



Implemented by



ETHIOPIA MANUFACTURING SME DEVELOPMENT ROADMAP

Capacity building of public institutions
for improved business enabling environment (Output 1)

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ACRONYMS

AGOA	African Growth and Opportunity Act
BDS	Business Development Services
CSF	Critical Success Factor
EED	Ethiopia Enterprise Development
EPPCF	Ethiopia Public Private Consultative Forum
FDI	Foreign Direct Investment
FeSMMIPA	Federal Small and Medium Manufacturing Industries Promotion Authority
GDP	Gross Domestic Product
GOE	Government of Ethiopia
GTP	Growth and Transformation Plan
ICT	Information and Communication Technology
IDSP	Industrial Development Strategic Plan
IES	Industrial Extension Services
ILO	International Labour Organisation
M&E	Monitoring and Evaluation
MIDI	Manufacturing Industry Development Institute
MInT	Ministry of Innovation and Technology
MoFED	Federal Ministry of Finance and Economic Development
MoI	Ministry of Industry
MoLS	Ministry of Labour and Skills
MoTI	Ministry of Trade and Industry
MoTRI	Ministry of Trade and Regional Integration
MoU	Memorandum of Understanding
MoV	Means of Verification
MSME	Micro, Small and Medium-sized Enterprise
NC	Necessary Conditions
OSSC	One-Stop Service Centre
PESTEL	Political, Economic, Social, Technological, Environmental, and Legal factors
PICE	Productivity Improvement Centre of Excellence
PPD	Public-Private Dialogue
PPP	Public Private Partnership
PSD-E	Private Sector Development in Ethiopia
R&D	Research and Development
RBTI	Regional Bureau of Trade and Industry
SME	Small and Medium-sized Enterprise
SMME	Small and Medium-sized Manufacturing Enterprise
SMMI	Small and Medium-sized Manufacturing Industry
UNDP	United Nations Development Programme

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EXECUTIVE SUMMARY

During implementation of the two Growth and Transformation Plans (GTP I and II), Ethiopia registered rapid and high economic growth and the challenge is to maintain and exceed the previous high level of 11% GDP growth. SME constraints impacting on the performance of the SME sector, were identified during consultations with stakeholders, public and private sector role-players, and SME focus group discussions.

The rationale for developing the Manufacturing SME Development Roadmap is to address the limited industrialisation and underdeveloped economic sector in Ethiopia, which creates harsh business environments in which SMEs have to operate. The rationale is furthermore to address SME constraints that negatively impact on the diversification of manufactured goods and for transforming the economy to greater industrialisation. For Ethiopia to grow the SME manufacturing sector's contribution from the current 6.9% to 17.2% of GDP, the country needs to focus on improving product diversification, which can only be realised through industrialisation.

Ethiopia Enterprise Development (EED) has been entrusted with the responsibility to implement the Ethiopia SME manufacturing roadmap. In preparation for the roadmap development, a review of the current SME landscape, constraints and challenges affecting the sector as well as the state of private sector development, was undertaken. The SME roadmap is structured in four parts namely chapter one that provides a situation analysis, chapter two outlines the SME roadmap KPIs and objectives, chapter three outlines the SME roadmap implementation plan and chapter four addresses the SME roadmap monitoring and evaluation.

Key objectives of developing the Ethiopia SME manufacturing industry are inter-alia, to create employment opportunities through increasing production capacity and productivity of existing manufacturing SMEs and by attracting new high-quality investments. In addition, it is to expand manufacturing industries that can produce strategic commodities to substitute imports; produce high quality, volumes, and varieties of export goods; increase the share of SME manufacturing to GDP, by creating a conducive environment for improved participation of private investors in the subsector. Moreover, it is to ensure that the development of the SME manufacturing industry is consistent with the country's sustainable and green economy development strategy.

Supplementing the SME development roadmap, the manufacturing development plan has set ambitious targets for the 10-year period from 2020/21-2029/30, that entails increasing average capacity utilization of the manufacturing industry from 50% to 85%; raising the domestic market share of locally manufactured industrial products from 30% to 60%, by expanding manufacturing industries that produce substitutes of strategic import goods; raising the competitiveness of the manufacturing industry by improving product quality; raising the current number of small and medium-scale manufacturing enterprises from 2,761 to 11,000 by 2030 per annum through attracting high quality investments and focusing on those industries that employ advanced technologies; raising SME export earnings from USD

32 million to USD 61 million per annum by 2030; creating a total of 2 million new jobs from the SME manufacturing sector, out of the target of 5 million new job opportunities in the

manufacturing industry as a whole over the period and increasing the number of job opportunities created annually from 175,000 in 2019/20 to 850,000 in 2029/30.

A further rationale for the SME development roadmap is the Industrial Development Strategic Plan's (IDSP) vision, which is to build an industrial sector with the highest manufacturing capability in Africa, which is diversified, globally competitive, environmentally-friendly, and capable of significantly improving the living standards of the Ethiopian people.

The situation analysis of the constraints faced by the SME manufacturing sector highlights the following main challenges as being a lack of access to finance; access to markets; insufficient capacity building training; unproductive production processes, which, coupled with the lack of quality business management trainings, affects product quality and productivity and access to international markets; lack of working premises; lack of access to appropriate technology; shortage of foreign exchange and the lack of coordination/collaboration of public institutions to promote SME development.

Addressing SME constraints and creating viable entrepreneurs requires a well-functioning business ecosystem, through the expansion of market access, provision of business development services and building of a robust SME network. The policy dialogue on building a successful entrepreneurial ecosystem requires attention to three focus areas: 1) scaling up SME firm capability, 2) building business-to-business relationships, and 3) getting the institutional and policy framework right. Simultaneously, targeted approaches are needed to address SMEs' challenges based on effective diagnosis of needs and the market failures that need to be addressed.

The SME roadmap takes into consideration of best practices, that SME development requires a crosscutting strategy touching on many areas, such as the ability of government to implement sound macroeconomic policies, capability of stakeholders to develop conducive microeconomic business environments, *inter alia*, through simplified legal and regulatory frameworks, good governance, abundant and accessible finance, suitable infrastructure, supportive education, sufficiently healthy and flexibly skilled labour as well as capable public and private institutions, and the ability of SMEs to implement competitive operating practices and business strategies.

The Ministry of Industry (MoI), Ministry of Innovation and Technology (MInT), Ministry of Trade and Regional Integration (MoTRI), Ministry of Labour and Skills (MoLS) and the Manufacturing Industry Development Institute (MIDI) have been identified as key role players for SME development. Federal and Regional Institutions have a direct and indirect influence on the SME development. Apart from these parties, EED works with a plethora of national and regional stakeholders in both the public and private sectors, and also with development partners in the initiatives to develop the SME manufacturing sector. Various policies, strategies and reforms have been implemented to create favourable conditions for the sector to grow. While there are many factors that hinder the growth and effectiveness of the manufacturing sector, there is consensus that weak **coordination** among the key stakeholders is a key inhibiting factor.

Multi-stakeholder coordination is thus a challenging task complicated by diverse actors' different business cultures, priorities, strategies, goals, plans and incentives. This calls for an

elaborate coordination mechanism across all actors from the Small, Medium Manufacturing Industry (SMMI) interventions strategic planning, implementation up to results collection.

For this purpose, a coordination framework to strengthen the role of EED in coordinating the various stakeholders in SMMI development has been proposed under PSD-E Output 1 work stream 5; "Coordination Mechanism, Planning and Operational Guidelines for the Ethiopia Enterprise SMMI Development". It seeks to solve the observed EED coordination challenges through establishing a single point of reference and database of all SMMI development interventions, activities, and results. It is also proposing a results framework to assist MoI and EED in monitoring progress and collecting results of agreed support activities, and sharing timely and quality information, for strategic decision-making in the sector. It proposes the replication of the national coordination structures in the regions, and a shared planning and results framework with the federal structures. The proposed multilevel and multi-stakeholder coordination architecture is outlined under the stakeholder analysis in the main report, that entails a Federal /National SMMI Development Steering Committee, a National Technical Committee and Regional/ Zonal/ Woreda SMMI Development Steering committees and the EED Secretariat and Coordination Role.

The Ethiopia SME manufacturing roadmap is structured around six main strategic objectives namely enhancing institutional implementation capacity, resource utilization and service delivery; improving input supply and production capacity utilization of the manufacturing industry; improving export earnings and import substitute product volumes of manufacturing industry; improving investment and job creation in the manufacturing industry and developing human capital to meet the changing needs of SME sector skills demand, improving entrepreneurial mind sets, building more effective linkages between SMEs and the market; improving the efficiency of manufacturing industry research, innovation, and the transfer of production technology development.

The main strategic SME manufacturing roadmap objectives are to enhance institutional implementation capacity, resource utilization and service delivery practices; improve input supply and production capacity utilization of the manufacturing industry; improve export and import substitute product volumes and revenues of the manufacturing industry; improve investment and job creation in the SME manufacturing industry and improving the efficiency of the manufacturing industry research and transfer of production technology development. The above objectives are further unpacked in the main roadmap report.

The SME manufacturing roadmap KPIs have been developed for the period 2021 to 2030, however due to the years having lapsed, the detailed KPIs are listed under paragraph 2.2 in Section 2, for the period 2023 to 2030.

The roadmap implementation plan under Section 3, outlines the strategies and interventions required to ensure that objectives and KPIs are achieved. Demand driven; SME needs based services will be prioritised based on each target market segment. Stakeholder and development partner coordination and alignment will form the cornerstone of the SME manufacturing implementation strategy to ensure coordinated efforts in contributing to SME manufacturing sector development.

The various strategies and interventions are unpacked in terms of context and challenges and the interventions required under the following key focus areas.

- Stakeholder's collaboration, cooperation, and accountability
 - ✓ Elevate stakeholder's collaboration, cooperation, and accountability
- Facilitating Access to Finance and Investment through:
 - ✓ Enhancing government support to incentivize SME growth and self-reliance
 - ✓ Facilitating Access to Finance and Investment interventions.
 - ✓ Improving local value chains and market linkages through horizontal and vertical integration
 - ✓ Improving the competitiveness and access to technology for SMEs
- Develop human capital and improve employee engagement and productivity as performance measurement through:
 - ✓ Providing capacity building training
 - ✓ Improve the quality of business development services (BDS) through:
- SME development and transition through:
 - ✓ Promoting SME transition by support to establishing new enterprise and strengthening the existing ones
- Strengthening Market Linkage by:
 - ✓ Improving local value chains and market linkages through horizontal and vertical integration
- Job creation for citizens by:
 - ✓ Attracting local and foreign development projects for SME sectors
 - ✓ Improving the implementation rate of investment projects to maximize job creation
- Improving the Inclusiveness of Cross-cutting issues through:
 - ✓ Providing specific support to improve youth employment
 - ✓ Promoting women's economic empowerment

The roadmap implementation Gant chart is outlined under paragraph 3.8 with a timetable of implementation actions. The official launch of the roadmap is scheduled for 8 July 2023.

