

**PROGRAM-FOR-RESULTS INFORMATION DOCUMENT (PID)  
APPRAISAL STAGE**

Report No.:PIDA0151612

<b>Program Name</b>	Ethiopia Program-For-Results/Investment Project Financing Economic Opportunities Program
<b>Region</b>	Africa
<b>Country</b>	Federal Democratic Republic of Ethiopia
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<b>Financing Instrument</b>	Program for Results/ Investment Project Financing
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**1. Country Context**

**2. Ethiopia is a landlocked country that has experienced impressive growth and gains in development in the past two decades.** Gross domestic product (GDP) growth averaged more than 11 percent per year, higher than the average for the region and exceeding that of other low-income countries. The Government’s accelerated, broad-based economic development plan paved the way for significant reductions in poverty—from 44 percent to 24 percent from 2000 to 2016—which has been accompanied by moderate improvements in access to education and health care.

**3. Despite accelerated progress, Ethiopia remains challenged by the need to create economic opportunities for its fast-growing population of over 100 million, including for an estimated 20 million Ethiopians living below the poverty line.** GDP per capita was estimated at US\$711 in 2016, with more than 70 percent of the population engaged in the agricultural sector. Demographic transition has presented opportunities and challenges for the country, with an increasingly urbanized, young working-age population. In 2013, 16 percent of young men and 26 percent of young women were unemployed in urban areas.<sup>1</sup> Although overall unemployment is low (4.5 percent), underemployment in Ethiopia is high (22 percent) and around one-fifth of wage workers earned below the poverty line in 2013. Though regional differences in poverty appear to have converged, the Government recognizes that certain peripheral regions are lagging. The Developing Regional States (DRS) constitute four regions (Afar, Benishangul-Gumuz, Gambella, and Somali Regional State) with acknowledged greater development needs relative to other Ethiopian regions.

<sup>1</sup> World Bank. 2016. *Labor Market Background for Ethiopia’s Country Partnership Framework*, 4.

- 4. Set against this background, Ethiopia hosts more than 900,000 registered refugees and asylum seekers and is the second largest refugee-hosting country in Africa after Uganda.** Ethiopia has had an open-door policy for refugees since its present government came to power in 1991, permitting refugees and asylum seekers the right to reside in Ethiopia in officially designated camps managed by the Administration for Refugee and Returnee Affairs (ARRA) with the support of the United Nations High Commissioner for Refugees (UNHCR) and other humanitarian partners. Most refugees are of Somali, Eritrean, Sudanese, and South Sudanese origin and live with limited socioeconomic rights, in some cases surviving entirely on humanitarian aid (box 1 provides basic demographic information on refugees). Three out of the four of the Developing Regional States are major refugee-hosting regions, putting pressure on already scarce resources and services. The Government of Ethiopia (GoE) has recognized the difficulty of this situation, including the limitations of continuing humanitarian aid and has proposed measures to reduce idleness and aid dependency.

**Box 1. Refugees in Ethiopia**

Based on the latest UNHCR estimates (as of January 31, 2018) 901,236 registered refugees and asylum seekers from over nineteen countries reside in Ethiopia in periphery locations that are characterized by high levels of poverty, poor infrastructure and low human development. More than half of refugees are children and around 10 percent are unaccompanied minors. In total, there are 244,338 refugee households; violent conflict has left a large proportion of refugee households headed by women. The conflict in neighboring South Sudan has resulted in a large recent influx of refugees of South Sudanese origin (now constituting almost half of the refugee population), but many refugee groups have been living in Ethiopia for protracted periods in some cases for over 20 years. Overall the educational attainment of refugees is low: 41 percent of working-age refugees have no education, 42 percent have primary and intermediate education, and 17 percent of refugees have secondary education and above.<sup>a</sup> There are large disparities between men and women, with women in general being significantly less educated. Nearly 54 percent of women refugees have no education at all, compared to 26 percent among men.

Refugee groups of Somali, Eritrean, Sudanese, and South Sudanese origin share a common ethnicity and in some cases kinship links with their host communities in Ethiopia. Pastoralists of Somali and South Sudanese origin, for example, have a history of cross-border seasonal migration into Ethiopia. These links render the concept of an international border invalid for some of these peoples, as well as complicating the concepts of ‘host’ and ‘refugee’. Tribal identities also inform economic activity, with strongly defined gender roles and expectations for which types of work are acceptable, and not acceptable. Each of the refugee hosting regions has its own complex political economy and language. The degree of volatility in Gambella and Somali Regional State is high, with both refugee hosting areas displaying acute resource competition and tensions between tribal and ethnic groups.

