largely drives the growth and development of the T&G sector in Hawassa.

- ✓ Improving the competitiveness of women trainees in the world of work by improving their participation and capability ratio in occupational assessments of marketable vocations.
- ✓ Improving the TVET participation of girls by providing special support.

It is worth mentioning that, during the inception phase, a specific analysis should be performed on Eritrean migrants and the possibility to be trained and involved in the project activities will be assessed. Eritrean migrants and refugees are expected to be project beneficiaries such as Ethiopian women and youth. In this context, a strong cooperation with the local Institutions is required.

**Counterpart organizations (for technical cooperation only):**

- Ethiopian Ministry of Industry (MoI);
- Tigray Regional Government;
- Ethiopian Textile Development Institute (ETIDI);
- Ethiopian Textile and Garment Manufacturers Association (ETGAMA);
- Technical and Vocational Training Centres;
- Mekelle Textile and Garment Development Institute;
- Makalle Textile and Garment College;
- Mekelle University;
- H&M, ITACA, DBL, Velocity, etc.
- NGOs operating in the targeted area and sector;
- Etc.

## **B. RELEVANCE OF THE PROJECT IN RELATION TO NATIONAL AND INTERNATIONAL FRAMEWORKS**

The EU and Ethiopia have signed a joint Declaration for a Common Agenda on Migration and Mobility (CAMM), reflecting the importance of Ethiopia as a key country of origin, transit and destination of irregular migrants and refugees from the Horn of Africa on the route to Europe. The GoE has been actively supporting the reintegration of returnees and is willing to address migration matters in a comprehensive way.

This project proposal has also been articulated in line with the Valletta Action Plan under the chapter *Development Benefits of migration and addressing root causes of irregular migration and forced displacement*. Two priority areas will be targeted:

- *Enhance employment opportunities and revenue-generating activities in regions of origin and transit of migrants to enhance the professional skills and employability of young people.*
- *Facilitate responsible private investment in Africa agriculture, agri-business and agro-industries and boost intra-African trade and exports of agricultural products through agricultural financial activities.*

Furthermore, the new country strategy outlined in the Growth and Transformation Plan II (GTP II) makes youth and employment a high priority and intends to achieve results in particular through the development of manufacturing industries (e.g. light industries and agro processing industries).

### **B.1 Program for Country Partnership-Ethiopia**

This project proposal is also aligned to the Programme for Country Partnership (PCP) for Ethiopia. In order to develop pilot PCPs, UNIDO conducted high-level scoping missions to consult with relevant stakeholders in late 2014. Ethiopia and Senegal were selected for the first two UNIDO PCP initiatives. Multidisciplinary technical teams were assembled, who in close collaboration with the respective governments and potential partners, formulated the PCP for each country. Ethiopia has been selected as pilot program for the implementation of a Programme for Country Partnership (PCP) with the aim at bringing together development partners, UN agencies, development finance institutions (DFIs) and the private sector - under the ownership of the national Government - to help achieve the goals set out in the country's Industrial Development Strategy and Growth and Transformation Plan (GTP).

The PCP is focusing on three light manufacturing sectors: agro-food processing; textiles and apparel; and leather and leather products. These sectors were chosen due to their prospects for job creation, strong linkages to the agricultural sector, high export potential and capacities to attract private sector investment. They will act as a springboard for the transformation of Ethiopia's economy, from one, based on agriculture to one driven primarily by light industries.

In light of the above considerations, this project proposal will contribute to the PCP implementation through the development of the T&G sector that is a priority included in the PCP.

## **B.2 Agri-Business Development Department Programme and Technical Cooperation - Strategic Plan for 2016**

The current project proposal will also contribute to operationalize the four Agri-Business Development Department management priorities set for 2016.

<b>PRIORITIES</b>	<b>PROJECT ACTIONS</b>
1. Effectively accomplishing UNIDO's strategic objectives in relation to the 2030 Agenda for Sustainable Development;	The project will directly contribute towards the achievement of the new UN Sustainable Development Goals: 1 (eradicate poverty) 2 (eradicate hunger), 5 (promote gender equality and empower women), 8 (decent work and economic growth), 9 (industry innovation and infrastructure), 10 (reduce inequalities), 12 (responsible consumption and production), 17 (partnerships for the goals).
2. Operationalizing the Sustainable Development Goals (SDG) implementation by developing new and strengthening existing partnerships with stakeholders;	<p>The project will strengthen the partnerships with national and international stakeholders both at private and public sector levels. In particular, following the UNIDO ISID strategy, the project inception phase expects to assess the potential of establishing strategic partnerships, including them in final project plan of actions. Furthermore, it is worth mentioning that the project will create an ad hoc technical committee for enhancing the coordination with other on-going initiatives and programmes and fostering new partnerships with the national and international stakeholders.</p> <p>A strong involvement of the private sector is required for ensuring project effectiveness and sustainability both at national and international level. The project will contribute to promote strategic partnerships especially in relation of job creation.</p> <p>Prospective partners will be identified during the project's inception phase in directly involved in the expected technical committee, for coordination and monitoring purposes.</p>

3. Exploring and securing new avenues of financing for UNIDO's programmatic implementation and operations;	<p>The project is aimed at reducing irregular migration through the creation of jobs in the Ethiopian targeted value chains.</p> <p>This project proposal is expected to be funded by MAECI-DGCS through the project <i>SINCE</i> financed by the <i>European Union Emergency Trust Fund for Stability and Addressing Root Causes of Migration in Africa</i>.</p> <p>The project is expected to contribute to facilitate business partnerships in the Ethiopian selected value chains as well as to support the PCP Ethiopia accordingly with the identified agro value chains. In this context synergies/linkages could be set up with the established IAIPs.</p>
4. Strengthening UNIDO's internal management structures and processes.	<p>The project will follow the AGR targets as per Management Priorities, in particular: contributing to design and launch of TC Guidelines, increasing the share of TC services delivered through partner organizations by identifying key partner organizations, promoting knowledge sharing and management and complying with mandatory requirements and Gender Guidelines.</p>

### C. REASONS FOR UNIDO ASSISTANCE

Inclusive and Sustainable Industrial Development (ISID) is a key driver for the successful integration of the economic, social and environmental dimensions, required to fully realize sustainable development for the benefit of future generations.

As mentioned in the December 2013 Lima Declaration “Towards Inclusive and Sustainable Industrial Development (ISID)”, industrialization is a driver of development, as it increases productivity, contributes to job creation and generates income. Industrialization offers opportunities for social inclusion by means of empowerment of women and by creating decent employment for youth. Therefore, in its efforts to contribute to inclusive and sustainable industrial development, UNIDO focuses on “enhancing productive capacities in a way that supports the structural transformation of the economy; encourages economic growth and the creation of decent jobs (...) particularly in the small and medium-sized enterprise sector”.

UNIDO has a track record of successful programmes and projects in the areas of agro-industries and related sectorial value-chains development (e.g. leather and leather products, coffee, bamboo, metal working, etc.), clusters approach and entrepreneurship with special emphasis on women, youth and other vulnerable groups. Furthermore, UNIDO has a track record of successful programmes and projects in the areas of post-crises and related livelihood project with special emphasis on women, youth and other vulnerable groups.

Finally, UNIDO has an in depth experience in Ethiopia in general and in the development of strategic agri-business sectors in particular. In this context, UNIDO can provide its technical expertise in particular addressed to:

- Develop and upgrade the T&G value chain in Ethiopia: creating networks, skills and synergies, with a special reference to women, through public and private partnerships;
- Provide the necessary technical assistance in terms of skill development, organization of women and youth, improvement of labour productivity;
- Increase the internal, regional and international T&G products market.

Furthermore:

- The proposed project will build on the vast experience of UNIDO in value chain, clusters, and skill development approaches.