A sound Monitoring and Evaluation Framework is essential so that all executing parties are on the same page, applying the same methodology and using the same set of benchmarks. It provides assessment of effectiveness of the various interventions against performance indicators and desired outcomes. It also ensures ownership, accountability, and coherence among public and private stakeholders. A shared vision and understanding of the KPIs and desired outcomes should underpin the M&E Framework. It is of utmost importance to ward off the risk of different stakeholders using different yardsticks for the same intervention, something that can wreck the entire implementation process. Monitoring and Evaluation will entail the monitoring of activities and secondly the recording of actual results against targets.

Control of activities – monitor completion dates monthly by responsible persons or reset
Control of KPIs – quarterly recording of actual results against KPI targets on a ‘Scoreboard’.

The “Means of Verification” (MoV) will play a vital role in the monitoring and evaluation process, in order to evaluate actual results against targeted KPIs. For this purpose, it is necessary to accurately measure outcomes based on the KPI terminology and definitions outlined under paragraph 4.3. For example, the number of newly established enterprises

need to be verified by applying the definition of ‘legally obtaining registration or personality according to commercial law and engaging in production of its choice’.

The annexes include an analysis of key role players and stakeholders; attributes of the National SMMI Development steering committee; the relative SME legislative and policy mandates; a PESTEL analysis, EED mandate and purpose; implementation interventions to address SME challenges and lists of individuals and institutions consulted during the SME Roadmap development.

1 OVERVIEW OF ETHIOPIAN MANUFACTURING SME SECTOR

In preparation for developing the manufacturing SME roadmap, it is necessary to review the SME landscape, constraints and challenges affecting the sector; rationale for the SME roadmap; the state of private sector development as well as a situation analysis of the Ethiopia Enterprise Development (EED) agency who has been entrusted with the responsibility of implementing the roadmap. The review and situation analyses outlined in section one, entailed desk top research, consultations with public and private sector role players, stakeholders, several workshops as well as SME focus group discussions. An important departure point is thus outlining SME challenges and constraints.

1.1 Background of Manufacturing SME sector

The 2019 Home Grown Economic Reform Agenda introduced/launched by the Government of Ethiopia in 2019 aims at transforming Ethiopian economy from predominantly low-income agriculture-based economy to industrialized and medium-income by 2030.¹ The manufacturing sector remains underdeveloped despite recent efforts to stimulate the sector due to inefficient incentive structure, limited backward and forward linkages, and insufficient incentives for production of import competing activities. The main aim and focus of this Reform Agenda have been enhancing productivity and competitiveness of the overall economy, and a gradual transition from public to private sector-led growth.

The reform plan regarding private sector business environment, among others, focuses on two pillars, namely recognizing the private sector as the main driver of economic growth and building capacity of public institutions, which are directly or indirectly responsible for private sector development in general and Micro, Small and Medium-sized Enterprises (MSMEs) in particular.

1.2 Ethiopia's Economic Performance

During the implementation of the two Growth and Transformation Plans (GTP I and II), Ethiopia has registered rapid and high economic growth. Based on constant basic prices (2015/2016 base year), Gross Domestic Product (GDP) grew on average by 9.2% per year and the volume of real GDP rose from Birr 828 billion in the 2009/10 fiscal year to Birr 1.99 trillion in the 2019/20 fiscal year. Compared to an average of 11% annual growth target during the period, the actual growth performance fell 1.8 percentage points short of the target. When the economic growth performance is disaggregated into major economic sectors, agriculture, industry, and services have respectively registered an average annual growth rate of 5.3%, 17.2% and 9.7%.

In the ten years development plan and Home grown economic reform the major focus areas of Ethiopia's manufacturing industry development plan are: (i) enhancing capacity utilization; (ii) strengthening coordination; (iii) raising production and productivity from existing industrial establishments; (iv) satisfying domestic demand as well as supplying export markets by producing

¹ Office of the Prime Minister, Home grown economic reform agenda, 2019

competitive industrial products such as foodstuffs, wearing apparel, housing materials and pharmaceuticals; (v) encouraging manufacturing industries that utilize locally produced inputs;

(vi) raising the variety, quantity and quality of exportable industrial commodities; (vii) strengthening the value chain, interlinkages, and interdependencies within the manufacturing industry; (viii) attracting new investments in large numbers, varieties and qualities into manufacturing by introducing, based on studies, new investment incentives and simplified procedures, as well as enhancing the role and partnership of the private sector to that end; (ix) coordinating the development of heavy metal and engineering industries, chemical and pharmaceutical industries, and other high tech industries; (x) strengthening the cluster organization system; (xi) expanding small- and medium-scale industries and creating an enabling environment for transitioning to the next stage of development; and (xii) expanding job opportunities.

The objectives of manufacturing industry development plan, are to create employment opportunities by improving the production and productivity of existing manufacturing plants and by attracting new high quality investments; to expand manufacturing industries that can produce strategic commodities able to substitute imports; producing high quality export goods in volume and variety; to increase the share of manufacturing in the gross domestic product by creating a conducive environment for improved participation of private investors in the subsector; and to ensure that the development of manufacturing industry is consistent with the country's sustainable and green economy development strategy.

The following main targets have been set to achieve the objectives of the manufacturing development plan for the coming ten years to 2020/21 – 2029/30, namely to:

- Increase average capacity utilization of the manufacturing industry from 50% to 85%;
- Raise the domestic market share of locally manufactured industrial products from 30% to 60% by expanding manufacturing industries that produce substitutes of strategic import goods;
- Raise the competitiveness of the manufacturing industry by improving product quality;
- Raise the current number of small and medium-scale manufacturing enterprises from 90000 to 145,000 by 2030 per annum through attracting high quality investments and focusing on those industries that employ advanced technologies; (EED Document);
- Raise SME export earnings from USD 32 million in 2021 to USD 61 million by 2030. Create a total of 2 million new jobs from the manufacturing SME sector, out of the target of 5 million new job opportunities in the manufacturing industry as a whole over the period;
- Increase the number of employment from 175,000 in 2019/20 to over 1.7 million in 2029/30².

² Ten years development plan, page 42

1.3 SME Landscape and Review

One of the departure points for the development of the SME manufacturing road map is based on the vision of the Industrial Development Strategic Plan (IDSP) 2013, which is to build an industrial sector with the highest manufacturing capability in Africa, which is diversified, globally competitive, environmentally-friendly, and capable of significantly improving the living standards of the Ethiopian people by the year 2025. The following two key goals assumed to be achieved by 2030, outlined in the Industrial Development Strategic Plan (*IDSP, p16*), require a concerted effort including the manufacturing SME sector.

- Increase the share of the industrial sector from 13% to 27% of GDP
- Increase the share of manufacturing sector from 6.9% to 17.2%

1.4 Current basket of service offering for SMEs

The current basket of services offered to SMEs, are outlined below.

Capacity Building training

- Training programs: Federal institutions provide TOT for regional, zonal and woreda experts and for SMEs operators, based on need and gap assessment
- ICT infrastructure development or building and implementation of digital technology
- Technology development & transfer
- Formulating best practice & scale-up
- Realize citizens' any innovative idea to actual product
- Manufacturing of spare parts for SMEs
- Enhance capacity of private and governmental institutions to provide demand-driven and sustainable services to SMEs
- Improved, sustainable, responsive and demand-driven SME support services
- Support and train enterprises by taking training of trainers from model countries

Promotions

- Preparation of exhibition and Bazaar
- Promotion of manufacturing sector
- Awareness creation
- Promotion of manufacturing SMEs through which all government support to the sector is channelled, proves more efficient than spreading resources over various support organizations

Events, panel discussions, product launches, and trade fairs Coordination & integration of internal & external stakeholders

- Market linkage
- Infrastructure
- Finance (machinery and working capital) Technology
- Support one stop shop service in collaboration with stakeholders.
- Quality assurance
- Align EED structure with regional, zonal and woreda
- Financial sector regulations (banking, insurance, leasing) recognize SME constraints and have introduced appropriate legal and regulatory instruments that enable commonly available SME assets to be used as collateral
- Enhance enabling business environment more conducive/responsive to SME needs

Industry Extension Services

- Industry extension services provided especially for selected SMEs

Prepare and distribute project profile and model business plan

Build and administrate working sheds, market sites and emporiums

Prepare policy, strategy, program, projects, support frame works procedures and plans.

Legislation and regulations are gender insensitive; rule of law and rules of the game apply equally to men and women

For purposes of implementing the SME Roadmap, Business Development Services (BDS) are defined as services that improve the performance of the enterprise, its access to markets, and its ability to compete. Services include training, consultancy, marketing, information, technology development and transfer, business linkage promotion, etc. *Source UNDP*

1.5 Constraints and Challenges of SMME Manufacturing

The SME roadmap development includes a review of the constraints and challenges faced by the SME manufacturing sector as outlined below.

- **Access to finance**
 - ✓ SME credit constraints are compounded as financial institutions' have become more risk averse
 - ✓ Lack of access to finance affects not only their growth trajectory and expansion, but also their ability to maintain employment
 - ✓ Budgetary constraints
- **Access to markets**
 - ✓ Government and private sector procurement procedures often exclude SMEs from participating in bids, thereby reducing their market opportunities

- ✓ lack of support for domestic and international market linkage, raw materials, infrastructure (clusters networks)
- ✓ Lack of market access due to product quality, packaging materials, product designs and standards
- ✓ Increase in raw materials prices triggers raw material shortages
- **Capacity Building Training** Unproductive production processes coupled with lack of quality business management trainings, affects product quality and productivity and their access to international market;
 - ✓ Skills gaps, lack of access to local quality assurance services for exporting quality products;
 - ✓ Limited business information which could improve their business decisions;
 - ✓ Inadequate government policy attention to developing SMEs
 - ✓ Lack of qualified business development trainers
 - ✓ Low quality of monitoring and evaluation applied in SMEs
 - ✓ Provide poor quality of training
- **Working premises**
 - ✓ Lack of adequate production facilities, leading to overcrowded production sheds;
 - ✓ Poor management of allotting working premises and overall coordination failure among different government bodies;
 - ✓ Buildings/sheds/
 - ✓ Lack of substandard built in production cluster centres: For example, they do not have toilets, sewage treatment, dry and gas waste treatment, etc
- **Lack of access to appropriate technology**
- **Shortage of foreign exchange**
- **Lack of coordination/collaboration of public institutions to promote SME development**

For the private sector in Ethiopia, the main constraints can be grouped into four broad areas that need to be addressed to create a vibrant sector that can take Ethiopia to the next stage of SME development:

- a) Inefficiency of backbone services, e.g., logistics, internet, energy, finance, and education;
- b) The fragmented policy framework that determines economic incentives, including the business environment and trade policies that distort decisions on where to invest;
- c) The non-functioning of productivity inputs namely land, labour, and capital; and
- d) Gender inequalities that undermine the potential of women-owned enterprises.