*Note:* a. Above secondary includes university, technical and vocational education, and other, but in total they represent a very small percentage: 5 percent of the total for men and less than 1 percent for women.

- 5. The GoE has made an ambitious and unprecedented commitment toward a more comprehensive refugee response, shifting from a focus on encampment to more sustainable management of refugee populations.** In September 2016, at the United Nations Summit on Refugees in New York, the Prime Minister committed to nine pledges to improve refugee rights and services, becoming one of the first countries to initiate the implementation of the United Nations-backed Comprehensive Refugee Response Framework (CRRF), which focuses internationally on (a) measures to ease pressure on countries that welcome and host refugees, (b) supporting the self-reliance of refugees, (c)

expanding access to resettlement and other complementary pathways, and (d) fostering conditions that enable refugees to return voluntarily to their home countries. While initial reforms target a subset of the refugee population, they constitute a potentially groundbreaking shift in the previous approach, which has largely assumed that refugees would return to their countries of origin and should be supported in camps until that time comes.

- 6. Recognizing the opportunity to link socioeconomic opportunities for refugees with the broader industrialization agenda, the Government is taking bold steps to give refugees formal status and open its labor market to accommodate refugees despite having a demographic bulge and significant demand for jobs and constraints.** This high-level pledge – referred to as the Jobs Compact - is a commitment to create economic opportunities, including in industrial parks, with a percentage dedicated to refugees.<sup>2</sup> The commitment to provide opportunities for refugees is strongly in line with the World Bank Group’s eligibility criteria for IDA18 regional sub-window funding and links closely to the broader response on refugees, which highlights the need for sustainable solutions for refugee protection and service provision. Moreover, the government’s pledge is regarded as providing a global public good in terms of addressing universal challenges linked to forced displacement, human security, and development. The initiative combines the Government’s recent high-level changes to the refugee policy with the country’s industrialization strategy, providing refugees the right to work and aligning this commitment with the country’s structural transformation process. Both strategies are anchored in a broader set of reforms.

## **7. Sectoral and Institutional Context**

### *Refugee Policy*

- 8. The CRRF is at the center the Government’s new refugee policy; its implementation comprises four key elements:** (a) the implementation of nine pledges (see box 2) which target a range of socioeconomic benefits for refugees, including expansion of the out-of-camp policy, improvements in rights and services, and access to work and livelihoods, (b) strengthening of the legal and policy framework, (c) supporting of host populations, and (d) strengthening of coordination mechanisms. The CRRF Steering Committee - comprising ARRA, the Ministry of Finance and Economic Cooperation (MoFEC), UNHCR, and a development partner adviser (the World Bank) – is leading efforts to collaborate with donors, line ministries, and nongovernmental organizations to materialize the pledges into outcomes designed to strengthen the overall protection and assistance provided to refugees. Ultimately, the CRRF will allow refugees to become more independent and benefit from greater integration into Ethiopian society. Various technical committees covering the six thematic areas of the pledges have been set up to guide the operationalization of the pledges.
- 9. The Jobs Compact pledge includes the right to work for refugees.** Currently, the right to work and freedom of movement for refugees, as adopted in the 1951 convention relating to

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<sup>2</sup> The Government’s initial road map included a target of 100,000 economic opportunities, of which 30,000 would be for refugees.

the status of refugees, are taken as recommendations rather than legally binding obligations.<sup>3</sup> Except for approximately 20,000 Eritrean refugees who reside in Addis Ababa under an out-of-camp scheme, most refugees reside in camps with no prospects for formal employment. The pledges would extend the formal right to work to refugees, including in the manufacturing sector. Critically, they would also create the necessary enabling conditions for refugees to live out of camp, access improved services, protections and documentation. The pledges are ambitious and far-reaching, but will take time to implement and require the substantial support of the donor community.

