

Implementation Status & Results
Ethiopia
Ethiopia - Private Sector Development Capacity Building Project (P050272)

Operation Name: Ethiopia - Private Sector Development Capacity Building Project (P050272) Project Stage: Implementation Seq.No: 15 Status: ARCHIVED Archive Date: 09-Jul-2012

Product Line: IBRD/IDA Country: Ethiopia Approval FY: 2005
 Region: AFRICA Lending Instrument: Specific Investment Loan
 Implementing Agency(ies): Ministry of Industry

Key Dates

| | | | | | | | |
|---------------------|-------------|-----------------------|-------------|------------------------------|-------------|------------------------|-------------|
| Board Approval Date | 21-Dec-2004 | Original Closing Date | 30-Jun-2011 | Planned Mid Term Review Date | 11-Jan-2010 | Last Archived ISR Date | 04-Dec-2011 |
| Effectiveness Date | 15-Jul-2005 | Revised Closing Date | 31-Jul-2012 | Actual Mid Term Review Date | 11-Jan-2010 | | |

Project Development Objectives

Ethiopia - Private Sector Development Capacity Building Project (P050272)

Project Development Objective (from Project Appraisal Document)

To improve the enabling environment and institutional capacity for a sustained increase in private sector investment and exports.

Has the Project Development Objective been changed since Board Approval of the Program?

Yes No

Component(s)

| Component Name | Component Cost |
|--|----------------|
| Component 1: Accelerating the Implementation of Privatization Program | 6.14 |
| Component 2: Improving the Business Environment through Implementation of Competition Policy and Accession to WTO | 0.97 |
| Component 3: Strengthening the International Competitiveness of the Private Sector and the Capacities of its Representative Organiza | 9.19 |
| Implementation | 0.70 |

Overall Ratings

| | Previous Rating | Current Rating |
|--------------------------------------|-----------------|----------------|
| Progress towards achievement of PDO | Satisfactory | Satisfactory |
| Overall Implementation Progress (IP) | Satisfactory | Satisfactory |
| Overall Risk Rating | Substantial | Moderate |

Implementation Status Overview

Overall the Project continues to make progress towards achieving its Development Objectives and end-project outcome targets. Based on the review undertaken as part of the March 2012 and June 2012 Implementation support Missions, component 1 “Accelerating Implementation of Privatization program” and component 3 “Strengthening International Competitiveness of the private Sector and the capacity of its representative organizations” have progressed well and have accomplished a significant portion of their objectives. However, progress under Component 2 “Improving business environment through implementation of competition policy and accession to WTO” continue to lag and some of the key activities have not been fully implemented.

Disbursements: As of April 2012, the Project has disbursed US\$13.8 million of the US\$17 million, accounting for nearly 82 percent of the total project allocation. The Project has also had unforeseen foreign exchange savings of close to \$1 million due to exchange rate fluctuations. To better utilize resources to achieve the project development objectives, the Government has requested a five months extension of the Closing Date from August 1, 2012 to December 31, 2012 via a letter dated April 5, 2012. In addition, through a subsequent letter dated June 13, 2012, the Government has requested (i) reallocation of the grant and credit across project components and existing expenditure categories, and (ii) revision of the PDO indicators and intermediate result indicators to streamline the number of indicators. The M&E indicators will be changed to streamline the framework and to reflect the reduction of project funds to US \$17.0 million as US\$ 7.0 million was reallocated towards the mitigation effort in aid of the Global food crisis in November 2008.

Locations

No Location data has been entered

Results

Project Development Objective Indicators

| Indicator Name | Core | Unit of Measure | | Baseline | Current | End Target |
|---------------------------------|--------------------------|-----------------|----------|----------|---|---|
| PDO1 Private sector development | <input type="checkbox"/> | Text | Value | I | Number of employees by all supported firms has increased by about 41%. | 1.1 Number of private sector jobs created in participating firms and targeted sectors (target: at least 10%); 1.2 Value added per worker in participating firms and targeted sectors (target: 20% increase). |
| | | | Date | | | |
| | | | Comments | | | |
| PDO2 Export development | <input type="checkbox"/> | Text | Value | | The value of exports of participant firms in 2010/2011 has increased as shown below for each sector as compared to 2009/2010: 1. Leather Tannery sub sector = 97% 2. Leather shoe sub sector = 3.5% 3. Garment and textile | 2.1 Value of exports in participating firms and targeted sectors, at least 25% increase in exports and/or at least 10 firms starting to export as a result of the support. |

| | | | | | | | |
|--|--|--|--|----------|--|---|--|
| | | | | | | = 73.5% 4. Agro processing = 350% 5. Chemicals and pharmaceuticals = 61.9% 6. Horticulture = 112% Total = 100% over 2009/10 performance | |
| | | | | Date | | | |
| | | | | Comments | | | |

