

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: 16 Status: ARCHIVED Archive Date: 31-Oct-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	09-Jul-2012
Effectiveness Date	15-Jul-2005	Revised Closing Date	31-Dec-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	0.96
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

The ISR is being filed to document the closing date extension - including level 2 restructuring - of the project by 5 months that was approved on June 27, 2012. This is the second and last extension of the project. The original closing date was July 31, 2011 which was extended by one year to the current date of July 31, 2012 making the cumulative extension period 17 months. The Private Sector Development Capacity Building Project in the amount of (Credit: SDR 12.7 Million equivalent US\$19 million, Grant: US\$ SDR 3.4 million equivalent 5 million) was approved on December 21, 2004, the financing agreement was signed on March 10, 2005 and it became effective on July 15, 2005. In January 2008, the project was restructured at the request of the Government to make it more aligned to its changing policies that placed a greater emphasis on export development and institution building capacity. Further, the original project funds (US\$24Million) were reduced to US\$17 million in November 2008 , as US\$7 million were reallocated to an emergency operation to help with the mitigation effort in aid of the Global food crisis. Given the anticipated reduced activities due to the almost one-third reduction of the total project funds, an attempt was made to streamline the results framework in May 2011 as part of the Additional financing operation that was unable to reach conclusive Negotiation.

The team thus used this restructuring opportunity to streamline the overdue realignment of the PDO indicators and intermediate result indicators. The changes were undertaken to ensure the continuous relevance of the Project to the Government of Ethiopia’s Growth and Transformation Plan (GTP, 2010/11-2014/15) that emphasizes the leading role of manufacturing industry in the overall growth of the economy, and job creation. Progress towards outcomes is expected to be captured through increased exports and new jobs. Equally important, the restructured project maintains its relevance to the new Ethiopia Country Partnership Strategy for Ethiopia that was approved on 25 September, 2012. A key pillar of the new Ethiopia CPS (FY13-16) is to increase competitiveness and productivity, with the focus on increased competitiveness in the manufacturing sector.

Based on the monthly implementation review discussions with the client, the team finds the project implementation to be satisfactory, with steady progress being made towards achieving Project Development Objectives (PDO) of (i) increased private sector investments as captured by increase in total value of PE assets transferred to private sector ownership (component one); and increase in value of exports in participating firms in the ECF matching grants program (component 3). In both cases the targets were overshot. Component 2, however continued to lag and was thus downgraded. As this was a small component, it did not have any major impact on the overall performance of the project. As part of the restructuring, funds were reallocated from the slow moving component two (Business environment) to the well-performing component 3 (Strengthening international competitiveness of the private sector). The proposed restructuring and closing date extension would enable the project to fully disburse the allocated funding for the project and allow the project to come closer to achieving its development objectives. These changes were made to help utilize the unforeseen foreign exchange savings of close to US\$1 million due to exchange rate fluctuations.

Disbursement: To date, 94 percent of the total project funds have been disbursed. It is expected that with the extension of closing date, the remaining funds would be fully utilized. The team undertakes a monthly review of the project implementation, and understands that the ECF disbursement targets remain on track.

Fiduciary aspects: With regard to procurement management, the performance has improved since the last ISR period. The PCU has made a concerted effort to bring to closure two outstanding consultant contracts in line with the contract provisions. The procurement rating is accordingly been upgraded.

Locations

No Location data has been entered

Results

Project Development Objective Indicators

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
Increase in number of private sector jobs created in participating firms and targeted sectors (target: at least 10%)	<input type="checkbox"/>	Text	Value	1917	41%	10%
			Date			
			Comments			

Increase in proportion of total value of PE assets transferred to private sector management and ownership (target: 27% by year 3 and 55 %by yr5)	<input type="checkbox"/>	Text	Value	0	68%	55%
			Date	30-Jun-2012	31-Dec-2011	31-Dec-2012
			Comments			
Increase in 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	<input type="checkbox"/>	Text	Value	Zero	112% on average	25%
			Date	30-Jul-2009		31-Dec-2012
			Comments	These figure relates to the targeted sectors of leather tannery, shoes, agro-processing, horticulture		
Direct Project Beneficiaries (number), of which female (%)	<input type="checkbox"/>	Text	Value	Zero		5000 50%
			Date			
			Comments			