**Box 2. GoE's Road Map to Improve the Rights of and Services for Refugees - Nine Pledges**

**Out-of-camp Pledge**

- Expansion of the 'Out-of-camp' policy to benefit 10% of the current total refugee population

**Education Pledge**

- Increase of enrollment in primary, secondary, and tertiary education to all qualified refugees without discrimination and within the available resources

**Work and Livelihoods Pledges**

- Provision of work permits to refugees and to those with permanent residence ID, within the bounds of domestic law
- Provision of work permits to refugees in the areas permitted for foreign workers, by giving priority to qualified refugees
- Making available irrigable land to allow 100,000 people (among them refugees and local communities) to engage in crop production
- Building industrial parks where a percentage of jobs will be committed to refugees

**Documentation Pledges**

- Provision of other benefits such as issuance of birth certificates to refugee children born in Ethiopia, and the possibility of opening bank accounts and obtaining driving licenses <sup>a</sup>

**Social and Basic Services Pledge**

- Enhance the provision of basic and essential social services.

**Local Integration Pledge**

- Allowing for local integration for those protracted refugees who have lived for 20 years or more in Ethiopia

*Source:* Road Map for the Implementation of the Federal Democratic Republic of Ethiopia Government Pledges and the Practical Application of the CRRF in Ethiopia (November 29, 2017)

*Note:* a. This also includes the provision of vital events registration services to refugees.

**10. The new Refugee Proclamation encompasses the rights and freedoms associated with the pledges in one legally binding document and is essential to establish the legal foundation to enable the planned reforms, including the right to work.** The Proclamation is due to be submitted to the Council of Ministers for review and has not yet been tabled before Parliament. The passage of the Proclamation will pave the way for a further set of regulations and directives that will guide the operationalization of the pledges.

<sup>3</sup>This is an approach adopted by the Government to protect the national labor market and allow refugees to work only upon fulfilling certain criteria.

- 11. The Jobs Compact is being implemented in the context of the Government’s plans for rapid industrialization and structural transformation, with the ambitious aim of transitioning Ethiopia’s economy to lower-middle-income status by 2025.** Ethiopia’s unique state-led and state-financed development model has focused primarily on public investment to address infrastructure and human capital deficits; an approach where the World Bank is engaged with the GoE, but which the World Bank’s Systematic Country Diagnostic acknowledges may begin to show limits in terms of future debt sustainability and private sector crowding out<sup>4</sup>. The Government’s Growth and Transformation Plan II (GTP II, 2016–2020) focuses on large-scale safety net programs, expansion of basic services, and public investment in infrastructure. The key drivers of the vision identified in the GTP II are (a) leveraging of private investment in general and foreign direct investment (FDI), (b) implementation of measures that enhance export competitiveness and diversification, (c) development of industrial parks, (d) provision of quality infrastructure, and (e) skills development. The GTP II envisions Ethiopia as a lower-middle-income country by: (a) creating 2 million jobs in medium and large businesses by 2025, (b) increasing the contribution of manufacturing to overall GDP from the current level of under 5 percent to 18–20 percent, and (c) ensuring that the manufacturing sector contributes 50 percent of exports by 2025.
- 12. A key focus of the Government’s industrial policy and transition to manufacturing is on the establishment of industrial parks throughout the country, which need to do more to attract investors, mobilize workers, and deal with externalities created by this fast-paced development.** Currently, the Government has four publicly owned operational industrial parks (Bole Lemi I, Hawassa, Kombolcha and Mekelle), which are at various stages of being leased out for investors. The Dire Dawa, Bole Lemi II, Kilinto, Adama, Jimma, Debree Birhan, and Bahir Dar industrial parks are under construction. Additional private parks such as Arerti, Eastern, Velocity, Huajian, and George Shoe are under construction. Key sectors prioritized for development include textiles, apparel, leather and leather products, agro-processing, pharmaceuticals, and chemicals. Most of the existing/operational industrial parks focus on the garment sector. For example, Bole Lemi I, Hawassa, Mekelle, and Kombolcha are all currently (or expected to) focus on garment and textiles. Underpinning the Government’s industrialization vision are several government entities, including the Prime Minister’s office, Ethiopian Investment Board, Ethiopian Investment Commission (EIC), Industrial Parks Development Corporation (IPDC), Ministry of Industry, and MoFEC.
- 13. In line with the country’s industrialization agenda, a major priority is generation of productive job opportunities.** Ethiopia’s working-age population is growing at a rate of 1.7 million per year. The agricultural sector, employing more than 70 percent of the population, is not expected to be able to sustain this level of workforce growth over time, necessitating a fundamental movement of labor to higher productivity sectors, including to light manufacturing (box 3 covers some of the key features and issues related to the labor market). Ethiopia has several advantages that it can leverage to harness the investment needed for job growth, including large infrastructure investments, low labor costs, cheap

power, ideal climate, and established free trade agreements with the European Union and United States.