- The project builds on leaners centred methodologies and partnerships with industry in strategic sectors.
- The project follows the UNIDO mandate based on an inclusive and sustainable intervention, in which “no one is left behind”, in the area of productive work especially for women and youth. The project intervenes by assisting local institutions and private sector actors to increase their capacities in the T&G value chain development, as well as to foster entrepreneurship development, to reduce poverty, and creating jobs.
- The project recognizes that gender equality and the empowerment of women have significant positive impacts on sustained economic growth and sustainable industrial development, which are drivers of poverty reduction and social integration. UNIDO considers gender mainstreaming as a key strategy for achieving gender equality and the empowerment of women.
- The project will create synergies with on-going UNIDO initiatives in Ethiopia, as well as will seek synergies with other forthcoming projects.
- The project will create synergies with on-going AICS and Italian Embassy initiatives in the selected area, such as SINCE project.
- The project will create synergies with other initiatives implemented by different development partners that are operating in the area.
- The project is part of the UNIDO PCP-Ethiopia and supports MoI and ETIDI in enhancing their PCP approach in the T&G sector.

## **D. THE PROJECT**

### **D.1.Objective of the Project**

The project **general objective** is to contribute in the reduction of irregular migration from Northern and Central Ethiopia by creating greater economic and employment opportunities for young women and men through the development of the textile sector.

In this context, **the specific objective** is to support the Government of the FDR of Ethiopia (GoE) in the creation of decent and productive work for young women and men through the development of technical, managerial and institutional capacities in the Textile and Garment Industry.

### **D.2 UNIDO Approach**

#### **D.2.1 Introduction**

Identifying sectors that have the capacity to create jobs in an effective manner and in line with the GTP II, national economic growth strategy, is the core of the intervention and methodology proposed by UNIDO. In this regard, an effective development strategy calls for the expansion of those sectors that generate higher added-value and employment.

After the Inception phase assessment performed under the SINCE project, the current project proposal has been developed through the identification of:

- i. One of the most important sector in terms of employment and GDP contribution;
- ii. One of the major sectors with higher income and employment multipliers; and
- iii. The level of economic integration of the national economy in terms of forward and backward linkages.

The project relies on sector and value-chain development strategies, targeting the T&G industry. The Inclusive and sustainable development of the T&G industry in Ethiopia goes hand in hand with employment and the new generation of development strategies as labour-



intensity is indeed one of the key parameters taken into account in determining priority sectors.

### D. 2.2 Project Guidelines<sup>10</sup>

In order to implement effective interventions with a significant impact on the creation of employment and economic opportunities, the *identification of the areas* of interventions was a priority that has been undertaken during the project preparation. The main criteria for identifying the areas of interventions, among others, were:

1. **Existence of interventions** focusing on job creation and value chain development, in order to build on previous activities' achievements;
2. **Being part of Government socio-economic development plan:** the areas should be included in on-going strategic development plan of the Government of Ethiopia;
3. **Presence of public and private investments:** the areas should be the target of public and/or private investments from which the project can benefit in terms of employment and economic opportunities;

The main criteria for identifying the priority sectors were:

4. **Target areas:** areas will be targeted and prioritized based on the employment creation opportunities, migration prone areas and beneficiaries' needs base.
5. **Employment:** employment and wage levels, particularly for youth and women.
6. **Size of Sector and its relevance to the target group:** How labour-intensive is the sector? What is the percentage of youth (women and men) and women working or potentially working in the sector? By answering these questions it will be possible to understand whether a sector is relevant for achieving certain employment creation objective.
7. **Work upgrading potential:** After assessing the size and relevance of a sector, the general characteristics of the sector should be assessed together with its potential for change towards the objective of decent work.
8. **Intervention impacts:** Finally the feasibility of stimulating change in a sector (value-chain) needs to be assessed. Change depends on internal and external factors, namely the capacity of the implementing agency to develop the sector and the capacity of the target sector to develop (which in turn depends on social capital, market demand for the products, etc.).

Based on the above mentioned criteria the present project proposal will apply a comprehensive approach, developing the T&G industry through a PPP approach with high potential for the targeted groups. The aim of the intervention is not only to improve the capacity of the T&G industry but also to ensure that supporting institutions and mechanisms are developed so that stakeholders will be able to rely on locally available resources in the future.

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<sup>10</sup> Refer to the Guidelines followed by the SINCE Inception phase.

### **D.2.3 Project Phases**

- 1) Inception phase (6 months): all the necessary arrangements for setting up the Project Implementation Unit (PIU) are undertaken: including the procurement process for the car purchasing (for the operational office in Mekelle), office facilities set up, ToRs for project personnel developed and staff hired. Furthermore, public private cooperation agreements are signed (e.g. TVET, companies like ITACA, H&M, G&T, DBL etc., University of Mekelle, ETIDI, IPDC etc.). Develop specific training programmes (at managerial and technical levels) with a strong involvement of ETGAMA, ETIDI, Textile and Garment College, foreign and local manufacturers and development partners which are operating in the area. An assessment of machineries requirements for setting up a centre of excellence in Mekelle in the textile sector (e.g. Textile and Garment College) will be undertaken. It is worth mentioning that, during the inception phase, a specific analysis on how to involve Eritrean migrants in project activities will be assessed. After the Inception phase a clear strategy and plan of actions for the project implementation will be defined. Assessment of MoI and ETIDI Institutional capabilities.
- 2) Implementation phase (24 months) the project activities defined by the inception phase will be undertaken. The project LOGframe developed in this project document gives the general direction of the project intervention. The results of the activities will be constantly monitored through an internal monitoring system and in close synergy with MoI and AICS. Monitoring tools will be set up, ad hoc reports will be produced and strategic technical meetings for facilitating project's implementation will be organized (e.g. TWGs). During the project implementation the project team will ensure that the project is smoothly integrated into the Programme for Country Partnership Ethiopia (PCP-Ethiopia) and presented to the respective national committees. It is worth mentioning that the project will directly contribute to support the PCP Ethiopia implementation through the development of the T&G sector and the enhancement of the coordination capacities of MoI and ETIDI for integrating the different initiatives implemented by development partners and private sector.
- 3) Phasing-out & closure phase (as part of the Implementation Phase, the last 6 months):  
*Main Activities*: handing over, disseminate results, end-of-project evaluation etc. During this phase the project will be handed-over to the project beneficiary, in particular to the local public targeted institutes/institutions (e.g. the T&G College in Mekelle), facilitating a strong involvement of the private sector (e.g. in the definition of the training courses as well as in the enhancement of the supported institutes also in terms of technology transfer and provision of trainers), in order to ensure the effectiveness and the sustainability of the project activities. Specific agreements and MoU for linking the supported institute to the private sector will be promoted among the main stakeholders.

### **D.2.4 Geographical coverage**

Tigray with a number of investors in the textile sector that are either currently planning to start large scale operations or are already operational show that while manpower is generally available, a specific problem is the recruitment of large numbers of people in one specific location. The geographical coverage of the project has been explained in the chapter “A.3 Expected target beneficiaries”. It has to be mentioned that the project is expected to be implemented both in Addis Ababa (especially for providing institutional capacity building support to MoI, ETIDI and ETGAMA) and in Mekelle (Tigray Regional State, for what is concerning Textile Garment College capacity building support and the establishment of a public private sector development platform).

### **D.2.5 Methodology for the involvement of the Private Sector**

As UNIDO is promoting Public Private Partnerships<sup>11</sup> for ensuring effectiveness and sustainability of its interventions, this project will also build on a PPP perspective especially related to the enhancement of the Ethiopian T&G value chain. Core Business and Value Chain Partnerships harness the core strengths of the private sector and/or aim at changing the way businesses operate to be more in line with social, environmental and development goals.

During the first phase of the project a Partnership between UNIDO and international buyers/producers foreign companies (e.g. H&M, ITACA etc.) is expected to be signed, in order to ensure the involvement of a large number of stakeholders both from public and private levels. Specific Project Cooperation Agreements will be defined and signed between UNIDO and relevant local stakeholders and development partners, in order to ensure local ownership and avoid replication of activities. UNIDO in cooperation with all stakeholders will jointly collaborate in setting up the PP Platform (composed by the main manufacturers, ETIDI, ETGAMA, etc.) that will play a strategic role in defining specific training programmes (base on the needs of the industry) as well as in creating job opportunities for the trained workforce. The PP Platform will represent not only a place where project's counterparts will discuss and facilitate project implementation but also a place where the private sector can continuously interact with the public entities for ensuring a sustainable development of the Ethiopian T&G industry.