Intermediate Results Indicators

Indicator Name	Core	Unit of Measure		Baseline	Current	End Target
Component One: IR1. Number of PEs sold to the private sector (target: 10 p.a. n the 2004/05-2008/09 period)	<input type="checkbox"/>	Text	Value	0	31	10 per year
			Date	28-Oct-2005		
			Comments			
Component Two: IR1: Revised competition policy enacted with framework for fair trade practices and anti-trust separate from anti-dumping and consumer protection frameworks.	<input type="checkbox"/>	Text	Value	Yes/No	Yes	Yes
			Date			
			Comments			
Component Two: IR2: Establishment of independent competition authority and secretariat with wider representation by public and private sector specialists and other stakeholders.	<input type="checkbox"/>	Text	Value	Yes/No	NO	Yes
			Date			
			Comments			
Component Two: IR3: Studies on Ethiopia WTO Accessions prepared, disseminated to, and discussed by, WTO Task Force.	<input type="checkbox"/>	Text	Value			150
			Date			31-Dec-2012
			Comments			
Component Two: IR4: Number of matching grant support given to private firms for export expansion (target: 150)	<input type="checkbox"/>	Text	Value			
			Date			
			Comments			

Component Two: IR5: Number of start-ups established through business plan competition each year (target 20 each in round 1 and 2)	<input type="checkbox"/>	Text	Value			10 in round 4
			Date			
			Comments			
Component Two: IR6: Proportion of startups established through business plan competition that survive after one year in operation.,Target 70%	<input type="checkbox"/>	Text	Value			
			Date			31-Dec-2012
			Comments			
Component Two: IR7: University (FBE) curriculum revised and adopted.	<input type="checkbox"/>	Text	Value			
			Date			
			Comments			
Component Two: IR8: Number of graduates in regulatory economics and international trade programs in year 3 and year 4 (target: 20)	<input type="checkbox"/>	Text	Value			20 (yr 3) and 40 (yr 4)
			Date			29-Dec-2012
			Comments			

Data on Financial Performance (as of 21-Sep-2012)

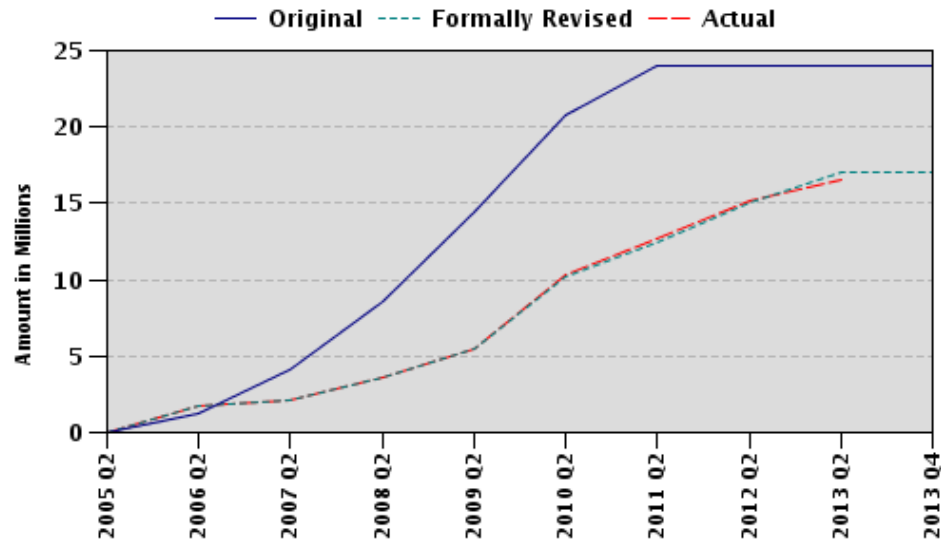
Financial Agreement(s) Key Dates

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-Dec-2012
P050272	IDA-H1410	Effective	21-Dec-2004	10-Mar-2005	15-Jul-2005	30-Jun-2011	31-Dec-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	12.24	1.49	94.00
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

This ISR is being filed to document the restructuring of the Project that was approved on 27th June 2012. The restructuring includes the following changes: (i) extension of the closing date by 5 months to December 31, 2012; (ii) a reallocation of the available IDA credit among project components and existing categories; and (iii) revised PDO indicators and intermediate result indicators to streamline the number of indicators.

Restructuring History

RVP Approved on 01-Apr-2008, Level two Approved on 27-Jun-2012

Related Projects

P114843- PHRD Ethiopia: Cluster Development Program