The inefficient backbone services are further unpacked below.

- I. **Logistics:** High logistics costs in Ethiopia undermine both growth of the export-driven light manufacturing sector and the continuing transformation of the agriculture sector.
- II. **Internet:** In Ethiopia the internet penetration rate is 25% in 2022 and Mobile penetration rate reached 34% in 2021. There is a huge advancement in mobile cellular coverage 90% of the country’s population was in range of a mobile cellular signal.
- III. **Energy:**
- IV. **Finance:** For the private sector, access to finance is a structural challenge. A WB Enterprise Survey found that in total, 40% of the enterprises surveyed, declared that access to finance was a major constraint to their development.
- V. **Foreign exchange** shortage is also a major bottleneck for business development in Ethiopia and is constantly reported as a key issue by the private sector. Despite investment in export-led sectors, the *trade deficit in Ethiopia is widening*, as imports have been increasing at larger pace than exports.
- VI. **Education:** The current skill level of Ethiopia’s workforce is not what will be required to achieve the country’s transformative ambition; rather, it pressures the growth of existing businesses and diminishes investment in new ones.
- VII. The **business environment** in Ethiopia prevents the development of a vibrant private sector. In the World Bank’s Doing Business Report 2019, Ethiopia ranked 159th among 190 countries and 29th out of 44 Sub-Saharan countries.

1.6 SME SWOT Analysis

Strength	Weakness
<ul style="list-style-type: none"> • Government gives special attention for manufacturing SME sector and establish supporting institution for the sector, • Government prepares support frameworks, procedures, and plans for SMEs. • Government plan to eliminate bottlenecks that hinder the competitiveness and effectiveness of small and medium enterprises, • Engage in investment promotion of the SME sector • Provision of capacity build training for regional institutions, stakeholders, employees, and sectoral associations • Coordinate effort and collaborate for support providing institutions, role players collaboration with concerned institutions • There is SME support by provide trainings to enterprises and citizens interested in the sector 	<ul style="list-style-type: none"> • Human resource: <ul style="list-style-type: none"> ✓ Shortage of skilled manpower in knowledge, skills & lack of experience in expanding the acquired experiences, the loss of talented staff. ✓ Poor working culture- ownership and commitment. ✓ Lack of having the right people at the right place • Inability to provide required support by the manufacturing industry at every level • Inadequate value proposition • Bureaucratic, cumbersome, rigid policies and procedures • Inconsistency in the roll-out of Programs and Services • No Sectoral councils operate with required level and identifying and solving challenges • There is no Standard manuals and training provided

<ul style="list-style-type: none"> • Provision of monitoring and support activity of SME develop. • Government organizes nationwide, regional, and international exhibitions; • Enter into cooperation agreement with local and international markets • Assist with the development of information communication technologies • Identify and overcome bottlenecks/challenges of enterprises engaged in import substitution or export production, • Create awareness and engage with the public as well as provide support; to enable them to establish their own enterprises • Assist with training, research and development, finance, manufacturing equipment's, technology, consultancy services, working premises and infrastructure, market networking, establish and operationalize one stop service centres for enterprises and other similar supports based on gaps and growth level; • Design and implement ways in which enterprises are interconnected and linked with large manufacturing enterprises, other institutions and companies in terms of inputs, market and technology; • Facilitates industrial extension services that enable the development and productivity of SMEs competitiveness; • Facilitate regional and private sector to exhibit separately and jointly; provide support for SMEs to participate in local and international exhibitions. 	<ul style="list-style-type: none"> • Minimal efforts to increase staff motivation levels and Structure of SME support institutions at all level • Limits in university-industry linkages and higher education institutions • There exists a gap in planning, proper evaluation of a results-oriented system and reporting system. • Lack of cooperation of SME sector development councils, • SME sector's info management and organization system is not supported by modern technology; • Failure to implement various problem-solving studies; • Lack timely and demand-based procurement; • Problem in resource supply <ul style="list-style-type: none"> ✓ Outdated and unproductive machinery ✓ Insufficient information and communication technology ✓ Lack of reliable data at regions & city admin ✓ Gaps in technology support ✓ Unable to establish a system of alternative financial sources for Enterprises; • Lack of support for SMEs to protect the environment • Poor performance in facilitating quality standards to be established and certificates of competence. Poor inter SME and larger firm linkages are inadiquet
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The weaknesses and applicable responses required are outlined below.

Weaknesses	Applicable Responses Required
<ul style="list-style-type: none"> • Understaffing relative to population size which is required to be served. • Lack of digital delivery channels • Poor implementation of critical programmes • Lack of disaster recovery plan/system • Inadequate value proposition • EED's failure to position itself as an Ecosystem Facilitator (Failure to leverage on the mandate) 	<ul style="list-style-type: none"> • Determine adequate ratios of position to population size to ensure adequate service delivery in terms of EED's mandate. • Recruit additional staff and resource them appropriately. • Procure external BDS services to ensure functional systems including: <ul style="list-style-type: none"> ✓ E-services Portal (including digitised EED tools);

Weaknesses	Applicable Responses Required
<ul style="list-style-type: none"> • Loss of talented staff / failure to retain or attract top talent – no continuity • Bureaucratic, cumbersome, rigid policies and procedures • Inconsistency in the roll-out of Programmes and Services 	<ul style="list-style-type: none"> ✓ EED App/Web based application that is mobile friendly and zero-rating website; ✓ E-learning system; ✓ Stakeholder portal that is web based. • Have a dedicated and resourced Project management office. • A defined Organisation Project management policy & Framework • Dedicated Project management tool (i.e. MS Project) • Implement an effective Disaster Recovery Plan as a Service • Develop appropriate value proposition for the different segments of stakeholders • Implement stakeholder engagement strategy • Review talent management strategy and ensure relevance and validity for current and future required landscape. • Ensure effective job enrichment practices, succession planning practices and effective organisation structures that can promote employee progression • Establish an internal team that can seek to streamline and bring efficiency to processes and policies. • Piloting of new programmes prior to the roll-out • Ensure adequate capacity and skills to support R&D office

The threats and applicable responses required for roadmap implementation, are outlined below.

Threats	Applicable Responses Required
<ul style="list-style-type: none"> • Other institutions assume EED's mandated role, leading to irrelevance. • Lack of affordable infrastructure for clients to access digital services due exorbitant data costs • Other organisations use innovation to outcompete with EED and offer more effective services. • Blurred departments' roles and responsibility whereby some departments implement certain programmes with no coordination • Negative perception about Government and its SME agencies • Introduction of new unrealistic targets by the planning commission with limited resources • Perception that EED does not perform its tasks efficiently and effectively • Lack of work culture and discipline based on productivity • Loss of systems (failure of disaster recovery plan/system) • Reputational Risk (Lack of development partners support to enable the support and sustain SMEs) 	<ul style="list-style-type: none"> • EED should emerge as an ecosystem facilitator as opposed to be a competitor through continuous engagements with stakeholders and forming partnerships with regional development partners. • Benchmark, ensure adequate investment and resourcing for R&D throughout EED as institution. • Ensure that roles between EED and Mol are clearly delineated to reduce duplication, eliminate confusion and conflict. • There must be an internal coordination mechanisms between departments and unit • Joint Marketing and PR campaigns with local and regional development partners to cement relationships and align resources. This should be supported by quick turnaround on service delivery • Adequate planning, resources, and piloting of programs before implementation to minimise failure rates and wasting of resources • Marketing and PR campaigns – need constant communication of EEDs successes • Develop proper value proposition to get buy in from ecosystem and development partners. • Implement technological solutions to ensure effective capturing of ecosystem participants.

1.7 Key Stakeholders analysis in Manufacturing SME Development

The Ministry of Industry (MoI), Ministry of Innovation and Technology (MInT), Ministry of Trade and Regional Integration (MoTRI), Ministry of Labour and Skills (MoLS) and the Manufacturing Industry Development Institute (MIDI) have been identified as key role players for SME development. Federal and Regional Institutions have a direct and indirect influence on the SME development.

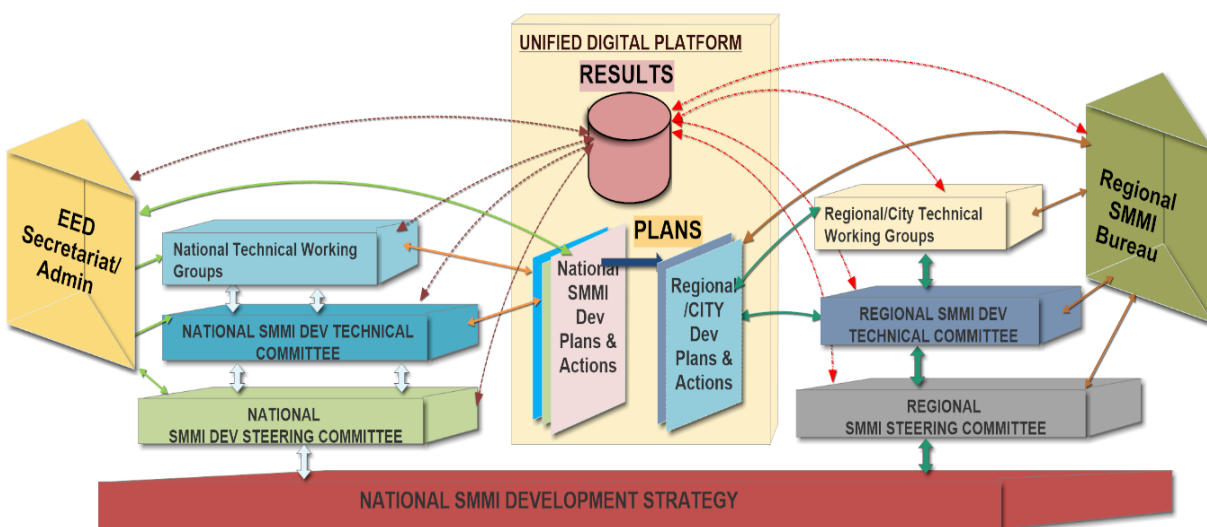
Annex I provides an overview of key stakeholders.

