

Special Initiative on Training and Job Creation

# Working Towards Employment-Generating Growth of Companies in the Agro-food Industry in Ethiopia

## The Challenge

Ethiopia experienced an impressive socio-economic development in recent years, which halved the poverty rate of its 112 million population. However, the country still faces major challenges. Almost half of Ethiopia's population is younger than 15 years, soon entering the job market. To keep up with the rapid population growth, the country must create more than 2 million jobs annually.

The backbone of Ethiopia's economy is agriculture. It provides employment for about 68% of the working population and represents over 30% of the country's GDP. A central goal of the Ethiopian Government is the structural transformation of the economy from low to high productivity agriculture and industry. Hereby, the agriculture and food industry is considered to have great job creation and development potential.

Nevertheless, the sector lacks productivity, innovative capacity, and investments that can trigger further economic growth and thus employment. Few businesses in Ethiopia's agriculture and food industry are considered competitive on both, national and international markets. As a result, the job-creating growth of companies in the sector is insufficient.

## Our Approach

The project **Cluster Support in the Agriculture and Food Industry in Ethiopia** is part of Invest for Jobs, the brand of the **Special Initiative on Training and Job Creation** of the German Federal Ministry for Economic Cooperation and Development (BMZ). It aims to improve the employment and income situation in Ethiopia's agro-processing sector by supporting micro, small and medium sized enterprises (MSMEs) in the agriculture and food industry. The main objective is to increase the **employment-effective growth of companies** in this sector.

The project targets the following three groups:

- Unemployed and underemployed people, with a special focus on women
- Employees of local and Ethiopian-based European and African agri-food companies
- Company directors and managers of MSMEs

<b>Project Name</b>	Cluster Support in the Agriculture and Food Industry in Ethiopia
<b>Commissioned by</b>	German Federal Ministry for Economic Cooperation and Development (BMZ)
<b>Country</b>	Ethiopia
<b>Intervention Region</b>	Amhara, Tigray, Oromia and SNNPR
<b>Political Partner</b>	Ethiopian Ethiopian Federal Ministry of Trade and Industry (MoTI)
<b>Duration</b>	November 2019 – October 2022
<b>Budget</b>	EUR 14 Million

## Expected Results

The project's aim over the next three years:

- 3,500 new jobs are created in various enterprises
- 6,300 workers in the agricultural and food sector benefit from improved working conditions
- More than 200 companies supported by the project increase their capacities
- Product innovations are successfully marketed
- Companies have access to sustainably improved infrastructure and support services



Implemented by

## Main Intervention Areas

- 1. Improve capacities of companies in the agriculture and food industry** by introducing **process innovations**. Companies can thus increase their efficiency and productivity, and consequently their **competitiveness** and **sales**. Also, the organisational and management skills of managing directors will be improved and the personnel of these companies will be equipped with the necessary **technical know-how** and **financial competence**. This will enable businesses to use the available limited financial resources in an entrepreneurially meaningful way and improve their chances of obtaining outside capital or public funding.
- 2. Improve conditions for investments in the agro-food industry** by connecting and networking with African and European investors. This will be achieved by establishing and facilitating cooperation relationships and developing cooperation projects together with companies and, if necessary, universities and research institutions. Companies will be advised on the identification, allocation and preparation of investment projects and supported in the process of applications for subsidies and financing.
- 3. Improve the delivery of business services and infrastructure for companies in clusters** by strengthening the capacities of cooperative associations and private service providers to develop and offer business services, such as training programs, market information, marketing channels and logistics services. Multi-stakeholder dialogue formats will be implemented to foster the exchange between the actors. This will reduce existing obstacles to growth along supply chains.

## Who We are Looking to Support?

The project will search for officially registered companies in the agricultural and food processing industry in Ethiopia, which provide adequate employment according to the core labor standards. Working with engaged partners on improving their **employment-effective growth** is an objective the project strives for. The best candidates will be businesses with high growth potential and willing to invest in their further improvement.

## The Approach of the Special Initiative

To open up more prospects for the future, particularly for young people, the **Special Initiative on Training and Job Creation** of the BMZ is encouraging long-term private investment. The aim of the Special Initiative, which is operating under the Invest for Jobs brand, is to create more and better employment. Thus, it contributes to the implementation of the Marshall Plan with Africa and the G20 investment partnership 'Compact with Africa'.

Through sustainable investment and needs-based cooperation with the private sector in Germany, Europe and Africa, good-quality jobs and apprenticeships are to be created in the Special Initiative's partner countries – currently Côte d'Ivoire, Egypt (in preparation), Ethiopia, Ghana, Morocco, Rwanda, Senegal and Tunisia. During the ongoing coronavirus crisis, **Invest for Jobs** is also supporting local companies with economic stabilisation measures that are ensuring business continuity and preserving jobs.

Please get in touch!

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Cluster Support in the Agriculture  
and Food Industry in Ethiopia

**On behalf of**  
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for Economic Cooperation  
and Development (BMZ)