### Box 3. Ethiopia's Labor Market

Despite progress in recent years, Ethiopia faces several jobs challenges: (a) creating sufficient number of jobs for a rapidly growing labor force; (b) improving labor productivity, earnings, and quality of these jobs; and (c) ensuring access to jobs for more vulnerable population, especially those in rural areas, youth, and women.

**Creating sufficient jobs.** Ethiopia needs to create 1.7 million jobs to fully absorb the growing labor force each year. While overall labor market conditions have improved in the past 10 years, employment outcomes remain precarious. Although unemployment decreased from 8 percent in 1999 to 4.5 percent in 2013, with a significant decrease in urban areas (from 26 percent in 1999 to 17 percent in 2013), underemployment<sup>a</sup> remains high (22 percent), especially in rural areas. Despite fast economic growth, the country has experienced very slow structural transformation. The agricultural share of employment decreased from 78 percent in 2005 to 73 percent in 2013, but remains very high. Overall, only 12 percent of workers in Ethiopia work in a wage relationship. The remaining 88 percent are either self-employed or unpaid family workers. Labor earnings remain low (monthly median wage earnings amounted to US\$165 in 2016).

**Improving labor productivity.** While the average labor productivity has increased by 67 percent between 2005 and 2013, mainly driven by productivity improvements in agriculture and wholesale and retail trade, overall labor productivity remains low. Notably, despite the large increase, the output per worker in manufacturing remained low in 2013, higher only in the agricultural sector.

**Ensuring access to vulnerable groups.** There are both regional differences in labor market outcomes and pronounced disparities among different population groups. In 2013, the employment rate was as high as 86 percent in rural areas compared to 63 percent in urban areas. Unemployment rates were seven times higher in urban than in rural areas. There are also important regional disparities. Younger workers (15 to 29 years old) have lower labor force participation rates, lower employment rates, and higher unemployment rates than older workers. Younger workers also are more likely to earn wages that are below the national poverty line.<sup>b</sup> Women have systematically worse outcomes than men. In urban areas, 27 percent of young women were unemployed in 2013 (rising to 32 percent in Addis). For young women in wage employment, one-third earn below the poverty line.

*Note:* a. A working-age individual who is employed, but works fewer than 35 hours per week and would like to work more. b. The national poverty line amounts to ETB 3,781 per adult per year in December 2010 prices. For this exercise, the poverty line has been updated to 2013 prices and compared with the wage distribution. Note that the calculation of the low-earnings rate only refers to workers who work for wages, which is 12 percent of all Ethiopian workers.

**14. Ethiopia is using these advantages to attract investment and generate jobs.** According to the United Nations Conference on Trade and Development 2016 report, Ethiopia attracted the most FDI in Africa that year. The country is being perceived as an attractive investment destination and major investors have seized the opportunity to set up production facilities in the industrial parks. For instance, the Bole Lemi I industrial park is fully leased to 11 investors and is operational, focusing on footwear and garment exports; 13,000 jobs have been created. The recently operationalized Hawassa industrial park has been committed to 25 investors (foreign and domestic) and is expected to generate approximately 60,000 jobs and US\$1 billion in exports when it becomes fully operational. The investor pipeline for the recently completed Mekelle and Kombolcha industrial parks has led to almost full subscription of the spaces in these establishments. There are also five private sector investors that have been licensed to develop and operate industrial parks. In 2017, the World Bank

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<sup>4</sup> World Bank (2014). "Ethiopia Systematic Country Diagnostic: Priorities for Ending Extreme Poverty and Promoting Shared Prosperity."

Group granted the GoE a global ‘Star Reformer Award’ for its effective FDI-related reforms and the resulting success.