The Challenge

Apart from the above parties, EED works with a plethora of national and regional stakeholders in both the public and private sectors, and also with development partners in the initiatives to develop the SME sector. Various policies, strategies and reforms have been implemented to create favourable conditions for the sector to grow but the sector generally has not been able to achieve much in producing new products, increasing production capacities and employment creation. While there are many factors that hinder the growth and effectiveness of the manufacturing sector, there is consensus that weak **coordination** among the key stakeholders is a key inhibiting factor.

Multi-stakeholder coordination is a challenging task complicated by diverse actors’ different business cultures, priorities, strategies, goals, plans and incentives. This calls for an elaborate coordination mechanism across all actors from the Small and Medium Manufacturing Industry (SMMI) interventions strategic planning, to implementation up to results collection. There is currently no active SMMI development coordination framework other than loose EED liaisons with the Regional Bureaus

For this purpose, a coordination framework to strengthen the role of EED in coordinating the various stakeholders in SMMI development has been proposed under PSD-E Output 1, Workstream 5; “Coordination Mechanism, Planning and Operational Guidelines for the Ethiopia Enterprise SMMI Development”. It seeks to solve the observed EED coordination challenges through establishing a single point of reference and database of all SMMI development interventions, activities, and results. It is also proposing a results framework to assist Mol and EED in monitoring progress and collecting results of agreed support activities, and sharing timely and quality information, for strategic decision-making in the sector. It proposes the replication of the national coordination structures in the regions, and a shared planning and results framework with the federal structures. The diagram below summarises the proposed multilevel and multi-stakeholder coordination architecture.



Ethiopia Enterprise Development Coordination Mechanism Architecture

Federal National Development Steering Committee

A Federal /National SMMI Development Steering Committee is proposed as the apex policy and strategic development body for SMMI development. The National Steering Committee is to be supported by a national SMMI Development Technical Committee to propose the national SMMI development interventions and implementation plans. The Technical Committee is supported by ad-hoc Technical Working Groups that implement particular interventions. The EED is proposed as the driver and administrator of the national coordination mechanism. The national coordination structures are replicated in the regions, zones and woredas, driven and administered by the Regional Bureaus, with the regional interventions and plans aligned with the national plans and interventions. A unified digital platform is proposed to collate the national development plans and results with those from the regions or cities on a single digital framework and data repository.

Annex 2 summarises the proposed main features and functions of the National SMMI Development Steering Committee. It is therefore supposed to bring together central and regional government actors, as well as the Private Sector in joint strategic efforts to address the SMMI development problems and spur sector growth.

National Technical Committee

A National Technical Committee (NTC) will be set up by the National SMMI Development Steering Committee to provide high level technical and professional support in realizing the SMMI development vision and objectives as set out by the National SMMI Development Steering Committee. Its role is to provide technical guidance and to enhance the coordination and technical content of interventions at programmatic, policy and strategic level. The National Technical Committee shall design and implement specific SMMI development interventions and deal with specific challenges in the defined thematic areas. They have an experts' role over the SMMI development activities and monitoring progress towards targeted thematic outcomes.

The Technical Committees (each Region would have its own Technical Committee) may form Technical Working Groups (TWGs) to focus on the ground implementation of a particular SMMI development intervention if necessary. Where appropriate, an EED team can work as an ad-hoc National Technical Working Group. The Regional or City/Zonal/Woreda Technical Working Groups are also created on a task basis by their respective technical committees. The regional or city coordinating institutions can also structure internal teams temporarily to work as a TWG on a specific implementation or to tackle a specific challenge faced by the manufacturing sector on the ground. The overall functions and responsibilities of the National Technical Committee is as follows:

1. Design Intervention initiatives to provide support, monitor activities, collect results, evaluate, and share information on the performances of small and medium manufacturing industries through the Regional/City SMMI development secretary, and report results to the NSC.
2. Design Detailed Implementation Actions Plans (DIAPs) for the activities under their purview

3. Design technical support towards the manufacturing sector in terms of inputs supply, improve productivity and product quality.
4. Device Support to create a favourable environment to increase the competitiveness, market linkage and negotiation capacity of small and medium manufacturing.
5. Monitor and support micro, small and medium manufacturing industries.
6. Device coordinated support to solve the motivation and skill gaps identified in the SMMI sector through training.
7. Support institutions, managers, and professionals engaged in the development of small and medium manufacturing industry to get international and national experiences and skills through training and technology transfer.
8. Coordinate with Infrastructure stakeholders to provide reliable telecom, water, and electricity and road services for micro, small and medium manufacturing industries production, display, and sales cluster/centres.
9. Monitor and support SMMIs to get updated market information and promote and benefit from the participation in national and international trade fairs and bazaars.
10. Device appropriate support to financial institutions which provide capital equipment financing and working capital loan procedures efficient and effective and ensure youth and women are benefited.
11. Submit the quarterly report to the Steering Committee.

Regional/ Zonal/ Woreda SMMI Development Steering committees

The Regional/ Zonal/ Woreda SMMI Development Steering committees and technical committee's structures, functions and membership will replicate the national steering and technical committees. Each regional, zonal and Woreda level can, however, modify framework and content to suit their situation and priorities in terms of composition and functions. The regional, Zones and Woreda plans and activities should be aligned to the national ones as far as possible to enable national progress measurements.

EED Secretariat and Coordination Role

The EED has the extra responsibility of providing the coordination secretariat to implement this coordination mechanism. The EED interfaces directly with the Steering Committee and Technical Committee in arranging and manging meetings, collecting and consolidation results, building and sharing reports. The EED secretariat also interfaces directly with the secretary placed in relevant bureau of the Regions/Cities. The proposed secretariat and administration roles and responsibilities of the EED in the Coordination Mechanism are outlined below.

1. Acting as secretariat to provide technical and administrative support to the SCTC and Regional/City SMMI development secretary.
2. Manage meetings, meeting records, meeting decisions and action logs using Standard Operating Procedures.
3. Ensuring national buy-in, collaboration and full ownership of the SMMI Development activities by all stakeholders.

4. Promoting cooperation, learning and synergies within and between the national SMMI Development Steering Committee, Technical Committee and Regional/City SMMI development secretary.
5. Leading in the coordination of the implementation of national and regional cross-cluster interventions and dialogues.
6. Designing and implementing the monitoring, evaluation and results reporting frameworks to facilitate evidence-based reporting and ensuring timely sharing and dissemination of key information.
7. Producing an annual calendar for all SMMI Development Steering Committee and technical Committee scheduled meetings and events.
8. Leading in the development and implementation and use of the Digital Coordination Mechanism Platform.

1.8 Relevant manufacturing SME Legislative and Policy Mandates

The legal framework and policy mandate are analysed and attached as **Annex 3**, which provides a synopsis of relevant SME legislative and policy mandates.

1.9 PESTEL Analysis

The development of the Manufacturing SME manufacturing roadmap requires an analysis of the external and internal environment, or PESTEL analysis to provide an overview of factors that impact decision making, with an indication how the roadmap implementing agency has to respond. The PESTEL analysis is outlined under **Annex 4**.

1.10 Benchmarking for Best Practices

Benchmarking is the process of identifying the highest standards of excellence for products, services, or processes, and then making the improvements necessary to reach those standards, which are commonly called “best practices”. Benchmarking allows an organization to identify and implement “best practices” and develop improvement plans. Based on an International Labour Organisation (ILO) study analysis, the following good practices were identified.

- The setup of a dedicated SME promotion agency, proves more efficient than spreading resources over various support organizations.
- Some agencies use an indirect approach to administer programs i.e. they implement programs whilst contracting third parties to provide the services.
- The inclusion of stakeholders and public- and private sector parties has improved legitimacy and relevance of development agencies.
- A stable funding mechanism is key to ensuring the long-term effectiveness of any SME development agency.
- It is important for an SME development agency to become a learning institution and adapt interventions to new SME needs.
- High-level professionals with long-term business experience improve the quality of products and services provided.

- The existence of a large variety of basket of offerings and programs can lead to the inefficient and ineffective use of available resources.
- SME development requires a crosscutting strategy that touches upon many areas (e.g. ability of governments to implement sound macroeconomic policies, capability of stakeholders to develop conducive microeconomic business environments, *inter alia*, through simplified legal and regulatory frameworks, good governance, abundant and accessible finance, suitable infrastructure, supportive education, sufficiently healthy and flexibly skilled labour as well as capable public and private institutions, and the ability of SMEs to implement competitive operating practices and business strategies).

The following Japanese best practice and approach followed after World War 2, are also examples of best practices applied for SME development

Example of Japan good practices support to SMEs

Japan has the highest number of SMEs among developed countries accounting for 99.7% of overall enterprises and 70% of employment. After World War 2, the Japanese economy was rebuilding, and SMEs faced numerous challenges e.g.: Lack of investment opportunities and access to credit; poor corporate governance and managerial skills; severe difficulty in accessing markets; limited technology and production capability; and labour challenges including limited knowledge, technical capacity, and low wage levels. By introducing a variety of policies, Japan provided a range of support for SMEs, with a special focus on the manufacturing sector: (i) access to finance, (ii) BDS and managerial capacities, (iii) access to technology and (iv) development of cooperatives and clusters.

Access to finance- Japan has built an important financial support to SMEs, including the development of Public Credit Guarantee Schemes and the establishment of multiple financial institutions that focus on SMEs financing (Shoko Chukin Bank, National Life Finance Corporation (no longer existent), and the Japan Finance Corporation). These institutions served SMEs through special loan requirements and innovative products. One example of innovative products is the Marukei (Managerial Improvement Loan), which are loans designed to financially assist firms to improve their managerial capacities and their levels of productivity. The Marukei loans are free-collateral loans free, on basis of recommendation from employers' organisations, and require receiving management counselling of employers' associations for at least 6 months (the employers' associations receive subsidies from government as an incentive). The Japanese government has also put in place a funding programme for research and development to SMEs working on developing innovative technologies.