The following steps are expected by the project:

- MoUs between UNIDO and relevant buyers/producers' companies are prepared and signed.
- UNIDO partnerships will facilitate the involvement of different private stakeholders operating in the selected area and sector.
- A PP Platform is created and will define project strategies and *ad hoc* programmes to be developed under the project.
- Different T&G producers endorse the project and participate in project initiatives (a special emphasis will be put on hiring the trained personnel).
- Involvement of different development partners in the project initiative in order to avoid replication of activities and improve project effectiveness.
- Perform the necessary assessments both in terms of capacities and machineries needs.
- Define training programmes in line with the specific request of the industry.
- Follow-up workers hired in the companies and define specific strategies with the private sector for avoiding the turnover (e.g. housing programmes, increase of salary scales, etc.).

### **D.2.6 Project Management**

The overall project monitoring body will be represented by the Project Steering Committee (PSC) composed by representatives of the involved counterparts both at private and public sector levels such as MoI, ETIDI, ETGAMA, TVET, private sector representatives, Italian Agency for Development Cooperation (AICS) and UNIDO (other local stakeholders could be eventually indicated and inserted in the PSC after the completion of the project's Inception Phase). The PSC will:

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<sup>11</sup> *Adopting more socially inclusive and environmentally sustainable business operations helps to mitigate risk, develop new markets, and cultivate sustainable relationships with suppliers, customers and investors.*

- To provide the Project with strategic direction in terms of implementation of project activities. Ensure the effective coordination and cooperation between all involved stakeholders.
- Monitor the progress of project activities towards achieving the planned outputs.
- Review and approve the annual work plans prepared by the PIU.

Normally, the PSC will hold bi-annual meetings but an emergency meeting can be held at any moment whenever deemed necessary. The PIU shall serve as the secretariat of the PSC.

The activities will be constantly monitored by AICS. A Technical Working Group (TWG), which will be composed by a technical representative the Italian Agency for Development Cooperation (AICS), MoI, ETIDI, ETGAMA, private companies and UNIDO. The TWG will be primarily responsible for following up project activities, providing technical guidance on the implementation of activities and enhancing coordination and cross learning among organizations engaged in the implementation of the project. The TWG will meet regularly.

The Project Implementation Unit (PIU) will be established and will coordinate the present project. The PIU is composed by:

- Technical Project Coordinator (International)
- Administrative Assistant
- Driver
- National Project Coordinator
- Senior Gender Expert
- International Experts
- National Expert
- International Institutional Capacity building Expert
- ERP National experts

International and national consultants will be recruited on the basis of short-term contracts to address specific tasks. The PIU will be responsible for the overall day-to-day coordination and supervision of field activities and will establish a good working relationship between the project, the beneficiaries, the counterparts and other on-going projects and programmes.

It is important to mention that the PIU will be mainly composed by local personnel, in order to assure project's sustainability (trust building with project beneficiaries is increased) and to improve local capacities. The Project Implementation Unit (PIU) will be established in Addis Ababa with an operational office in Mekelle (Tigray Regional State). The PIU will work under the supervision of the Project Manager (PM), at UNIDO HQs in Vienna (Austria), who will be responsible for the overall management of the project. The PIU will be working closely with the involved counterparts for ensuring coordination and technical project implementation.

The PM will monitor the project, assess progress made and lessons learned, discuss matters related to its implementation and facilitate the smooth implementation of the project, and find solutions to possible difficulties arising during the implementation. The PIU will be located in Addis Ababa and an operational office will be located in Mekelle (Tigray Regional State).

Given the gender sensitivity of the project, all project staff as well as the PSC members shall undergo gender-sensitization training, e.g. the basic online course.<sup>12</sup>

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<sup>12</sup> E.g. *I Know Gender Course on UN Women's eLearning Campus* <https://trainingcentre.unwomen.org>

## **Communication strategy:**

A specific budget has been allocated for ensuring project communication objectives such as:

- Ensuring project ownership by all stakeholders;
- Promoting and advocating the project and its results among project beneficiaries, stakeholders, development partners and a wider audience, thereby increasing impact and visibility for the project itself, the AICS as the donor agency, MoI as the country focal point for the project, and UNIDO as the lead implementing agency;
- Disseminating information on project activities to react to, support and benefit from current and new developments and programmes and initiatives in Ethiopia in a timely manner, and build synergies with other projects and initiatives when possible;
- Facilitating project coordination and monitoring among stakeholders; this includes communications related to the operational aspects of the project and to its day-to-day management, as well as forward planning, strategic guidance and navigation.

UNIDO, as the project lead implementing agency, manages the overall project communication and visibility strategy in synergy with the PSC. The role of AICS will be highlighted in all project communications.

Communications on specific project activities and events, as well as project reporting, are managed by UNIDO according to its responsibilities for project implementation. The project's communication principles are listed here below:

- Tailor communications to audiences according to the specific objectives for each target group.
- Ensure partner visibility of AICS, GoE, and UNIDO; and manage project communication along UNIDO and AICS corporate/organization-wide communication guidelines and requirements. All training and communication materials developed under the project should appropriately display the names and logos of AICS, GoE, and UNIDO. Materials used for events should follow project guidelines to ensure full visibility for project partners. This includes event programmes, invitation letters, brochures, banners, badges, nameplates, PowerPoint presentations, certificates, any other as relevant.
- Project partners shall publicize the fact that activities take place within the context of the project. Information given to the media, beneficiaries and wider audience, all related publicity material, official notices, reports and publications, shall acknowledge that the activity was carried out within the context of the project.

### **D.2.7 RBM Code and Thematic Area Code**

RBM Code: PRP<sup>13</sup>

Thematic Area Codes: EC 13

### **D.2.8 Expected Outcome**

Irregular migration of target groups in the project area is reduced by creating jobs and income generating activities in the T&G value chain, particularly for youth and women.

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<sup>13</sup> *Poverty Reduction through Productive Activities*

### D.3 Output and Activities

#### Project Outputs<sup>14</sup>:

The main outputs expected from this project are:

- **Output 1.** Project management is established.
- **Output 2.** The capacities both at managerial and technical levels are upgraded (technical assistance in terms of skills development, organization of women and youth, improvement of labour productivity, Improvement of existing training and educational offerings and alignment to industry's needs.)
- **Output 3.** Institutional capacities of MoI and ETIDI are improved especially for providing high quality institutional support and business services to T&G firms.
- **Output 4.** T&G Sector coordination is improved to favour workforce development and policy advocacy.
- **Output 5.** M&E

The above mentioned outputs will be reached with the implementation of a range of activities that have been detailed in the Logical Framework in Annex 1.

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<sup>14</sup> Project outputs and activities have been detailed in the Logical Framework



## D.4. Timeline of the Activities

Output and Activities	2017				2018				2019			
Output 1. Project management is established.	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
1.1 Set up the Project Implementation Unit (ToRs developed and recruitment conducted).												
1.2 Set up project's office and provide the PIU with all the necessary facilities, tools (laptops, printer, etc.)												
1.3 Buy a project car.												
Output 2. The capacities both at managerial and technical levels are upgraded (technical assistance in terms of skills development, organization of project's beneficiaries, improvement of labour productivity, improvement of existing training and educational offerings and alignment to industry's needs.)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
2.1 Conduct a skills gap and needs assessment in synergy with the private sector and develop course curricula, assessment standards and machineries requirements for training programmes.												
2.2 Identify the TVET to be supported and inserted in a PPP framework.												
2.3 Reinforce existing targeted TVET (establish a training center of excellence) and perform ToT for establishing and managing quality trainings to meet client needs. Specific technical areas requiring skill development are: <ul style="list-style-type: none"> <li>Spinning operations for ring spinning, open end and air-jet</li> <li>Weaving and weaving preparatory operations for major shuttle less technologies – air-jet and rapier</li> <li>Knitting operations</li> <li>Fiber / yarn / fabric dyeing and finishing processes</li> <li>Garment manufacturing operations</li> </ul>												
2.4 Capacitate the TVET structure with the required training equipment to teach trainees the proper handling of new equipment used in the industry.												
2.5 Provide technical trainings to T&G machine operators on-site and in selected training centers to increase productivity and quality of skills ( <i>Training to workers: four to six weeks</i> ). Specific focus areas required are : <ul style="list-style-type: none"> <li>Shift workers / machine operators from spinning up to garmenting</li> <li>Line leaders and production flow supervisors</li> <li>Middle managers</li> <li>Pattern makers and computer-aided design operators</li> <li>Quality inspectors</li> <li>Lab technicians</li> <li>Fashion designers</li> <li>Merchandizers</li> <li>Industrial engineers</li> <li>Electronics / electrician skills</li> <li>Mechanics</li> <li>Practices on machinery maintenance.</li> </ul>												
2.6 Provide training in the following topics in order to decrease turnover, absenteeism and perform a good quality work: <ul style="list-style-type: none"> <li>Career development – training</li> <li>Financial literacy training</li> <li>Life skills training</li> </ul>												