**15. Despite these successes, Ethiopia continues to have a challenging business-enabling environment that offsets the attractiveness of low labor costs and preferential trade.**

Greater private sector competitiveness is required to unlock the investment and resulting job growth needed to fulfill the goals of the Jobs Compact. Ethiopia ranks 108 out of 137 economies in the Global Competitiveness Index 2017/18 and 161 out of 190 countries in the 2018 Doing Business rankings. Moreover, Ethiopia’s landlocked position, poor trade logistics, input shortages, high input prices, and access to land and finance (including foreign exchange) present challenges for export-oriented growth. Several private sector development constraints need to be addressed for investment and job growth take place.

**16. Program Scope**

**17. The Economic Opportunities Program will support a subset of the Government’s Jobs Compact Program, as illustrated in table 1.** The activities supported by the PforR constitute the boundary of the Program and have been selected based on the World Bank Group’s strengths and ongoing development operations.

**Table 1. Program Boundary**

	<b>Government’s Jobs Compact</b>	<b>Program Supported by PforR</b>
<b>Objective</b>	To provide economic opportunities for Ethiopians and refugees	To provide economic opportunities for Ethiopians and refugees in an environmentally and socially sustainable way
<b>Results</b>	(a) Refugee-related employment and protection (b) Improving the broader investment climate (including investment promotion activities) (c) Improving labor productivity and quality of jobs (d) Further enhancing Ethiopia’s reputation on environmental and social issues (e) Construction of industrial parks	(a) Refugee-related employment and protection (b) Improving the broader investment climate (including some investment promotion activities) (c) Improving labor productivity and quality of jobs (d) Enhancing the sustainability of existing industrial parks
<b>Geographic Scope</b>	All areas of Ethiopia where industrial parks are located	The Program will focus on publicly owned operational industrial parks and urban centers where economic opportunities are most likely to be created
<b>Implementation period (Calendar Year)</b>	2018–2024	2018–2024
<b>Cost (US\$, millions)</b>	<b>550</b>	<b>309.8</b>

**18. The direct Program beneficiaries are refugees living in Ethiopia and Ethiopians seeking economic opportunities in the private sector, who will all benefit from the**

**underlying reforms and results of the operation.** The Government is also a key beneficiary of the technical assistance to be provided by the Program.

**19. Refugees.** Nearly 30,000 refugees will benefit principally through their improved legal status, allowing them the right to work, which will facilitate their self-sufficiency over time. Based on the skill profile of refugees (summarized in box 4), an estimated 10–16 percent of refugees are expected find opportunities in industrial parks. Rights included under the Refugee Proclamation such as the right to live out of camps, access to legal documentation, ability to open bank accounts, and measures that support access to compliant housing and better work will also improve their living conditions.

**20. Ethiopians.** Improved enabling environment conditions for investment and linkages made between international buyers and local suppliers will generate more jobs in the manufacturing sector for Ethiopians. Ethiopians seeking opportunities in industrial parks will benefit from the increased compliance measures introduced through the Program, such as improved health and safety standards, in addition to opportunities for skills training. Refugee-hosting communities will benefit from complementary capacity building to public employment services (PES) which will assist them in their jobs search and job matching.

**21. Private sector, including investors.** The private sector will benefit from the enhanced investment climate for business resulting from specific reforms, as well as improved structures of dialogue and expanded investment/aftercare measures.

**22. Government.** The EIC, ARRA, and select regional Bureaus of Labor and Social Affairs (BoLSAs) will benefit from technical assistance that will be provided by the Program, focusing on capacity building and institutional strengthening to carry out the objectives of the Economic Opportunities Program.

### **23. Program Development Objective(s)**

**24. The Program Development Objective (PDO) of this operation is ‘to provide economic opportunities for Ethiopians and refugees in an environmentally and socially sustainable way’.**

**25. ‘Economic opportunities’** are defined as legal rights to work and include access to formal entrepreneurship, own account self-employment, and formal wage employment.

**26. ‘Ethiopians and refugees’** implies that the Program beneficiaries are Ethiopians and refugees living in Ethiopia. Refugees are those persons who are registered as refugees in Ethiopia with ARRA/UNHCR as defined through the 1951 Convention relating to the status of refugees.

**27. ‘In an environmentally and socially sustainable way’** refers to adequate management and mitigation of emerging environmental and social risks associated with the Government’s industrialization strategy and refugee policy within the Program boundary.