1.11 Assumptions

In developing the SME manufacturing roadmap, the following assumptions apply:

- Economic, social, and political participation take place without discrimination (ethnic, religious, demographic, and gender);
- Current social, economic, and political conditions continue, unless the road map needs some adjustment based on the conditions;
- Private sector's leadership in the economy is encouraged;

- A focus shift to production quality and competitive agro-processing and textile products for export and domestic markets and utilization of locally available inputs, value chains, linkages, and interdependencies;
- Improved linkages between large scale industries, job creation, cluster approaches and expanding small and medium scale manufacturing, the private sector participation and partnership will continue as the government focusses on key areas of the ten-year SME roadmap plan.

1.12 Rationale for the Manufacturing SME Roadmap

1.12.1 Concepts

In the last decade, Ethiopia has invested in the development of industrial parks and export-oriented light manufacturing. Evidence indicates that manufacturing is the main engine of structural transformation and sustained growth for developing countries. Considering this, Ethiopia has developed an industrial policy and invested in the construction of industrial parks, with a model of “plug and play” for foreign investors. This strategy has provided some encouraging results in terms of attracting FDI and improvement in exports. However, Ethiopia’s manufacturing sector is still far from being an engine of economic transformation, as it contributes just under 6.9% of GDP and its share in employment remains very low.

To expand the base of the manufacturing industries contribution, the Ethiopian SMME road map must be developed and implemented. Road map is a visual way to quickly communicate a plan or strategy which can smooth the alignment, improve strategic organization and centralize collaboration- It is one of the most effective tools for giving the bird's-eye view of what is happening at a company. It is a tactical plan for what institutions & partners will do to reach KPIs; when they will arrive, informed by the vision and strategy.

The Roadmap is a document defining the current state of an entity and the planned targets and indicators, which shows strategic processes of determining the actions, steps, and resources needed to take the initiative from vision to reality.

1.12.2 Rationale

The role of SMME road map development is to provide strategic directions for sustainable development by identifying strategic objectives, goals, and targets so that proper leadership and institutions are built to manage development in the long-term perspective. This means that the roadmap, indicating the objectives and strategic directions that are time bound, and would enable the country’s SMMEs to maintain sustainable growth and achieve a base for industry transformation, as well as attaining equitable distribution of wealth.

The SMME roadmap is a holistic intervention to solve the SMMEs challenges and provides implementation strategies. This roadmap aims to foster the business environment and conditions necessary to create 2 million jobs, generating 61 million USD export earnings and 980 SMMEs

transitioned by 2030. The roadmap has been developed through important consultations with relevant stakeholders from the public and private sectors.

The SMMEs roadmap development preparation has emphasised the proper identification of the linkages between key stakeholders that recognize the high interdependence and interconnectedness of the various productive sectors, particularly, modern agriculture and manufacturing through input-output linkages. Similarly, human resources and technology, which are decisive factors for ensuring productivity, have been planned in a similar approach so that the coordination would enhance the development of the SME manufacturing sector. Moreover, the road map has taken into consideration the need to strengthen the SMEs sector, increase foreign currency earnings and import substitution.

The existence of strong institutions that link the execution of the SME road map at the various levels of administration is very important for achieving a successful development outcome. In addition, creating the necessary capacities and providing adequate resources for government bodies that are responsible for leading the road map implementation at the regional and sub-regional levels will have a positive impact on the success of road map. Low implementation capacity of institutions, lack of good governance, inconsistent monitoring and evaluation; absence of clear responsibility has been identified as the major indicators of institutional weaknesses.

Having taken these gaps into consideration, the SME roadmap is based on the identification of SME constraints as a departure point for the roadmap development. The role of the roadmap is to provide strategic direction for competitive and sustainable SME manufacturing development by identifying strategic objectives, goals, and targets so that proper leadership and institutions are built, to enable SMEs to maintain sustainable development by 2030. For Ethiopia to grow its manufacturing sector contribution from the current 6.9% to 17.2% of GDP, the country must focus on improving product diversification which is realised through industrialisation. For this purpose, the roadmap is developed to realise SMME growth targets over the next 7 years to 2030 by having the following vision, mission, and strategic objectives.

Vision

Maximize the contribution of the small and medium manufacturing sector to the country's economy.

Mission

Create a favourable environment for the small and medium manufacturing sector, build the capacity of role players, develop infrastructure, enhance coordination and cooperation with stakeholders and provide a comprehensive support package to expand, strengthen and enhance the competitiveness of the SME sector.

Value Proposition

The value proposition revolves around:

- Competent, skilled, and experienced SME service providers and expertise;
- Development and role players cooperation and coordination;
- Comprehensive basket of SME development support and services;
- Access to production and related facilities.

Mandate Objectives

Key mandate objectives are to:

- Ensure the expansion and strengthening of enterprises and support the efforts to ensure fair distribution of wealth and resources; establish the base for large enterprises and in so doing expedite the structural transformation from agriculture led economy to industrialization.
- Enable enterprises to be effective and competitive through developing and administering infrastructures needed to strengthen and expand enterprises.

1.13 Strategic Objectives

To have a successful SME road map in Ethiopia, there is a justified Strategic objective which must be linked to the 25 indicators (MOV), that is indicated in the Gantt chart. Below are the main strategic objectives.

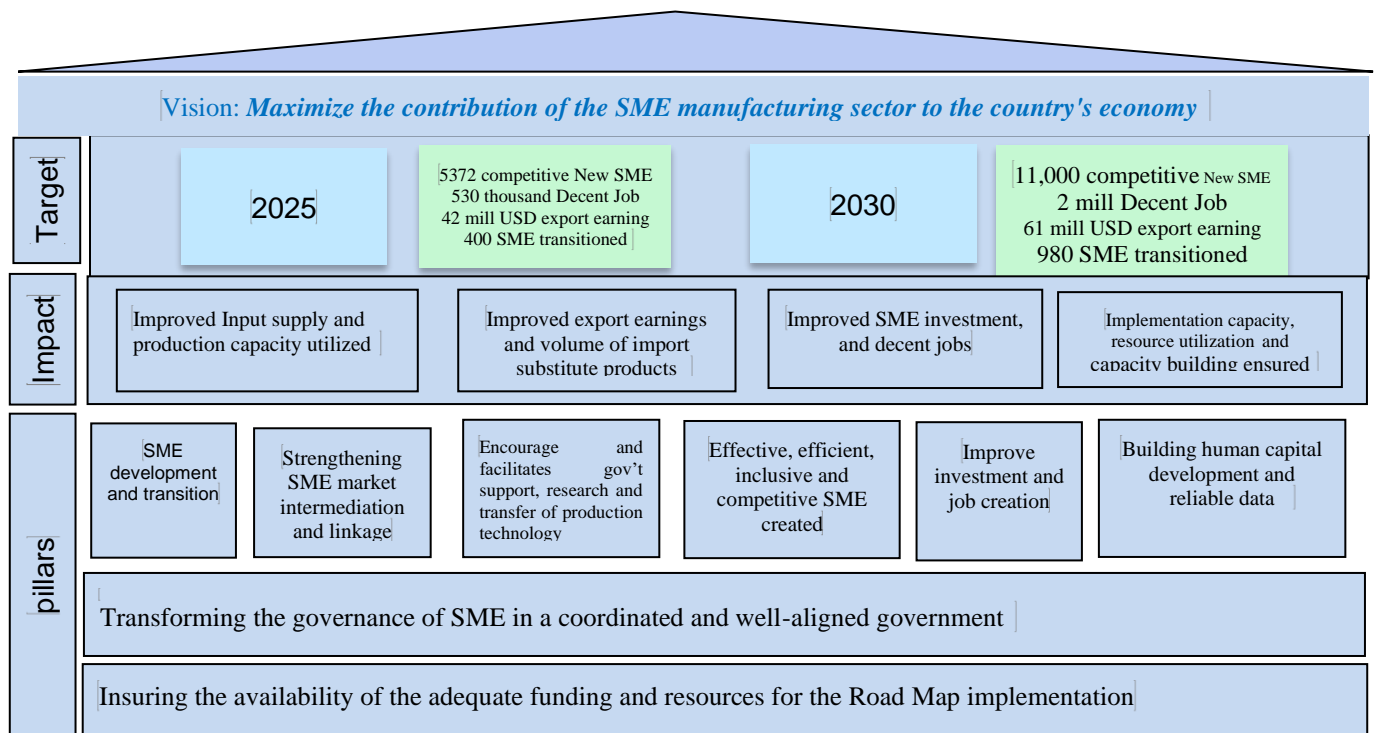
The SME Road map is structured around 6 main strategic objectives:

- Enhancing institutional implementation capacity, resource utilization and service delivery
- Improve input supply and production capacity utilization of the manufacturing industry
- Improve export earnings and import substitute products volume of manufacturing industry
- Improve investment and job creation in manufacturing industry
- Developing human capital to meet the changing needs of SME sector skills demand, improving entrepreneurial mind sets, and building more effective linkages between SME and market and industries
- Improving the efficiency of manufacturing industry research, innovation, and the transfer of production technology development and
 - high-potential and high-growth manufacturing and agro-processing SMEs, and improving the quality of business development services;
 - Strengthening SME market intermediation and information system to reduce the asymmetry of information on SME product market;
 - In the industry sector, especially in manufacturing and agro-processing, focusing on building effective backward and forward linkages, encouraging an innovative and diversified local production, and building a more demand-driven SME product;
 - Using ICT as an enabler of the SME sector transition to an inclusive digital economy.

The SME Road map also includes cross-cutting strategic objectives:

- Transforming the governance of SMEs in coordinated and well-aligned government structures, in order to ensure coherence and alignment within government;
- Ensuring availability of adequate funding/resources for SME road map implementation.

The SME Road map vision, main targets, and intervention pillars



1.14 Methodology for Developing Manufacturing SME Roadmap

The SME Roadmap development methodology, entailed a documentary review, interviews, focus group discussions, workshops, virtual meetings, field visits to SMEs and OSSC. It also entailed a best practice analysis for lessons learned and benchmarking.

Documentary analysis: The road map development includes information and data obtained from secondary sources; different relevant policies, strategies, and programs of national and international documents were identified, reviewed and used accordingly.

Interviews: Interviews were conducted with selected leaders and stakeholders including MoI, Chambers of Commerce, Sector Associations, Private Sector, Sectoral Association Leaders, Business Sector Associations, Kaizen Centre, PICE and EED, experienced experts and professionals from National Bank of Ethiopia as well as SME operators, access to finance leaders, and other relevant stakeholders. A list of institutions and individuals consulted during the roadmap development is attached as Annex 5.

