



## PAGE 3: B. ABOUT YOU

**Q1: Respondent details**

Name	Frank Van Rompaey
Organization	The United Nations Industrial Development Organization (UNIDO)
Email Address	F.VANROMPAEY@unido.org
Phone Number	+41229171423

**Q2: Country or Customs territory**

- INTERNATIONAL ORGANIZATION

**Q3: Organization**

Public sector

## PAGE 4: C. ABOUT YOUR CASE STORY

**Q4: Title of case story**

Inclusive and Sustainable Industrial Development for Shared Prosperity: Programmes for Country Partnership

**Q5: Case story focus**

Infrastructure upgrading and the development of related services markets, including through support for investment climate reforms.

**Q6: Case story abstract**

UNIDO, which has the unique mandate within the UN to promote Inclusive and Sustainable Industrial Development (ISID), fully recognizes that ISID requires larger resources and inputs than any individual entity can provide. The Organization has thus adopted a new partnership approach that aims to mobilize external partners and additional resources in order to accelerate ISID in Member States. The partnership approach calls for collective actions and catalyzes local and international development partners to provide the necessary support, knowledge and financial resources needed for ISID. The partnership approach calls for collective actions and catalyzes local and international development partners to provide the necessary support, knowledge and financial resources needed for ISID.

**Q7: Who provided funding?**

Multilateral organization

**Q8: Project/Programme type**

Multi-country

**Q9: Your text case story**

The 2030 Agenda for Sustainable Development stresses the importance of Inclusive and Sustainable Industrialization, by explicitly including it as part of SDG 9, together with infrastructure and innovation. Countries' efforts towards achieving this goal "should be supported by development partners, as appropriate, and need to be complemented by a rules-based multilateral trading system that facilitates trade and provides opportunities for developing countries that aim to broaden their competitive export base by strengthening their capacities, facilitating the structural transformation of

their economies [...]”-as emphasized in a recent United Nations General Assembly resolution on industrial cooperation. UNIDO, which has the unique mandate within the UN to promote Inclusive and Sustainable Industrial Development (ISID), fully recognizes that ISID requires larger resources and inputs than any individual entity can provide. The Organization has thus adopted a new partnership approach that aims to mobilize external partners and additional resources in order to accelerate ISID in Member States. The partnership approach calls for collective actions and catalyzes local and international development partners to provide the necessary support, knowledge and financial resources needed for ISID.

Through its Programmes for Country Partnership (PCP), UNIDO aims to play a catalytic role with a view to accelerating public & private investment for ISID. The PCP is a multi-stakeholder partnership from programme design to implementation. It links the industrial development efforts of the respective national government, United Nations agencies, development partners, financial institutions, the private sector, academia and civil society. Three streams of resources are thus coordinated for larger development impact, i.e. grants funding technical assistance, public finance and private investment. Aside from its technical cooperation activities, UNIDO’s role is to bring the various actors together and coordinate partnership activities – under the leadership and ownership of the host government – to build a solid foundation for sustainable economic growth. Since late 2014, the approach is being piloted in Ethiopia, Senegal and Peru (December 2015). By the end of 2017, the pilot phase will be extended to other geographical regions.

The key features of the PCP include: country ownership and leadership from the highest level; a strategic focus on a selective number of priority sectors –i.e. 3 to 4 manufacturing sectors with direct linkages to other productive sectors, agriculture and/or services; leveraging financing for industry-related infrastructure and private resources for industrial projects; and a robust monitoring and evaluation mechanism, guided by SDG indicators at the aggregate level and results indicators at more specific levels. The PCP approach has already been hailed by several leading development practitioners in high-level forums, notably at the third International Conference on Financing for Development in Addis Ababa.

The PCP for Ethiopia focuses on developing labour-intensive light manufacturing, particularly in 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. The PCP also integrates complementary cross-cutting interventions in the areas of trade facilitation, institutional capacity building and environment and energy.

The following early achievements can already be reported:

- Public finance mobilized:

Public finance mobilized for industrial infrastructure: USD 400 million (USD 300 million mobilized from GoE for four Integrated Agro-Industrial Parks, with feasibility study submitted to DFIs for infrastructure funding ; USD 100 million loan from EIB for establishment of Modjo Leather City, with European Union to co-finance through provision of TA resources (blended financing);

- Private investment promoted:

(i) First International Agro-Industry Investment Forum in Addis Ababa, 5-7 October, 2016;

(ii) Investment profiles prepared for 58 Ethiopian companies operating in the agro-food, textiles and leather sectors. 154 B2Bs and 20 B2Gs organized with 1,200 participants (200 international private sector and 50 DFI representatives).

- Grants for technical cooperation: To date, USD 12.7 million mobilized. In 2017, USD 26.4 million expected.

The accompanying video to this case story illustrates developments and investment prospects in Ethiopia’s export-oriented textile and apparel sector.

Ethiopia grows some of the world's finest cotton and has a rich spinning and weaving history. The raw material potential, low wages and low energy costs give it a comparative advantage over other countries. Presently, more than 230 large and medium-scale factories and 11,800 small-scale enterprises operate in the sector.

The country has also attracted significant international buyers and investors in recent years. A number of foreign garment companies, such as Wal-Mart (United States), Jiang Lianfa Textile (China) and H&M (Sweden), have invested and registered in Ethiopia. Total investment in the textile sector exceeded USD 1.2 billion over the past five years, and created over 50,000 jobs.

However, like the agro-food processing sector, raw material shortages are one of the main challenges faced by Ethiopian textile and clothing industries. Production and supply chain inefficiencies along the cotton-to-textile value chain also constrain the country’s ability to compete at the global level.

Together with its partners, UNIDO is supporting the Government of Ethiopia and the private sector in its efforts to increase the supply of quality raw materials, upgrade workforce skills, build the capacity of support institutions along the value chain, and improve trade logistics. Importantly, the PCP will also promote investment opportunities in integrated textile mills.

The target is to achieve improved performance of textile industry by 2020 (KPIs: 2.7bn export revenues; 260,000 new jobs); Overall Trade Facilitation targets: 40 % decrease in overall trade costs, 30% of non-tariff barriers removed (by 2020).

Watch the video at: <https://www.youtube.com/watch?v=E7YuTSQCioA>

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**Q10: Lessons learnt**

*Respondent skipped this question*

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