**28. The key results envisioned are**

- 29. Employability and improved labor market outcomes for refugees who have the right to work;
- 30. Economic opportunities created for Ethiopians through investment attraction, links established between international buyers and local suppliers, improved PES;
- 31. Improved labor productivity, quality of jobs and environmental and social compliance in the manufacturing sector through the introduction of measures to track labor standards and working conditions.

**32. Environmental and Social Effects**

**33. The potential positive and adverse environmental and social impacts of the Program will be associated with the activities to be undertaken under each component to reach the targeted results.** The proposed Program benefits Ethiopians and refugees by creating economic opportunities that consequently shall contribute to improved livelihoods. However, the Program has also risks that need to be managed well for successful implementation and sustainability of the same. The proposed Program poses substantial environmental and social risks related to industrial development and refugee relocations and management. The main environmental and social risks and benefits of the proposed Program are associated with refugee-related employment and protection, working conditions, and sustainability of industrial parks. Social risk is considered high above all due to the large number of new workers (locals, internal migrants, and refugees) injected into the industrial parks and other local economic sectors outside the camps; in addition to the expected substantial environmental and social risks related to industrial parks (operation/employment and construction legacy issues). The Environmental and Social Systems Assessment (ESSA) summarizes the potential benefits and risks associated with the Program. Key measures to be taken for improved environmental and social risk management in the Program are intended to help the implementing agencies in overcoming gaps with regard to environment and social risk management.

**34. Communities and individuals who believe that they are adversely affected as a result of a Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance redress mechanism or the World Bank's Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the World Bank's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of World Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service

(GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org)

### 35. Financing

36. **Table 2 shows the share of the PforR Program financed by IDA, including co-financing.** As part of the Board Consultation Note that was discussed on September 29, 2017, Ethiopia was approved as an eligible country to receive financing from the IDA18 Refugee sub-window.

**Table 2. PforR Program Financing (US\$, millions)**

Source	Amount	Percentage of Total
<b>Government</b>	59.78	19
<b>IDA national allocation</b>	32.45	11
<b>IDA18 refugee sub-window</b>	166.67	54
<b>MDTF co-financing</b>	50.00	16
<b>Total Program financing</b>	308.90	100

37. **Table 3 shows the financing for the entire operation.** The Program will be financed as a hybrid PforR/IPF operation. The IPF will finance a project preparation advance, support to the Project Coordination Unit (PCU) as well as provide technical assistance and institutional capacity building.

**Table 3. Financing for the Operation (US\$, millions)**

Source	PforR	IPF	TOTAL
<b>IDA national allocation</b>	32.44	0.89	33.33
<b>IDA18 refugee sub-window</b>	166.67	0.00	166.67
<b>MDTF co-financing</b>	50.0	28.00	78.00
<b>Total for Operation</b>	249.11	28.89	278.00

### 38. Program Institutional and Implementation Arrangements

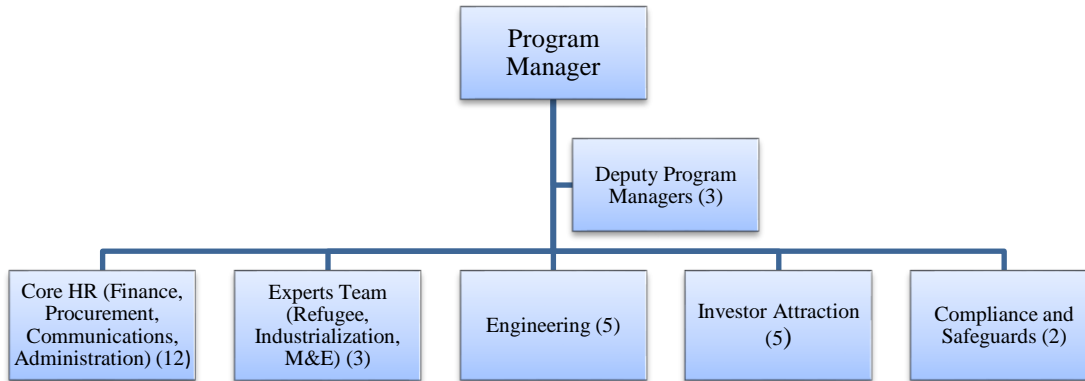
39. **The main counterpart agency for the PforR is the EIC, which is responsible for overall implementation of the Economic Opportunities Program.** The institutional arrangements for the proposed PforR include the EIC as the lead agency that will house the PCU, which will have the overall responsibility for implementation, financial management, and any procurement and reporting for the PforR. The EIC will also be responsible for coordinating with other responsible and implementing agencies, including ARRA, IPDC, and MoLSA for the implementation of the DLIs as indicated in table 4. The PCU will be funded through the IPF instrument and will be staffed with a program coordinator as well as technical and administrative staff. The structure and staffing of the PCU is shown in figure 1. Specialized technical experts, including on refugees and industrialization, will be hired as part of the overall PCU team. Box 4 discusses the roles and mandates of the implementation entities included under the Program.