Focus Group Discussion: A focus group discussion was held with selected participants of different SME operators who has strategic influence and important contributions to make for the development of the road map. It was used as a primary data collection method about the current business environment and status of SMEs. The participants in the focus group discussions include owners from the following sectors: agro-processing, textile and garment, leather, and leather products, etc.

Workshops: Workshops were organized by EED personnel in cooperation with the GIZ team to get feedback from the private sectors, sector Associations, Development Bank and related stakeholders. The comments and feedback obtained during these workshops enriched the development of the road map. A total of six workshops was conducted; three with EED management, two with private sector representatives and one with regional Development Bureaus with the objective of informing, collecting valuable inputs and obtaining feedback.

Observations from site visits: Valuable information was collected through observations made during site visits to SME factories, a visit to a OSSC as well as visits to two selected regional offices e.g., Addis Ababa City Administration and Oromia Regional State OSSC department. The visits enabled the consultants to obtain insight for the SME road map development.

Lessons learned from international best practices: The Roadmap incorporates Institutional best practices to accelerate SME development, based on reviewing of other countries' best practice experiences and lessons learnt to draw important lessons and adapt to the SME roadmap.

A steering committee was established in EED to liaise with departmental directors, gather information and lead the roadmap information gathering process in EED. The draft layout of the roadmap report was presented and discussed with the TL and KEs for their inputs, which in turn was shared with GIZ before validation with stakeholders.

Reference documents were studied including the Home-Grown Reform Agenda; GTP 1 and 2; the draft SME Strategy, 10-year Development Plan and the Industrial Development Strategic Plan.

2 KPI'S AND OBJECTIVES

Based on the current SME reality and the situation review outlined in Section 1, the next section outlines strategic objectives and key performance indicators (KPIs) for 2023/24 to 2030. The situation review provides confirmation of SME manufacturing challenges and constraints. Achieving the KPIs and objectives, are the driving force to guide the implementation plan strategies and interventions. While EED is entrusted with the responsibility of implementing the SME manufacturing roadmap, there is consensus that it cannot do it alone. Its development partners, both private and public sector, needs to play an equally important role in implementation to achieve SME roadmap KPIs and objectives.

2.1 Strategies for Manufacturing SME Roadmap Objectives

The following are the strategic SME manufacturing roadmap objectives.

Enhancing institutional implementation capacity, resource utilization and service delivery practices

- Improvement of planning, monitoring & evaluation and statistical data management entailing:
 - Preparation of timely and quality plan and report document
 - Establishing a monitoring & evaluation system
 - Organize the information management of the sector with the support of technology

- Improving human resource development and management practices and effectiveness through:
 - Implementing transparent manpower deployment
 - Increase the type of training provided to management, employees, stakeholders, and manufacturing industries.
 - Increasing the number of leadership, employees, stakeholders, and manufacturing enterprises training
 - Establishing internal incentive system
 - Encourage employee and increase their satisfaction to reduce turnover

- Increasing the efficiency and effectiveness of financial and property management through:
 - Efficient utilization of allocated financial budget resources (share)
 - Minimize audit findings
 - Increasing the share of government electronic payments
 - Increasing the share of government electronic procurement
 - Improving customer satisfaction by providing basic services efficiently
 - Reducing asset management and maintenance costs

- Improving the effectiveness of information, communication and technology systems and services through:
 - Organize a database
 - Implement paperless system in the institution
 - Automate the services provided by the institution
 - Increasing the level of customer satisfaction

- Increasing the efficiency and effectiveness of partnerships and public relations entailing:
 - Domestic partnership support for institutional capacity building
 - Foreign partnership support for institutional capacity building
 - Making information accessible through various communication channels

- Provide support and monitoring to regions by
 - Aligning the regional plan with the plan of EED
 - Evaluate SME development performance every quarter
 - Provide capacity building support to regions

- Strengthening the follow-up of ethics and anti-corruption activities through:
 - Corrections made to suggested malpractices
 - Provide improvement procedures that are prone to malpractice identified by studies
 - Increasing the share of higher officials and experts who have conducted wealth registration

- Improving women's social participation and benefits through:
 - Increasing the number of female workers using childcare services
 - Increasing the number of female employees who came to leadership
 - Increasing the share of female SME operators and trained female workers
 - Create conducive working environment for disabled employees

- Promoting community service and social responsibility through:
 - Carrying out greenery activities/planting seedlings
 - Building housing for disadvantaged communities
 - Support students of poor families
 - Support for various social crises
 - Blood donation (proportion of number of employees)
 - Supporting children who have lost their parents

Improve Input supply and production capacity utilization of the manufacturing industry,

Improving input supply to manufacturing industries through Increase input supply for textile and clothing industries, leather products and shoe industries agro-processing industries construction materials, chemical, jewellery and mining industries and metal and wood engineering industries

- Improving power supply for manufacturing industries (see above) through:

- Improving access to finance for manufacturing industries by:
 - Increasing the availability of operational loan for small and medium industries
 - Increasing the availability of lease finance for small and medium industries
- Improving average capacity utilization of manufacturing industries (see above)

Improve export and import substitute product volume & revenues of manufacturing industry

- Increase the volume of export products (see above)
- Increase Revenue from export products (see above)

- Introduce new products of manufacturing industries into exports market (sectors: see above)

Improve investment and job creation in SME manufacturing industry

- Attract investment in Manufacturing Industry through:
 - Increase the investment of domestic investors
 - Increase the investment capital of local investors
 - Increase medium enterprise productivity by solving their problems
 - Increase Small enterprise productivity by solving their problems
 - Reducing the production time taken by medium industries
 - Reducing the production time taken by small industries

- Improve the growth and connectivity of small and medium manufacturing industries through:
 - Established new small and medium industries
 - Newly established small enterprise
 - Newly established medium enterprises
 - Encourage the transition and linkage of small and medium enterprises
 - Enterprise transitioned from small to medium
 - Enterprise transitioned from medium to large
 - Creating resource link between industries
 - Resources provided by small and medium enterprise linkage
 - Resources provided by medium and large industries linkage

- Improving industrial extension services coverage for small and medium manufacturing industries through:
 - Enhance industrial extension services for manufacturing industries
 - Small industries that received industrial extension services
 - Medium industries that received industrial extension services

- Improve job creation in the manufacturing industry
 - Job opportunities created by local investors in medium industries
 - Job opportunity created by small industries by local investors

Improve the efficiency of the manufacturing industry research and transfer of production technology development

- Improving problem solving Research in Manufacturing Industry
 - Conduct Problem-solving studies
 - Practical Research activities
- Improving the capacity of production and technology transfer of the manufacturing industry
 - Imitated/copied and improved production technologies
 - Technology product transferred to the user.

2.2 Summary of SME Roadmap Key Performance Indicators and means of verification 2023 – 2030

The following table summarizes SME manufacturing roadmap means of verification for KPIs (Due to the years lapsed; the KPIs are listed for the period 2023 to 2030. The Blue columns for 2021 and 2022 are base year figures).

Description of activities	Time table										
	Description	2021	2022	2023/2024	2025	2026	2027	2028	2029	2030	Total
				July 2015- 2016 E.C	2017	2018	2019	2020	2021	2022	
Newly established SMMEs	Small	2,458	2,826	3,738	4,298	4,942	5,684	6,567	7,517	8,645	41,391
	Medium	614	706	934	1074	1236	1421	1604	1879	2161	10,309
	Total Small and Medium	3,072	3,532	4,672	5,372	6,178	7,105	8,171	9,396	10,806	51,700
Strengthening of SMME Industries	Small	4,327	4,685	5,224	5,519	6,023	6,322	6,634	6,971	7,317	44,010
	Medium	1,400	1,493	1,727	1,820	2,017	2,122	2,224	2,326	2,453	14,689
	Total SME	5,727	6,178	6,951	7,339	8,040	8,444	8,858	9,297	9,770	58,699
Job created for Citizens	Small	24,580	28,260	37,380	42,980	49,420	56,840	65,670	75,170	86,450	413,910
	Medium	24,560	28,240	37,360	42,960	49,440	56,840	64,160	75,160	86,440	412,360
	Job created by newly established enterprise	49,140	56,500	74,740	85,940	98,860	113,680	129,830	150,330	172,890	826,270
	Small	52,463	54,469	60,065	63,093	66,245	69,550	72,971	76,675	80,494	489,093
	Medium	38,547	40,581	46,738	49,324	52,470	55,175	57,822	60,475	63,774	385,778
	Jobs created by strengthened SMME industries	91,010	95,050	106,803	112,417	118,715	124,725	130,793	137,150	144,268	874,871
	Total jobs created by newly established and strengthened enterprise	140,150	151,550	181,543	198,357	217,575	238,405	260,623	287,480	317,158	1,701,141
Manufacturing SME transition	Small to Medium	228	253	332	385	451	531	632	759	926	4,016
	medium to higher industries	16	16	20	22	26	32	38	46	54	238
	Total	244	269	352	407	477	563	670	805	980	4,254
Capacity building-training		23,806	20,967	21,879	22,167	21,267	21,509	22,048	22,344	22,661	153,875
	copied technology	109	130	173	194	215	216	216	216	217	1,447