2.7 Provide on-the-job managerial training to line managers who have supervisory roles, to ensure work flows expeditiously along the line. <i>Training to supervisors: two to four weeks.</i>												
2.8 Train production flow supervisors to best oversee the pace of the work and ensure stoppages are minimized, monitor production levels, train new workers, and manage constant problem solving. <i>Training managers : two weeks</i>												
2.9 Develop training manuals on manufacturing operations – production, quality, maintenance and housekeeping – for operators.												
2.10 Showcase to others the level of effort made by successful companies in skills development, and how their productivity levels and cost efficiency have improved as a result.												
2.11 Monitoring and evaluation of the training programmes and create a database to reflect the current situation identified in the study (showing numbers of workers at each level of specialization), and monitor evolution and quantify trained employees in each category.												
2.12 Support firms to create a proper working environment, incentivizing workers to gain skills and develop in T&G sector companies : <ul style="list-style-type: none"> <li>• Train recruiting staff to identify proper soft skills sets during interviews (for all types of roles – from operators to managers)</li> <li>• Establish a collaboration with Kaizen Institute to transfer ideas on company corporate subculture management</li> <li>• Increase career growth opportunities for operators (and incentivize through merit-based salary growth)</li> <li>• Recognize well-performing workers and provide them with a trainer's role</li> <li>• Ensure transparency of the company's functioning and meritocracy culture</li> <li>• Establish a regular interaction mechanism between management and workers</li> <li>• Require greater dedication to training newcomers and interns.</li> </ul>												
2.13 Train managers on the development of a company subculture in their firms to retain workers' interest in career development, and improve working conditions. Training of mid-level managers will also focus on proper floor management techniques and required soft skills.												
2.14 Conduct training, targeting mid-level managers in T&G enterprises, in new available textile construction technologies, latest cost efficiency techniques, product design and merchandising.												
2.15 Provide trainings to top- and mid-level managers about: <ul style="list-style-type: none"> <li>• Conflict resolution</li> <li>• Develop domestic management</li> <li>• HR-management</li> <li>• Identification of talents</li> <li>• Technical trainings</li> </ul>												
2.16 Identify specific skill development needs of MSMEs (can be enterprises in the informal economy) and develop tailor-made on-site training to increase their capacity and productivity, and for making the transition to the formal economy.												
<b>Output 3. Institutional capacities of MoI and ETIDI are improved especially for Providing high quality institutional support and business services to T&amp;G firms.</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>
3.1 Support and train ETIDI and ETGAMA in sensitize textile and apparel companies to invest in an ERP solution which is customized to their requirements, and help them streamline processes and improve control. ETIDI / ETGAMA should conduct collective bargaining with ERP solution providers on behalf of the entire industry and empanel a few of them.												

3.2 Reinforce ETIDI's capacities: <ul style="list-style-type: none"> <li>In the latest international best practice and technology available to the sector, to ensure up-to-date capacity-building provisions;</li> <li>To establish professional standards, job profiles, qualifications, testing centers and certifications;</li> <li>To work within a PPP scheme in order to facilitate transfer of know-how from the private sector and develop specific training programmes based on the industry needs.</li> </ul>												
3.3 Strengthen MoI Institutional capacities: <ul style="list-style-type: none"> <li>Assess Institutional capacities of MoI with reference to the T&amp;G sector.</li> <li>Prepare a plan of action with specific recommendations to be submitted to the PSC and MoI.</li> <li>Implement the plan of action and support the MoI in giving the necessary support to the private sector operating in the T&amp;G.</li> </ul>												
3.4 Set up a development partners coordination platform to increase the coordination												
<b>Output 4. T&amp;G Sector coordination is improved to favour workforce development and policy advocacy</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>
4.1 Set up a high-level PPP platform to represent the interests of the industry and to ensure alignment between MoI, ETIDI, ETGAMA, public universities and vocational schools, with a view to upgrading the quality and capacity of the T&G training and educational offering. The partnership platform should comprise representatives of lead firms / foreign buyers / retailers.												
4.2 Based on standards for skill development set by lead firms, the platform coordinates the development of curricula and training modules and materials.												
4.3 The partnership platform contributes to mobilizing and securing resources for programme upscaling.												
4.4 Facilitate transfer of knowledge from investors (includes product technology, process technology and organizational managerial know-how and assistance, etc.)												
4.5 Provide training on pertinent issues to enhance relations between investors and local SMEs (includes cooperative learning among suppliers; internal training to affiliates; in-plant training; etc.).												
<b>Output 5. M&amp;E</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>	<b>1Q</b>	<b>2Q</b>	<b>3Q</b>	<b>4Q</b>
5.1 Set up a monitoring and evaluation mechanism to be implemented throughout the project.												
5.2 Baseline data collection.												
5.3 Mid-term and end-of project evaluation.												

## **D.5 Gender Mainstreaming**

To guarantee gender balance a national gender expert will be attached to this project for its full duration and adequate financial resources have been allocated for the proposed gender activities:

- The project has been developed following the indications and analysis performed in the field that paid due attention to the gender mainstreaming;
- The project will ensure a balanced participation of target beneficiaries;
- Sex-disaggregated data and qualitative information will be collected and constantly monitored by the project in order to analyse and track gender issues;
- Regular monitoring and reporting of gender issues and behavioural changes towards greater gender equality and empowerment of women.

Moreover, the gender expert will seek to ensure balanced access and participation of women and men in project activities, with particular attention to capacity building and related support activities to economically empower women. To this end, the gender expert will formulate exact targets in the inception phase, based on national and sectorial gender analysis, and develop specific actions to ensure gender balance and activities taking into consideration special needs of women. For example:

- Ensure that training curricula and tools are developed to accommodate the different education/skill levels that may exist between women and men;
- Implement targeted awareness outreach activity to increase women's participation in project activities;
- Include special transportation or have mobile training units to address any security or distance challenges; and
- Provide childcare services for women trainees.

Regarding project staff, gender balance in the recruitment of project management and staff will be emphasized, and efforts will be made to ensure that recruited staff either has existing knowledge on integrating a gender perspective or their capacity will be built in this area, or will be trained. (e. g. I Know Gender Course on UN Women's eLearning Campus <https://trainingcentre.unwomen.org>).

## **D.6 Risks**

The major risks associated with the implementation of this project are presented in the following page.

<b>Risk</b>	<b>Mitigating measures (included in the various activities of the project)</b>	<b>Likelihood of occurrence</b>	<b>Impact, if risk occurs</b>
<b>GoE and local institutions/institutes are not interested in the project initiative and do not support project activities.</b>	MoI and ETIDI will undertake all the necessary measures for mitigating the risk	Low	Time lag/delay in the implementation process.
<b>Government buy-in is limited in sensitive issues concerning migration patterns.</b>	Involvement of the responsible Institution within the GoE from the project starting.	Medium	Project implementation, effectiveness and sustainability are limited.  Migrants (e.g. Eritrean) and project beneficiaries are not allowed to work.
<b>Insufficient support from the private stakeholders operating in the T&amp;G sector</b>	Strategic collaborations among different stakeholders active in the field from the project starting.  Creation of a public-private platform a specific partnerships with selected companies.	Low	Project impact limited.
<b>Political instability or unexpected crisis.</b>	Involvement of the regional institutions and GoE in the crisis management (policy dialogue)	Low	Impossibility to implement project activities for security reasons.

## **E. INPUTS**

### **E.1. Counterpart inputs**

UNIDO will facilitate the involvement of relevant public and private counterparts in the project, in order to ensure project effectiveness and sustainability. Federal and Regional Institutions will be requested to provide relevant inputs and to participate in the project's activities for ensuring an effective project implementation. The private sector will contribute in ensuring project sustainability and effectiveness through participation in project activities, supporting the project in defining strategic programmes and plan of actions.