Intermediate Results Indicators

| Indicator Name | Core | Unit of Measure | Value | Baseline | Current | End Target |
|--|--------------------------|-----------------|----------|----------|---|--|
| Component One: IR1. Public sector divestment from private sector activities | <input type="checkbox"/> | Text | Value | | 1.1 Value of PE assets fully transferred to private sector management and/or ownership by the end of March 2012 are 68%, out of which 6% are liquidated, 5.7 % are transferred to another Gov't agency and 22% remain to be privatized. 1.2 31 SOEs have been sold to the private sector, 2 restituted to their original private owners and 3 are under lease/ joint venture management while 4 are liquidated | 1.1 Proportion of total value of PE assets transferred to private sector management and ownership (target: 27% by year 3 and 55% by yr5); 1.2 Number of PEs sold to the private sector (target: 10 p.a. in the 2004/05-1008/09 period); 1.3 At least 15% increase in the value of exports or outputs (for those not exporting) by privatized firms |
| | | | Date | | | |
| | | | Comments | | | |
| Component Two: IR2: Establish competition policy conducive to private sector development | <input type="checkbox"/> | Text | Value | | 2.1 Revised competition Proclamation being implemented; Competition Authority setup and partially staffed and the requisite office equipment and furniture provided. Additional staffing and capacity building for the Authority is expected to be carried out in the coming few months. | 2.1 Revised competition policy enacted with framework for fair trade practices and anti-trust separate from anti-dumping and consumer protection frameworks; 2.2 Establishment of independent competition commission and secretariat with wider representation by public and private sector |

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|---|--------------------------|-------------|--------------|--|---|---|
| | | | | | <p>2.2 Members of a Competition Tribunal have been nominated by the MoT for approval by the PM; this is expected to be finalized by end of June 2012.</p> <p>2.3 More than 35 cases addressed by the competition commission before it was suspended during the revision period of the Completion law New cases to be reviewed from now on as per the new Proclamation.</p> | <p>specialists and other stakeholders;</p> <p>2.3 Number of competition cases addressed by the competition commission (target: at least 4 p.a. in the 2007/08-2008/09 periods).</p> |
| | | | Date | | | |
| | | | Comments | | | |
| <p>Component Two: IR3. Inform WTO Accession Task Force negotiation position</p> | <input type="checkbox"/> | <p>Text</p> | <p>Value</p> | | <p>3.1 Three studies on WTO accession impact assessment, for the financial, telecommunications and transport sectors had been conducted.</p> <p>3.2 Third working party discussions have been conducted</p> <p>3.3 -Capacity Building for negotiating skills, particularly in the areas of international trade/trade negotiations and advisory services in applied trade law will be provided in the coming months.</p> | <p>3.1 Studies on Ethiopia WTO Accessions prepared, disseminated to, and discussed by, WTO Task Force</p> |
| | | | Date | | | |
| | | | Comments | | | |
| <p>Component Three: Barriers to private sector growth in firms and sectors with high export potential</p> | <input type="checkbox"/> | <p>Text</p> | <p>Value</p> | | <p>4.1 Since April 2008, ECF supported a total of 52 firms and 21 associations. The total number of firms supported by the MGS since the beginning is about 112. The number of</p> | <p>4.2 At least 25% increase in the value of exports' by beneficiary firms;</p> |

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| | | | <p>grants (repeat support) is about matching grant support given to private firms for export expansion.</p> <p>4.2 Participant firms attained the following increases in value of exports per sector from 2006/2007 to 2010/2011 months:</p> <ol style="list-style-type: none"> 1. Leather Tannery sub sector = 97% 2. Leather shoe sub sector = 3.5% 3. Garment and textile = 73.5% 4. Agro processing = 350% 5. Chemicals and pharmaceuticals = 61.9% 6. Horticulture = 1112% <p>Total = 100% over 2009/10 performance</p> <p>4.3 During the period 2009/10 to 2010/11, the types of support given focus on:</p> <ul style="list-style-type: none"> • About 80% on the implementation of the benchmarking exercise including technology and product development, • About 10% on quality and standard certification (ISO, Organic, WRAP, GMP), and • 10% on marketing (promotion an website development, etc.) | <p>4.3 Number of sectors carrying out value chain improvements</p> <ul style="list-style-type: none"> • Industry standards • Market information • Marketing and fairs • Skill at factory floor and management levels. |
| | | Date | | |
| | | Comments | | |

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|---|--------------------------|------|-------|--|--|---|--|
| Component Three: IR5. Reduce constraints to business start-ups | <input type="checkbox"/> | Text | Value | | <p>5.1 Thirteen start-ups in round 1 and 12 start-ups in round 2 and 16 start-ups from round three were established through businessplan competition. The final round for 10 applicants is expected to be completed by 30 June 2012</p> <p>5.2 Proportion of start-ups: 65% from round 1 and 80% in round 2 and 3 respectively have survived the first year of operation. 15 winners from round two and 16 from round three had collected the bank loan. Out of these 5 from round two and 2 from round three have settled their bank loan and collected the award respectively.</p> <p>5.3 80% of businesses survived for two years from the Round 1; and 90 % from round 2. The performance of round three are yet to be seen.</p> | <p>5.1 Number of start-ups established through business plan competition each year (target 20 each in round 1 and 2);</p> <p>5.2 Proportionof start-ups established through business plan competition that survive after one year in operation, 70%;</p> <p>5.3 Proportion of start-ups established through business plan competition that survive after two years in operation (target 50%).</p> | |
| | | | | | Date | | |
| | | | | | Comments | | |
| Component Three: IR6. Expand availability of business and economics skills in the economy | <input type="checkbox"/> | Text | Value | | <p>6.1 Revision of curricula for the MBA Program and MSc in Accounting and finance have been completed, approved and implemented. Undergraduate and postgraduate programs in finance have been completed and will be adopted/ implemented this academic year. Revision ofcurriculum for MSc program in Management science is</p> | <p>6.1 University (FBE) curriculum revised and adopted;</p> <p>6.2 At least 20 Graduate in regulatory economics and international trade programs in year 3;</p> | |