Technology copying and transfer	Transferred technologies	83	99	131	147	162	163	163	163	164	1,093
	produced Product prototype	10	10	11	12	12	13	13	14	14	89
	Transferred product prototype	10	10	11	12	12	13	13	14	14	89
Capital goods financing in mill ETB		1,525	1,550	1,650	1,700	1,750	1,800	1,800	1,800	1,800	12,300
Capital goods benefited industries	Small	1,105	1,093	1,109	1,113	1,116	1,120	1,120	1,120	1,120	7,818
	medium	330	327	331	332	334	335	335	335	335	2,337
	Total benefited Industries	1,435	1,420	1,440	1,445	1,450	1,455	1,455	1,455	1,455	10,155
Operational and Administrative loan	loan in mill birr	1,601	1,620	1,705	1,745	1,790	1,820	1,855	1,885	1,920	12,720
	Small	1,176	1,196	1,258	1,288	1,320	1,343	1,369	1,392	1,417	9,387
	Medium	353	357	376	385	395	401	409	415	423	2,804
	Total benefited Industries	1,529	1,553	1,634	1,673	1,715	1,744	1,778	1,807	1,840	12,191
Benefited SMMEs in Industry extension service	Small	2,972	3,248	3,932	4,352	4,835	5,392	6,032	6,767	7,613	38,923
	Medium	743	812	983	1088	1209	1348	1508	1692	1903	9,731
	Total benefited Industries	3,715	4,060	4,915	5,440	6,044	6,740	7,540	8,459	9,516	48,654
SME raw material linkage with themselves and with higher industry	Small	490	587	685	881	978	1,076	1,272	1,467	1,663	8,022
	Medium	99	118	137	176	196	215	254	294	333	1,605
	Total benefited Industries	589	705	822	1,057	1,174	1,291	1,526	1,761	1,996	9,627
Domestic market	market linkage in mill ETB	1,216	1,277	1,503	1,653	1,835	2,056	2,323	2,648	3,045	15,063
	Small	2,970	3,118	3,671	4,038	4,482	5,020	5,673	6,467	7,437	36,788
	Medium	743	780	918	1,010	1,121	1,255	1,418	1,617	1,859	9,198
	Total benefited Industries	3,713	3,898	4,589	5,048	5,603	6,275	7,091	8,084	9,296	45,986
Export/international market	sales in dollars in million	28.00	32.00	37.00	42.00	47.00	56.00	60.00	65.00	61.00	368
	supplied product in mill kg	17.00	18	20	21	22	23	24	25	27	162
	Small	104	105	120	134	149	179	194	209	194	1,179
	Medium	30	51	59	66	74	88	96	103	96	582
	Total benefited Industries	134	156	179	200	223	267	290	312	290	1,761
Establishment of sectoral association			2	3	2	1	2	2	2	2	14
Encouraging Cross-cutting issues	Benefited women	37%	39%	43%	45%	47%	49%	52%	54%	57%	3
	Benefited Youth	51%	52%	55%	58%	62%	66%	70%	74%	78%	5
	Benefited disabled people	1%	1%	1%	2%	2%	2%	2%	2%	2%	

Awareness created in environmental issues		15,123	22,550	27,063	28,358	31,457	35,695	40,687	46,587	53,501	263,348
Instilment of information technology procedures		7	1	1	1	1	1	1	1	1	7

2.3 Graphic illustration of key KPIs for 2023/24

The graphs below illustrate KPI examples for the number of new SMEs to be established per sector; the number of jobs to be created per sector for SMEs and the number of small and medium enterprises that will benefit from clusters centres for 2023/24.