### **E.2. UNIDO inputs**

Following international and national staff will be recruited /involved through UNIDO.

#### **1. International staff**

- Technical Project Coordinator.
- International Institutional Capacity building Expert
- International experts such as T&G international experts / Socio-economic expert (stakeholder analysis).
- Specific International experts could be recruited during project implementation if required.

## **2. National staff**

- 1 Administrative Assistant
- 1 National Project Coordinator
- National Experts (among which ERP National experts)
- 1 Senior Gender Expert
- 1 Driver

Additional staff requirements will be eventually defined during the project implementation.

## **3. Training**

- Project team members, especially regional ones, participate in special training programmes and will arrange training workshops for counterpart's staff members to share knowledge and experiences and build a common background in terms of intervention approach and techniques.
- All project team members will undergo gender-sensitization trainings.
- Training programmes for target beneficiaries will be designed in synergy with the public and private sector. In this context, a particular role will be played by the public-private platform that will be established by the project.
- Other specific training on employment oriented sector development will be implemented as required.

## **4. Equipment and supplies**

The necessary equipment for the project implementation will be purchased by the project. One car will be purchased to facilitate the movements of the local project team. The identified TVET will be equipped with a training line based on the specific needs of the industry.

## F. BUDGET<sup>15</sup>

Output 1. Project management is established		EUR	Unit	Y1	Y2	Y3	Total
11-00	Technical Project Coordinator	10,000	33	90,000	120,000	120,000	330,000
13-00	Administrative Assistant	1,000	33	9,000	12,000	12,000	33,000
13-00	Driver	700	30	4,200	8,400	8,400	21,000
15-00	Local travel	Lumpsum		8,000	22,000	15,000	45,000
16-00	UNIDO travel	Lumpsum		5,000	10,000	15,000	30,000
17-00	National Project Coordinator	3,000	33	27,000	36,000	36,000	99,000
17-00	Senior Gender Expert	3,000	12		12,000	24,000	36,000
43-00	Office rent	1,500	33	18,000	18,000	18,000	54,000
45-00	Equipment: laptops (5) and one printer	Lumpsum		6,000	3,000	3,000	12,000
45-00	Equipment:1 vehicle	Lumpsum		35,000			35,000
51-00	Sundries	Lumpsum		9,756	20,317	18,317	48,390
	Communication	Lumpsum		5,000	25,000	18,000	48,000
Subtotal				216,956	286,717	287,717	791,390
Output 2. The capacities both at managerial and technical levels are upgraded.							
11-00	International Experts	13,000	18	39,000	91,000	104,000	234,000
17-00	National Expert	2,000	36	10,000	30,000	32,000	72,000
30-00	Trainings			15,000	45,000	45,000	105,000
21-00	Subcontract (e.g. ETIDI, Textile and Garment College, local NGOs)			10,000	50,000	65,000	125,000
45-00	Equipment (machineries)			545,000			545,000
Subtotal				619,000	216,000	246,000	1,081,000
Output 3. Institutional capacities of Mol, ETIDI and ETGAMA are improved.							
11-00	International Institutional Capacity building Expert	13,000	10	39,000	91,000		130,000
17-00	ERP National experts	2,500	30	-	40,000	40,000	80,000
Subtotal				39,000	131,000	40,000	210,000
Output 4. T&G Sector coordination is improved to favour workforce development and policy advocacy							
30-00	Trainings	Lumpsum		10,000	30,000	40,000	80,000
Subtotal				10,000	30,000	40,000	80,000
Output 5. M&E							
11-00, 15-00, 17-00, 30-00	M&E	Lumpsum				50,000	50,000
Subtotal						50,000	50,000
Subtotal				884,956	663,717	663,717	2,212,390
Support costs (13%)				115,044	86,283	86,283	287,610
Total				1,000,000	750,000	750,000	2,500,000

<sup>15</sup> Budget Explanatory note in Annex 5.

## **G. MONITORING, REPORTING AND EVALUATION**

As stated before, the Programme Steering Committee (PSC) will be responsible for the overall monitoring and supervision of this Programme. The PSC will meet on a semester basis, and more frequently if required by its members, to review progress against the work-plan it shall approve, on the basis of six-monthly reports submitted by the Programme Manager.

The six-monthly progress reports will provide an assessment of progress for all outcomes and outputs as stated on the Results Framework, and as measured by the corresponding indicators. Collection of relevant data will be scheduled well in advance of the reporting deadlines so that the evaluation of indicators can be based on facts and as much as possible on independent sources.

A yearly Programme review exercise will be organised to (internally) evaluate the results of the Programme, and agree on any revisions required in the work-plans and implementation modalities. This Programme review will involve all members of the PSC. An overall external evaluation of the Programme will be implemented at its conclusion to comprehensively assess the results achieved.

At the local level and as described before, the Programme activities shall be monitored and supervised by UNIDO project team (PIU).

Generally, monitoring and evaluation will be carried out using key performance indicators on the level of project outcomes and outputs respectively. The indicators and their means of verification are included in the LOGFRAME.

## **H. PRIOR OBLIGATIONS AND PREREQUISITES**

The support of the GoE (MoI), ETIDI and local TVET is the *condition sine qua non* for the successful implementation of this project proposal. The active participation of the private sector represents an asset for the project effectiveness and sustainability.

## **I. LEGAL CONTEXT**

The Government of the Federal Democratic Republic of Ethiopia agrees to apply to the present project, *mutatis mutandis*, the provisions of the Standard Basic Assistance Agreement between the United Nations Development Programme and the Government, signed on 26 February 1981 and entered into force on 5 November 1984.

## **J. ANNEXES**

**Annex 1:** Logical Framework

**Annex 2:** Gender Matrix

**Annex 3:** Official Request from the Ministry of Industry

**Annex 4:** Gaps in technical and soft skills

## Annex 1: Logical Framework

OBJECTIVE, OUTCOMES, OUTPUTS, ACTIVITIES	INDICATORS	MEANS OF VERIFICATION
<b>Development Goal:</b> Contributing to achieve the goals to the Growth and Transformation Plan II (GTPII) through the development of the Ethiopian T&G Industry.		
<b>To support the Government of the FDR of Ethiopia (GoE) in the creation of decent and productive work for young women and men through the development of technical, managerial and institutional capacities in the Textile and Garment Industry.</b>	<ul style="list-style-type: none"> <li>• # increased jobs with a special attention to special target groups including youth, women and Eritreans, disaggregated by gender and age.</li> </ul>	
<b>Irregular migration of target groups in the project area is reduced by creating jobs and income generating activities in the T&amp;G value chain, particularly for youth and women.</b>	<ul style="list-style-type: none"> <li>• # of training conducted.</li> <li>• % increase of workers hired from the assisted training centre.</li> <li>• % of productivity per worker increased.</li> <li>• % of the women, youth and Eritreans involved.</li> </ul>	
<b>Output 1. Project management is established.</b>	<ul style="list-style-type: none"> <li>• PIU established.</li> <li>• Project Monitoring and management ensured.</li> </ul>	Financial reports
<b>Output 2. The capacities both at managerial and technical levels are upgraded (technical assistance in terms of skills development, organization of women and youth, improvement of labour productivity, Improvement of existing training and educational offerings and alignment to industry's needs.)</b>	<ul style="list-style-type: none"> <li>• # of Project Cooperation Agreements (sign MoUs between T&amp;G companies and TVET institutions for ensuring sustainability of the initiative).</li> <li>• # of linkages between TVET and private sectors.</li> <li>• # of trainings performed (both to ToT and direct).</li> <li>• # of training conducted by the Trainers to the Trainees.</li> <li>• At least 2000 employees trained and employed per year.</li> <li>• At least one center of excellence is established and equipped with a pilot processing line.</li> <li>• At least 80 line supervisors per year are trained (including training within factory and, for some, in a training centre).</li> <li>• 20 managers per year in multiple locations (including training within factory and, for some, in a training center).</li> <li>• % of absenteeism and turnover reduced.</li> <li>• % of internal career development registered in the factories.</li> </ul>	Reports Handbooks/manuals ERP system created Minutes of the meetings
<b>Output 3. Institutional capacities of MoI and ETIDI are improved especially for Providing high quality institutional support and business services to T&amp;G firms.</b>	<ul style="list-style-type: none"> <li>• # of ToT performed in the ERP system.</li> <li>• # of companies that undertake ERP system.</li> <li>• # of coordination meetings held.</li> <li>• # of promotional initiatives performed.</li> <li>• # of Institutional reforms implemented by the MoI.</li> <li>•</li> </ul>	Database created Reports
<b>Output 4. T&amp;G Sector coordination is improved to favour workforce development and policy advocacy</b>	<ul style="list-style-type: none"> <li>• # of joint activities established with other projects/programmes.</li> <li>• # of PP platform meeting held.</li> <li>• # of collaborations established with other national and international development partners.</li> </ul>	Report Minutes of meetings
<b>Output 5. M&amp;E</b>	<ul style="list-style-type: none"> <li>• # of baseline data collected.</li> <li>• Database is created.</li> <li>• Monitoring system is established within the database.</li> </ul>	Report Database