**Table 4. Key Implementation Entities**

#	Component/ Result Area/DLI	Responsible Ministry/Agency	Implementing or Partnering Agencies
1	Refugee related employment and protection - DLI 1: Number of refugees with access to economic opportunities through legal rights to work	ARRA	MoLSA
2	Improving the broader investment climate - DLI 2: Number of targeted investment facilitations including aftercare	EIC	n.a.
3	Improving labor productivity and quality of jobs - DLI 3: Disclosure of Better Work compliance reports and MoLSA inspection reports done in collaboration with Better Work at factory and systemic levels	EIC	MoLSA/IPDC
4	Enhancing the sustainability of existing industrial parks - DLI 4: Number of decisions made of Investment Board on detailed feasibility studies that examine the most viable options for private sector led industrial park development	EIC	IPDC
5	Fiduciary Systems Strengthening - DLI 5: Procurement Directives and Manuals issued and used by IPDC and ARRA based on legal framework issued by Federal Government and clean audit reports of IPDC	EIC	ARRA, MoLSA, IPDC
6	Safeguards Systems Strengthening - DLI 6: An established environmental and social risk management system to addresses respective risks	ARRA/EIC	n.a.

**40. For the IPF instrument, EIC will be the lead agency that is responsible for implementation.** EIC will have the overall responsibility for financial management and any procurement and reporting. EIC will coordinate with ARRA and other implementing agencies who will be beneficiaries of the technical assistance provided through the IPF instrument.

**Figure 1. Structure/Staffing of PCU**



**Box 4. Roles and Mandates of the Key Implementation and Partnering Entities for the Program**

**EIC.** Promote and facilitate investments in Ethiopia and its services include promoting the country’s investment opportunities; issuing investment permits, business licenses, and construction permits; and issuing commercial registration certificates and renewals and issuing work permits. In addition, the EIC has the mandate to advise the Government on policies to improve the investment climate. The EIC is overseen by the Ethiopian Investment Board—a governing body chaired by the Prime Minister and composed of government officials designated by the Prime Minister wherein the EIC serves as its secretariat.

**ARRA.** Manage all refugee camps in Ethiopia and ensure protection and assistance in partnership with UNHCR and other humanitarian actors.

**IPDC.** Develop and administer industrial parks, construct industrial buildings, lease developed land, lease and transfer land, lease buildings, prepare detailed national industrial parks master plan, and serve as the industrial park land bank in accordance with the agreements concluded with regional governments. IPDC, is also mandated by the Government to collaborate with the concerned bodies to ensure that the necessary infrastructure is accessible to industrial parks developers.

**41. Currently, the Jobs Compact governance structure includes a Technical Committee that guides the day-to-day progress of the Program.** The current Jobs Compact Technical Committee is chaired by MoFEC and includes the EIC, IPDC, ARRA, UNHCR, International Labour Organization (ILO), and the Jobs Compact donors (World Bank, DFID, European Union, EIB). The Technical Committee currently reports to a high-level Steering Committee chaired by MoFEC that provides strategic guidance on the Jobs Compact and includes the EIC, ARRA, IPDC, and heads of contributing development partner agencies. The Jobs Compact is a new and evolving program, which brings together different ministries and agencies. The governance structure and institutional arrangements will be critical to the success of the Program as a broad level of coordination and high-level political commitment will be required to achieve the results envisioned. The pledges related to economic opportunities will be implemented by ARRA in consultation and collaboration with the CRRF.

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