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|--|--|--|--|----------|---|--|
| | | | | | underway; 6.2 41 students graduated in Year 3 and 4 in International Trade and Regulatory Economics/Competition Policy ; 6.3 2 PhD students have completed their studies and 1 has returned. The remaining 2 are expected to finish their program by July 2012. | 6.3 At least 20 additional in regulatory economics and international trade programs in the 4th year. |
| | | | | Date | | |
| | | | | Comments | | |

Data on Financial Performance (as of 11-May-2012)

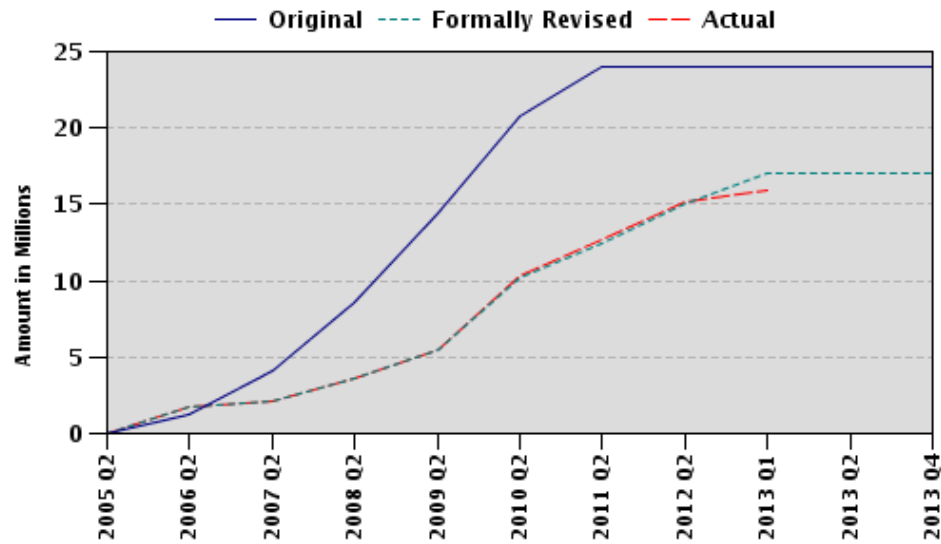
Financial Agreement(s) Key Dates

| Project | Ln/Cr/Tf | Status | Approval Date | Signing Date | Effectiveness Date | Original Closing Date | Revised Closing Date |
|---------|-----------|-----------|---------------|--------------|--------------------|-----------------------|----------------------|
| P050272 | IDA-40270 | Effective | 21-Dec-2004 | 10-Mar-2005 | 15-Jul-2005 | 30-Jun-2011 | 31-Jul-2012 |
| P050272 | IDA-H1410 | Effective | 21-Dec-2004 | 10-Mar-2005 | 15-Jul-2005 | 30-Jun-2011 | 31-Jul-2012 |
| P114843 | TF-93486 | Closed | 13-Feb-2009 | 16-Feb-2009 | 16-Feb-2009 | 03-Nov-2011 | 03-Nov-2011 |

Disbursements (in Millions)

| Project | Ln/Cr/Tf | Status | Currency | Original | Revised | Cancelled | Disbursed | Undisbursed | % Disbursed |
|---------|-----------|-----------|----------|----------|---------|-----------|-----------|-------------|-------------|
| P050272 | IDA-40270 | Effective | USD | 19.00 | 13.00 | 6.00 | 11.57 | 2.16 | 89.00 |
| P050272 | IDA-H1410 | Effective | USD | 5.00 | 4.00 | 1.00 | 4.19 | 0.00 | 105.00 |
| P114843 | TF-93486 | Closed | USD | 0.24 | 0.10 | 0.14 | 0.10 | 0.00 | 100.00 |

Disbursement Graph



Key Decisions Regarding Implementation

After discussion with the Project team, it was agreed that the remaining activities under the Project can be implemented within 8 months and an extension by 5 months from the closing date of 31 July 2012, will enable the Project to achieve its objective. The VRP audit (special audit) that focuses on the performance of VRP component was received but with a delay. Thus, upon receipt of the outstanding VRP audit report, the Bank team has now initiated the processing of the Project closing date extension by an additional 5 months to 31 December 2012.

Restructuring History

RVP Approved on 01-Apr-2008

Related Projects

P114843- PHRD Ethiopia: Cluster Development Program