## Annex 2: Gender Matrix

Outputs	Possible Gendered Outputs	Possible Gender Indicators	Indicative Gender Outcomes
<b>Output 1.</b> Project management is established.	<ul style="list-style-type: none"> <li>Gender impact assessments of planned activities are carried out.</li> <li>Promotion materials are developed with the emphasis of the women role.</li> <li>Project staff is sensitized with the gender mainstreaming (All project team members will undergo gender-sensitization trainings.</li> <li>A gender expert is recruited.</li> </ul>	<ul style="list-style-type: none"> <li># of reports produced to inform policy design and implementation.</li> <li># of measures undertaken per project to sensitize involved stakeholders.</li> <li># of gender analysis/assessments carried out with participation of all partners.</li> <li># of materials/initiatives developed to market the products and its quality in terms of gender sensitivity.</li> </ul>	<ul style="list-style-type: none"> <li>Project design and implementation reflect women's participation in production, processing, marketing of leather products and promotes women's economic empowerment</li> <li>Dissemination of information among the women concerning project initiatives.</li> </ul>
<b>Output 2.</b> The capacities both at managerial and technical levels are upgraded (technical assistance in terms of skills development, organization of women and youth, improvement of labour productivity, Improvement of existing training and educational offerings and alignment to industry's needs.)	<ul style="list-style-type: none"> <li>Consultation with women workers, trainees and trainers are undertaken continuously.</li> <li>Access to appropriate technology and trainings is facilitated.</li> <li>Involvement of women in managerial trainings is facilitated.</li> <li>Training materials and infrastructures are developed/provide in synergy with the local institutions taking into account the women needs.</li> <li>Training opportunities in the T&amp;G available for women with specific incentives and facilities.</li> <li>Training materials reflect women and men as dynamic actors with equal rights and different priorities.</li> <li>Trainers are sensitized on benefits of gender equality through the training materials/presentations developed.</li> <li>Training materials are developed to sensitize trainers and trainees on gender dimensions of the T&amp;G sector.</li> <li>Women are trained and informed about the benefit of the UNIDO approaches.</li> </ul>	<ul style="list-style-type: none"> <li># of women involved in project activities.</li> <li># of gender specific targets included in the framework .</li> <li># of technology transfer-agents sensitized on gender dimensions.</li> <li># of measures taken to support women's and men's professional to be involved in the project initiatives.</li> <li># of women involved in training courses.</li> <li>% of women trained.</li> <li># of trainees who can explain the gender dimension.</li> </ul>	<ul style="list-style-type: none"> <li>Opportunities for women and men to benefit from the project are more equitable.</li> <li>Working conditions for women improve through application of appropriate technologies.</li> <li>Employment opportunities for women increase in factory operations.</li> <li>Women are increasingly represented among the qualified workforce in the sector.</li> <li>Productivity is more efficient and sustainable as a result of women's increasing participation.</li> <li>Women are able to access to trainings.</li> </ul>
<b>Output 3.</b> Institutional capacities of MoI, ETIDI and are improved especially for Providing high quality institutional support and business services to T&G firms.	<ul style="list-style-type: none"> <li>Policy makers and institutions are engaged and trained on gender implications of related policies and regulations related to the project.</li> <li>Institutional capacity building takes into account gender dimension.</li> <li>All partners are gender sensitized and aware of the benefits of the gender equality and women's empowerment approaches.</li> </ul>	<ul style="list-style-type: none"> <li># of policy makers and enforcers trained, disaggregated by sex.</li> <li>National partners are sensitized on the benefits of gender mainstreaming in capacity building.</li> <li>Local Institutional capacities to develop ad hoc initiatives for supporting women</li> </ul>	<ul style="list-style-type: none"> <li>Policy makers and enforcers make use of gender sensitive information for decision-making.</li> <li>National partners are able to identify and meet gender-sensitive goals by promoting women empowerment.</li> <li>Increased awareness on gender</li> </ul>

		entrepreneurship are developed.	implications of the T&G sector.
<b>Output 4.</b> T&G Sector coordination is improved to favour workforce development and policy advocacy	<ul style="list-style-type: none"> <li>• Dialogues are facilitated among key stakeholders from government, civil society, private sector and community leaders to discuss gender implications of the project initiatives.</li> <li>• Strategies are identified to improve equitable employment and income opportunities for female and male workers.</li> <li>• Encourage all stakeholders involved to offer equal opportunities for female and male professionals involved in the project.</li> <li>• Partnerships with the private sector to employ female and male graduates, with equity.</li> <li>• Involve women in the local initiatives developed by national and international stakeholders on entrepreneurship, business management, access to finance and products improvement.</li> <li>• All partners are gender sensitized and aware of the benefits of the gender equality and women's empowerment approaches.</li> <li>• Female representation stakeholders and partners are facilitated through specific measures (e.g. incentives and direct invitations).</li> </ul>	<ul style="list-style-type: none"> <li>• # of specific recommendations for equitable access to benefits for male and female producers and entrepreneurs.</li> <li>• # of dialogues on gender implications of the project's processes facilitated.</li> <li>• # of events undertaken to sensitize trainers on gender equality in.</li> <li>• # of rural women benefiting from the sector coordination.</li> <li>• # of partnerships with the private sector to support gender equitable employment opportunities.</li> </ul>	<ul style="list-style-type: none"> <li>• Stakeholder institutions are gender balanced working-places.</li> <li>• Women are increasingly represented among the qualified workforce in the sector.</li> <li>• Women's participation and decision-making power increased.</li> </ul>
<b>Output 5.</b> M&E	<ul style="list-style-type: none"> <li>• Sex disaggregated data and gender information for the project are collected.</li> </ul>	<ul style="list-style-type: none"> <li>• # of gender impact assessments undertaken.</li> </ul>	<ul style="list-style-type: none"> <li>• Women workers have increasing access to productive assets and labour market.</li> </ul>

### Annex 3: Official Request from GoE



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The Federal Democratic Republic of Ethiopia

Ministry of Industry

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Date 29 DEC 2016

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Ref.No 02.1.29/1265

Aurelia Calabro  
Chief Agro-Industries Technology Division  
Agri-Business Development Department  
UNIDO-Vienna

Ref:- Request for Technical Assistance

I refer to the letter we have sent to your esteemed organization dated on 19 December 2016 under reference No. 02.1.29/1254 regarding the above captioned subject.

Please find enclosed with this letter the Terms of Reference (TOR) that would enable you to understand the scope of activities we are looking for from UNIDO as per the discussion we have had with the UNIDO delegation team who have been here in Ethiopia between December 12-16/2016.

As your organization is the one which has been involved in the development of the sector under consideration since long time to date, I have a full confidence on you that you will exert your level best efforts and come-up with practical programs to support the competitiveness of the Ethiopian textile sector.

The Ministry of Industry avails of this opportunity to renew to the United Nations Industrial Development Organization the assurance of its highest consideration.

Sincerely yours,

  
Bogale Faleke  
State Minister



CC

- H.E Ato Ahmed Abtey - Industry Minister
- Ato Seleshi Lemma, Director General of ETIDI  
Addis Ababa

December, 2016  
Addis Ababa, Ethiopia

## **Terms of Reference for Technical Assistance to Develop Textile and Clothing Programs under PCP**

### **1. Background and Introduction**

The Government of Ethiopia has implemented various economic reforms and programs in an effort to restructure and transform the Ethiopian economy. The Government has adapted and put in place the Industrial Development strategy which has been under implementation on the bases of priority sectors identified by the strategy since the year 2003. Basically the Industrial Development strategy focuses on transforming the Agricultural economy of the country to Industry.

The cotton, textile and apparel manufacturing sector where the country has a better comparative advantage over others is among the sectors identified by the Industrial Development Strategy as a priority. In this regard various policy and support measures to specifically tackle the constraints affecting the competitiveness of the sector have been implemented so far. As a result, the sector is in the processes of achieving significant development and encouraging results in terms of investment, production and export performances. The growth trend in the sector at present and the foreseeable future shows that the industry is growing with positive impact on the economy.





At this juncture, the government has decided that development of the sector is followed through Industrial Park and Industrial Cluster development approach.

On the other hand, considering the comparative advantage of the country, it is believed that much more vigorous result can be induced in the sector by further tackling constraints and gaps related to human skills at managerial and technical levels, productivity and quality enhancement and improving competitiveness. In addition, there is a need to diversify the product mixes of the sector to be destined to the global markets based on alternative available inputs in the country. Though Ethiopia is endowed with cotton, there is also an ample opportunity to diversify into other natural fibers basis which the country could possibly translate into competitive advantages. In light of this, silk, flexes, bamboo, animal fibers, viscose, etc are some of the natural fibers that could be developed to diversify the Ethiopian textile sector.

Therefore, the aforementioned areas require deliberate interventions which we believe to be addressed through appropriate design of programs and projects for their subsequent execution. It is in this context that the textile value chain has been included in the program for Country Partnership (PCP) for Ethiopia jointly under implementation by the Ministry of Industry of the Federal Democratic Republic of Ethiopia in close collaboration with UNIDO. In light of this, the Ministry has now a strong interest to

realign the activities of the PCP program within the textile and clothing component to address the below mentioned three priority intervention areas in 2017.

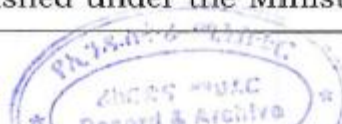
- a) Component One:** Productivity enhancement, quality and competitiveness,
- b) Component two:** Product Diversification from the raw material source up until the marketing end, and
- c) Component three:** Institutional Capacity Building both the Ministry of Industry and the Ethiopian Textile Industry Development Institute related to textile value chain.

## 2. Scope of the Intervention areas

As it has been stated above the scope of the intervention areas through the Technical Assistance is to undertake a detailed assessment on the three priority intervention areas and map out and design appropriate Programs and/or Projects accompanied by Plan of Action

## 3. Methodology

In order to execute the above tasks UNIDO is expected to deploy specialists who are capable of undertaking the assignment. It is necessary to note that the product diversification programs in particular agreement requires different specialists (experts) who are knowledgeable in their respective areas (eg. Silk, bamboo, animal fiber, etc) in order to manage effectively this important task, a Technical Working Group will be established under the Ministry of



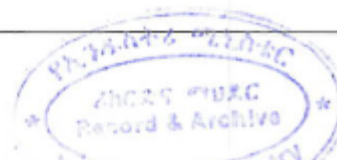
Industry/The Ethiopian Textile Industry Development Institute (ETIDI).

#### 4. Time Frame

It is expected that the tasks under consideration should be finalized within the first quarter of 2017.

#### **Role and Responsibilities of the Specialists (Experts)**

1. Carry out detail assessment with regards to component one on the major factors that affects Competitiveness of the textile value chain within special emphasis on the managerial and technical capabilities of the private sector (small, medium and large enterprises) following Industry Park and Industrial cluster approaches.
2. Undertake an in-depth assessment and approaches under each product mixes (product diversification) all the way from farm-to-processing to market ends. And prioritize according to their viability to proceed into action.
3. Identify areas to be improved and upgraded for the Ministry of Industry and the Ethiopian Textile Industry Development Institute in order to discharge their responsibilities effectively (capacity Building).
4. Based on the finding of the above-three tasks, the experts responsible for each components and sub-components required map-out and design programs projects for implementation accompanied with detailed Action Plan.





#### **Annex 4. Gaps in technical and soft skills**

Despite the availability of a young and large labour force, Ethiopia's T&G sector is constrained by the lack of sufficiently skilled manpower, in terms of basic operators and technicians, as well as specialists, designers, mechanics, and management supervisors. As noted in interviews with entrepreneurs and government officials, lack of skills is an overwhelming priority that is directly correlated to low productivity and quality, and which currently hinders the potential expansion of the sector as a whole. Skill development is crucial for creating value addition, increasing profitability, as well as meeting buyer requirements. Skill development is also directly connected to the employability of a significant amount of workers in the short term, i.e. the specific objective of SINCE. Lack of skills is particularly significant for the downstream segments of the value chain such as production of finished garments. The lack of basic operators and supervisors reduces the productivity and quality, whereas the lack of designers limits the capacity of companies to create value addition. Both hinder the ability of clothing companies to expand production, and hence hire more workers. A connected issue is that lack of skilled manpower reduces the potential positive gains in terms of productivity stemming from the adoption of new machineries and technologies: as many large companies are currently upgrading their capacity through the adoption of capital intensive equipment, they often lack qualified staff to operate it. This is also one of the reasons why the T&G industry as a whole, and downstream segments in particular, operate much below full potential capacity. There are several factors that currently constrain skill development. As far as the pertinence and feasibility to SINCE is concerned, they include the following:

##### **I. Lack of adequate technical and vocational training (TVET) capacity**

The education system in Ethiopia provides for the formation of both skilled and unskilled workers through a number of curricula at university level, as well as around 100 TVET colleges throughout the country that are specialized in the T&G sector. However, the institutes have little capacity to produce the required quality of manpower. Despite some notable improvement recently, specific problems include lack of adequate equipment and machineries, curricula not responding with the need of the industry, lack of qualified teachers, weak links between universities, TVET and the private sector actors. For instance, teachers lack knowledge of international best practices within the sector, as well as modern management practices that would stimulate more efficient practices. A further fundamental problem is the absence of internship programmes and quality standard certifications for the T&G sector, which limits the possibilities for students to gain enough practical experience. While the quality of training institutions is a main concern, the current capacity of TVET is well below the demand of the industry also from a quantitative perspective. As the T&G industry is expected to expand rapidly in the coming years, strengthening the capacity of TVET will increasingly become an overwhelming priority.

##### **II. Lack of sufficient on the job training**

The lack of an effective TVET system leaves the burden to prepare a specialized workforce to the private sector. Given the current conditions there is a very strong correlation between effective on the job training and sustainable/successful business. However, few companies provide adequate trainings, whose scope is often quite narrow. A significant issue is that only large companies can afford adequate on the job training courses and appropriate HR development facilities. This is a significant bottleneck constraining the development of small entrepreneurial initiatives, and more broadly the growth of a competitive domestic T&G industry. More broadly, a gap exists between the expertise that can be accessed by local firms

and that which can be accessed by foreign-owned companies: locally owned companies have weaker management in place. As local owners often lack access to significant expertise in the provision of trainings, in the medium term this may lead to a mismatch in which foreign companies gain an uneven edge in the competition with local firms.

### III. High turnover and absenteeism

While we noted earlier that low wages as compared to other T&G exporting countries are a main reason behind the current growth and potential of the sector in Ethiopia, this also produces side effects. Low salaries, as well as the lack of financial incentives provide little incentives to enhance labour productivity and loyalty. Low salaries are coupled by the lack of a working culture in the large industry, and lead to high levels of turnover and absenteeism. As noted by some entrepreneurs, many workers skip work when presented with better paying job opportunities. In other cases assembly line workers are said to resist fixed shifts, this creating significant problems with overall factory management and organization. Poor working conditions, lack of adequate housing, medical services, and other amenities, also provide little incentives to loyalty and accountability. Additional issues leading to turnover and absenteeism include the lack of reliable transportations, as well as baby care for women. High turnover affects many companies' productivity as trained workers are then replaced by untrained substitutes. Especially in the case of smaller companies this reduces the opportunity/cost of investing in quality trainings, as it limits the ability to capitalize from acquired skill sets.

### IV. Lack of middle management capacity and supervisors

Beside the lack of basic operators the T&G industry suffers from the absence of middle management personnel such as line managers supervisors. A majority of existing managers were trained at a time when the T&G industry – and more broadly the bulk of the economy – was under public sector management and planning. As result management methods are out-dated and informed by practices not responding with the current requirement of an industry facing global competition. As noted in interviews with entrepreneurs, main issues constraining the performance of managers include the limited knowledge of modern technologies, market requirements, flexible models of production, modern machineries, as well as IT and HR management practices. Training in generic management skills such as planning, costing and pricing are currently highly demanded by the industry.

### V. Resistance to change and lack of soft skills

Given that a 'modern' T&G industry is currently under establishment, workers and managers lack sector-specific knowledge. Many employees come from very different backgrounds, at best from other industrial sectors, but most often from a completely different life-style in agriculture. In this sense it is of overwhelming importance for the education system to offer not only sector-specific trainings, but also broader behavioural and factory 'life-style' trainings. These include security, time management, and other trainings that would lead to more productive employees. As the industry stands currently, many workers and managers prove to have a strong resistance to change. These issues can be addressed only by creating tighter connection between universities, TVETs, and on the job private-led trainings.

### VI. Lack of a market-driven approach

A specific dimension behind the structural inefficiencies characterising the downstream segments of the T&G value chain are connected to the lack of a market-driven approach. Many of the former public owned large companies, as well as the bulk of medium and small

enterprises are production-driven. Disconnections are particularly evident between producers and final buyers, but virtually characterises each segment of the value chain from cotton production to yarn spinning, weaving and knitting, and finishing. Lack of integration is a problem affecting small and medium companies especially, which are often unable to align product development with supply chain management, as well as coordinating effective skill development with the demands of final buyers. Reasons include lack of trade information, as well as lack of market-oriented mentality on the side of managers. Unsuccessful clustering and twinning experiences are precisely characterised by the lack of effective trade support networks, as well as the inability to make the most of shared information and research, such as contacts with potential customers.

## VII. Problems in fulfilling adequate quality standards

Another key constraint currently inhibiting the T&G sector to operate at its full capacity – especially in relation to clustering and twinning experiments – is the lack of capacity to fulfil adequate quality standards for each segment of the value chain. This limits the ability of entrepreneurial initiatives to capture significant value addition, particularly when it comes to export markets. Furthermore, this inhibits the development of side industries such as that for accessories, and in turn force companies to rely on expensive import materials. A central concern is the poor understanding among firms throughout the value chain of the importance to establish and develop control systems within the production structures.



## Annex 5. Budget Explanatory note

BUDGET LINE	DESCRIPTION	UNIT COSTS IN EUR	UNITS	Quantity	TOTAL COSTS (Y1)	TOTAL COSTS (Y2)	TOTAL COSTS (Y3)	TOTAL	Remarks
Output 1: Project management is established.									
Estimated costs include:									
11-00	Technical Project Coordinator (International)	10,000	Month	33	90,000	120,000	120,000	330,000	The lump sum of €10,000 includes fee, travel/DSA/terminals for 21 days (i.e. w/m). The Technical Project Coordinator will be based in Ethiopia. The indicated number of months takes into account the administrative period for the recruitment of the international expert (e.g. ToRs definition and recruitment process).
13-00	Administrative Assistant	1,000	Month	33	9,000	12,000	12,000	33,000	Support staff (National)
13-00	Driver	700	Month	30	4,200	8,400	8,400	21,000	Support staff (National)
15-00	Local travel	Lump-sum			8,000	22,000	15,000	45,000	The project site is in Mekelle and Addis Ababa with frequent travel on project team
16-00	UNIDO travel	Lump-sum			5,000	10,000	10,000	30,000	At least 3 travels per year for monitoring and attendance in PSC and other project-related events. The costs takes into account return ticket plus DSA and terminals.
17-00	National Project Coordinator	3,000	Month	33	27,000	36,000	36,000	99,000	Senior National Expert who will ensure coordination with local stakeholders and Institutions. He/She will be selected through the UNIDO recruitment selection. The indicated number of months takes into account the administrative period for the recruitment of the international expert (e.g. ToR definition and recruitment process).
17-00	Senior Gender Expert (National)	3,000	Month	12		12,000	24,000	36,000	He/She will be working short term basis for establishing the gender matrix (baseline data), defining specific initiatives, monitoring and results analysis. (National)
43-00	Office rent	1,500	Month	33	18,000	18,000	18,000	54,000	The Office cost takes into account the PIU office in Addis Ababa and the operational office in Mekelle.
45-00	Equipment: laptops (5) and one printer	Lump-sum			12,000			12,000	Laptop and printers (as indicated)
45-00	Equipment:1 vehicle	Lump-sum			35,000			35,000	Based on the average prices related with a normal vehicle suitable for the field. Vehicle purchasing and shipping in Ethiopia usually takes 6 months.
51-00	Sundries	Lump-sum			9,756	20,317	18,317	48,389	Running costs (e.g. office maintenance, car maintenance, fuel, stationaries, etc.)
	Communication	Lump-sum			5,000	25,000	18,000	48,000	The cost takes into account project launching and closing, specific promotional initiatives such as videos and pictures, etc.)
Output 2: The capacities both at managerial and technical levels are upgraded.									
11-00	International Experts	13,000	Month	18	39,000	91,000	104,000	234,000	The lump sum of €13,000 includes fee, travel/DSA/terminals for 21 days (i.e. w/m).The amount has been calculated based on an average of 2 experts (technical and managerial) for 3 w/m per year.
17-00	National Expert	2,000	Month	36	10,000	30,000	32,000	72,000	National Expert on T&G sector.
30-00	Trainings	Lump-sum			15,000	45,000	45,000	105,000	Training of Trainers (e.g. to the T&G College, TVET, Regional Government etc.) on technical subjects; trainings to targeted groups, training to managers

									and staff management, direct training to workers etc. Study tours and twinning arrangements, exposition, etc.
21-00	Subcontract (e.g. ETIDI, Textile and Garment College, NGOs, etc.)		Month		10,000	50,000	65,000	125,000	Sub-contracts will follow the UNIDO rules and regulations. An assessment of the T&G college is expected (in terms of capacities and technology). Possible sub-contract arrangements are expected to be undertaken also with ETIDI/ETGAMA for facilitating the establishment of the PP platform in Mekelle. Other possible specific studies (on capacity building, product diversification, etc.) or services (training on matters related to the T&G such as machinery repairing etc.) can be subcontracted to international/local stakeholders active in the identified area.
45-00	Equipment (machineries)				545,000			545,000	The cost of the machineries has been calculated based on the international market prices. The procurement process will follow the UNIDO procurement rules and regulations. A technical evaluation of the offers received will be performed based on the principle of quality versus price based on technical specifications of the machineries and international standards compliance, etc.
Output 3: Institutional capacities of MoI and ETIDI are improved.									
11-00	International Institutional Capacity building Expert	13,000	Month	10	39,000	91,000		130,000	The lump sum includes fee, travel/DSA/terminals for 21 days (i.e. w/m). The international Expert, as requested by the Ethiopian MoI, will support the Ministry in enhancing its internal structure as well as the one of ETIDI. He/She will perform different missions aimed at assess institutional capabilities, prepare a report of reforms/recommendation, follow up the implementation for the report. The indicated number of months takes into account the administrative period for the recruitment of the international expert (e.g. ToR definition and recruitment process).
17-00	ERP National experts	2,500	Month	30	-	40,000	40,000	80,000	ERP experts have been requested by ETIDI and local industry, in order to improve resource planning capacities. The indicated months already took into account the necessary time for the recruitment process.
Output 4. T&G Sector coordination is improved to favour workforce development and policy advocacy									
30-00	Trainings	Lump-sum			10,000	30,000	40,000	80,000	Costs took into account PP Platform establishment (including meeting venues, DSAs, etc.) training modules and workshops, facilitation of transfer of knowledge from investors (includes product technology, process technology and organizational managerial know-how and assistance)
Output 5: M&E									
11-00 17-00 16-00 51-00	Independent M&E	Lump-sum					50,000	50,000	Based on the UNIDO standard costs in line with other similar technical assistance projects developed in the Country.