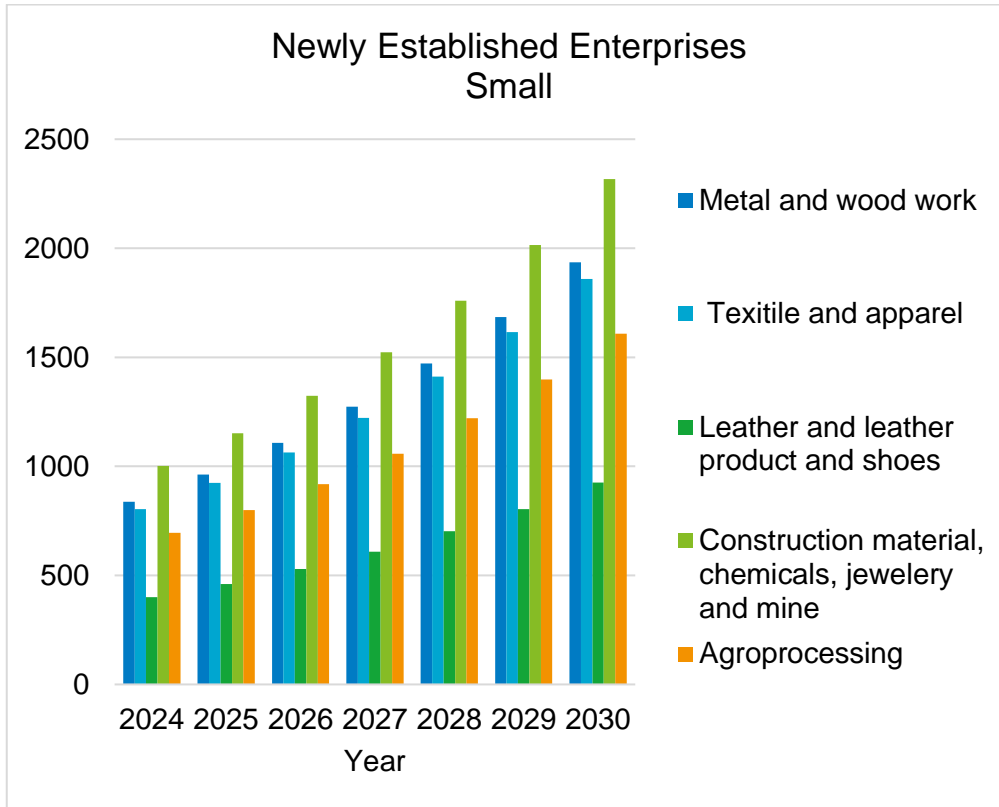


Figure 1: Newly established small enterprises

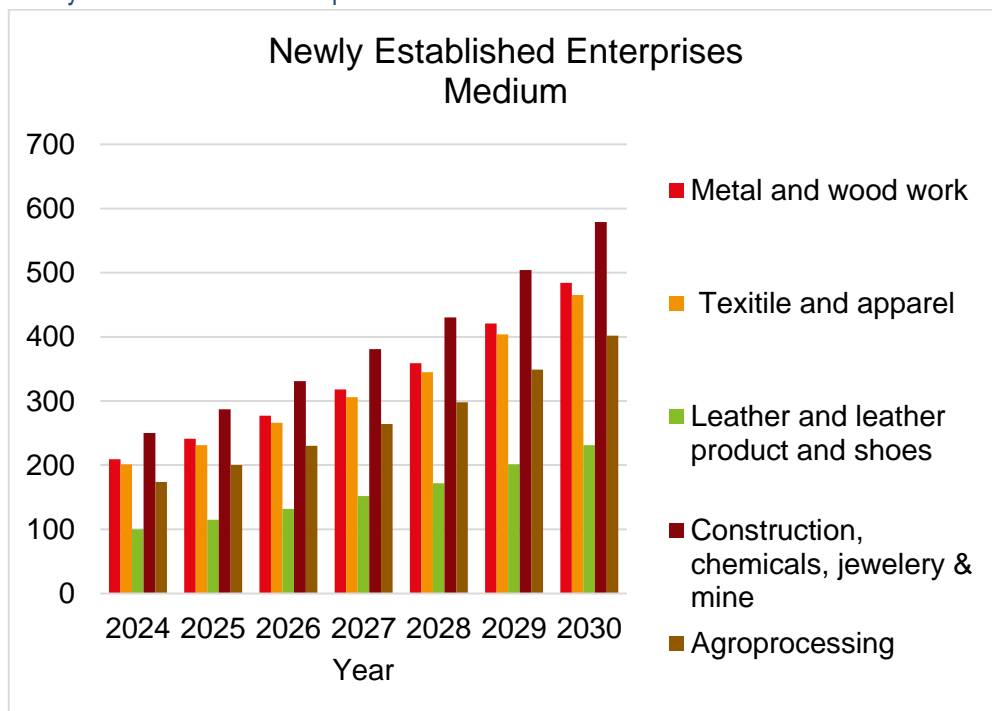


Figure 2: Newly established medium enterprises

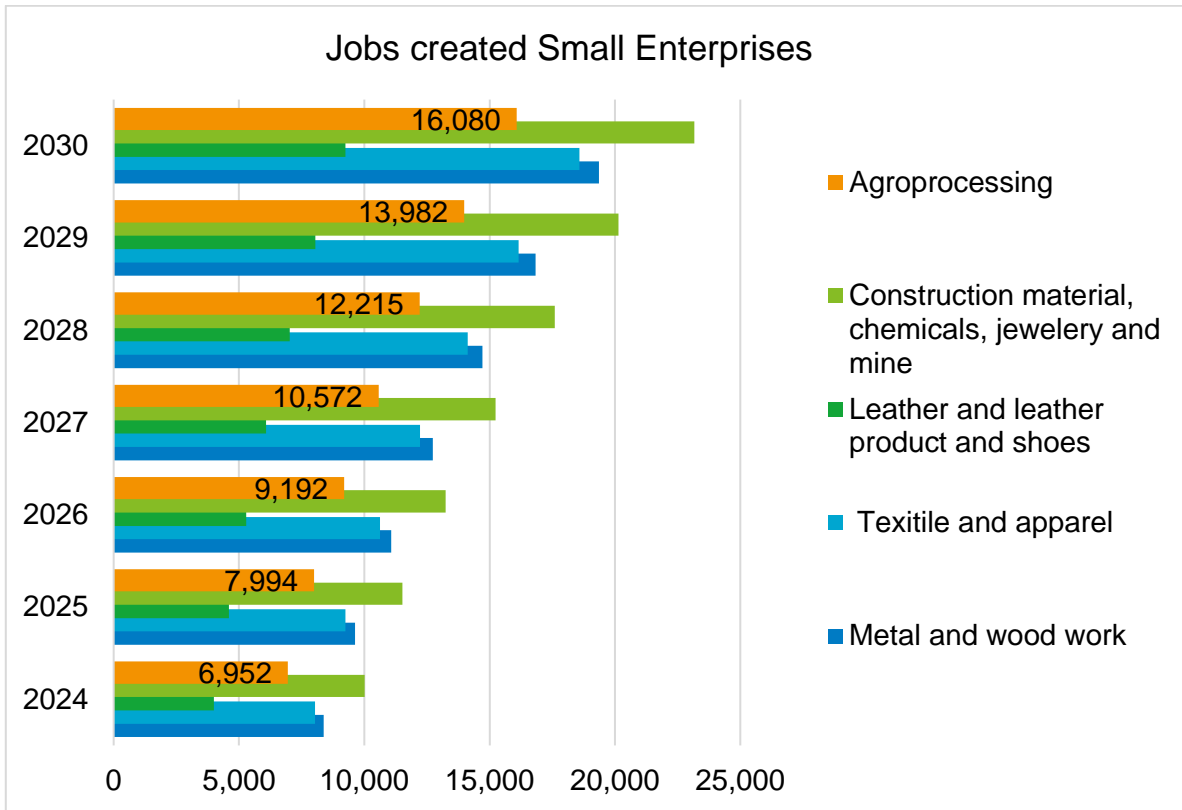


Figure 3: Jobs created Small Enterprises

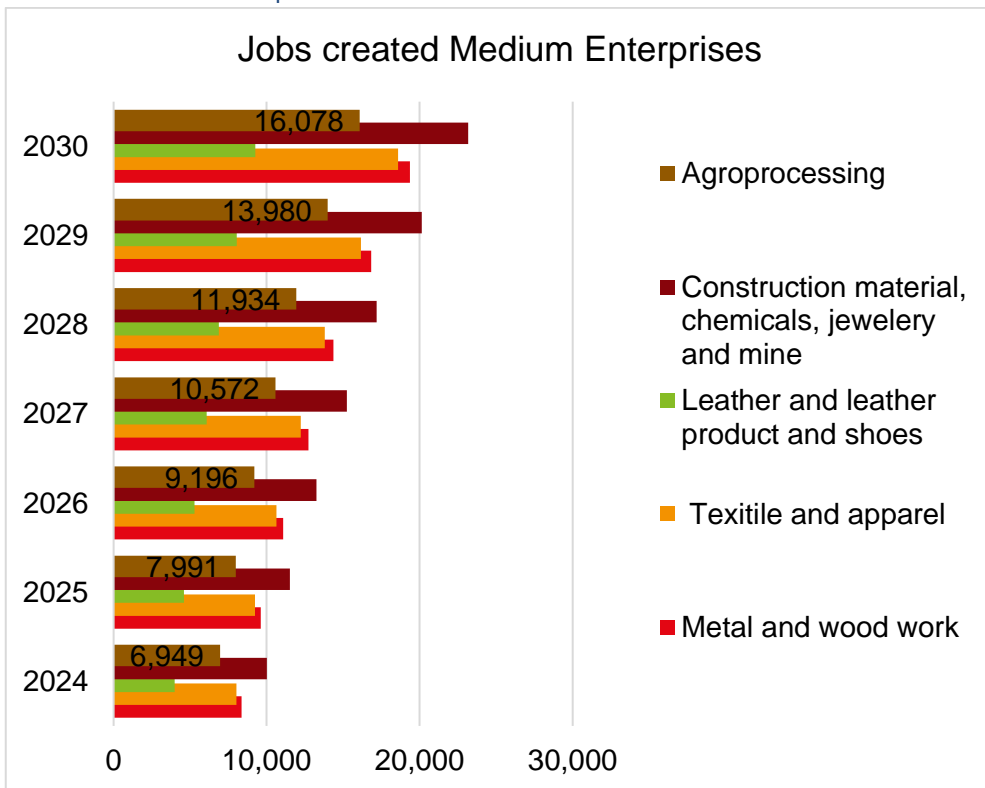


Figure 4: Jobs created Medium Enterprises

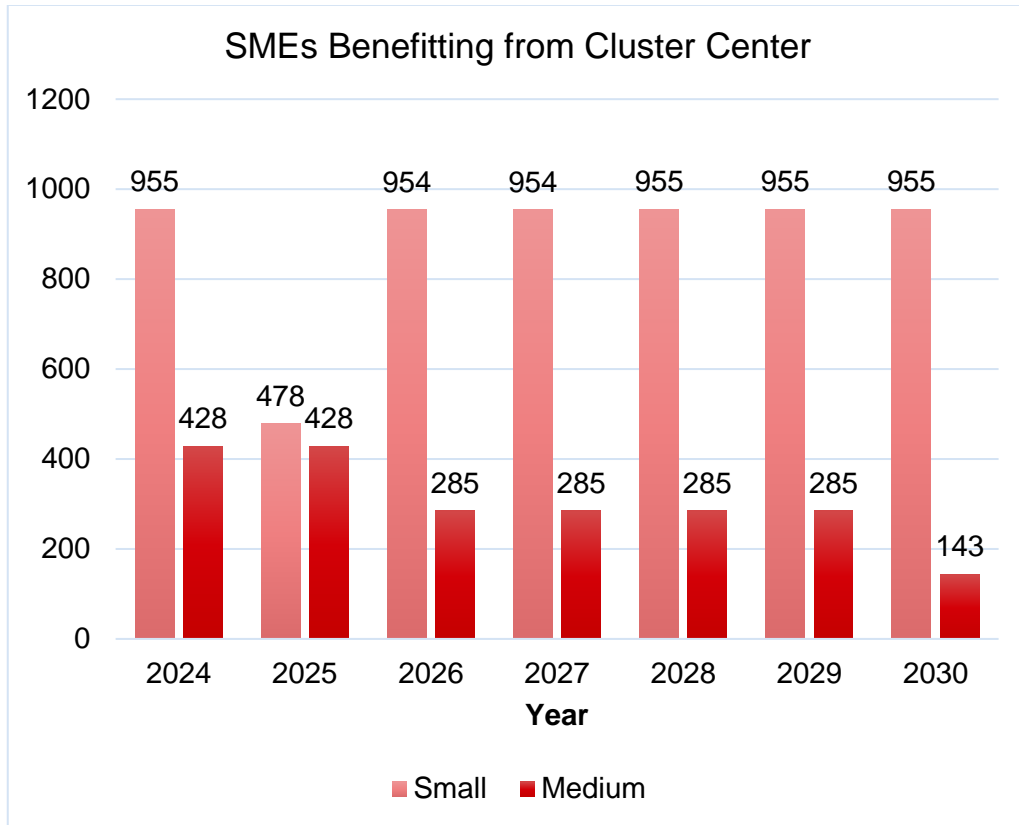


Figure 5: SMEs Benefitting from Cluster Centre

3 SME ROADMAP INTERVENTION PLAN

The Ethiopian Manufacturing SME development roadmap implementation requires crosscutting strategies that touches upon many areas (e.g. ability of government to implement sound macroeconomic policies, capability of stakeholders to develop conducive microeconomic business environments, inter alia, through simplified legal and regulatory frameworks, good governance, abundant and accessible finance, suitable infrastructure, supportive education, sufficiently healthy and flexibly skilled labour as well as capable public and private institutions, and the ability of SMEs to implement competitive operating practices and business strategies). The SME development roadmap must be integrated in the broader national development strategy and/or poverty reduction and growth strategy of transition in Ethiopia.

The roadmap implementation plan outlines strategies and interventions to be undertaken to ensure that objectives and KPIs are achieved. Demand driven /SME needs based services will be prioritised based on each target market segment. Stakeholder and development partner coordination and alignment, will form the cornerstone of the SME development implementation strategy to ensure collective efforts in contributing to SME manufacturing development.

Dialogue and partnerships between the stakeholders (public sector, private sector and civil society) will foster ownership of implementation strategies and interventions, which will engender them more implementable (by better addressing SME needs), making them politically credible, and sustainable. It is accepted that EED cannot drive the roadmap to success on its own and that it has to be with the assistance of the development partners and other stakeholders.

The Council of Ministers has mandated EED to perform and facilitate support functions for SMEs. Regional and City Bureaus of Trade and Industry (R&CBTIS) support EEDs mandate through service delivery to SMEs. As it stands, the major function of EED is to capacitate and support regional BTIs. RB&CTIs have structures that extends to Regions/ Cities, Zones, Woredas and Kebele levels and it is at this level where the main impact on SME development can be made.

Stakeholders understand that relevant needs-based SME development programmes are needed to enhance the capabilities of the broader SME sector to be adequately resourced. For the implementation institution to sufficiently respond to critical interventions required, the roadmap implementation processes, resource utilisation and the operating environment, need to be substantially improved. This will be achieved by addressing the following:

- Awareness creation, Monitoring and reviewing implementation of the Ethiopian manufacturing SME development and growth roadmap;
- Upgrading and expanding the basket of offerings to better address SME needs;
- Improving employee engagement, productivity, and performance management;
- Enhancing a culture of innovation, professionalism, discipline, and productivity;
- Elevating and improving stakeholder collaboration and cooperation; and
- Acquiring and allocating the necessary resources to optimize impact.

3.1 Context and challenges

The lack of coordination within the government is one of the oldest and most frequently stated problems in government-driven agendas around the world, especially in middle and low-income countries. In Ethiopia, this is further amplified by the state federalist structure. Multiple scholars have tried to assess the impact of the absence of policy coordination on economic development, and extensive evidence shows a negative impact of lack of coordination on achieving economic objectives, including SME development. Moreover, the government structures, at the federal and regional level, lack the capacity to implement policies and to deliver effective and customer-oriented public services.

There are fragmented platforms and structures to coordinate different Regions, Ministries, Agencies, donors and Stakeholders engaged in the SME development agenda. Efforts are disjointed and operating sub-optimally, and the level of accountability, monitoring, and follow-up on each potential manufacturing SME sector is relatively weak. This is notably caused by the lack of national target setting and coordination and poor performance management. In addition, the lack of unified and harmonized planning, reporting, monitoring, and evaluation mechanisms on SME complicates the governance challenge.

The governance and coordination of the manufacturing SME development agenda are currently led by key role player government institutions, which created numerous difficulties including lack of accountability, coordination, accurate data collection, and efficient resource mobilization and utilization, hindering the government's efforts to create the enabling environment for SME support. The few existing platforms are fully public and do not include the private sector and development partners, which are instrumental in the manufacturing SME development. Hence, it is critical to creating well-functioning governance and coordination structures/platforms that translate the manufacturing SME governance of the country.

The complex and constantly evolving manufacturing SME ecosystem needs effective governance and reporting mechanisms to deliver policies and ensure their relevance, coherence, and impact. The implementation of the Ethiopian SME Road Map requires good governance and coordination platforms that support the SME development, notably by ensuring functional and efficient structures at the federal and regional levels. Continuous monitoring and evaluation of the capacity building activities' relevance and alignment with the needs of local and regional structures will also be essential to ensure efficient basket of offering service delivery.

Hence, needs-based SME development programmes can go a long way towards enhancing the capabilities of the broader SME sector, which needs to be adequately resourced. The roadmap implementation needs processes and resource utilisation as well as the operating environment to be substantially improved by focusing on the following:

- Monitoring and reviewing implementation of the SME roadmap,
- Upgrading the basket of offerings based on SME needs,
- Enhancing a culture of innovation and productivity, and
- Allocating resources to areas where EED will derive the most impact.

3.1.1 Strategies and Interventions

Strategy 1: Elevating stakeholder's Commitment , cooperation and accountability;

The development of manufacturing SMEs requires a strong coordination platform at all administration levels of government, and implementing a scorecard and dashboard for monitoring progress, resulting in accountability for the agenda. In order to do so, the following interventions are required.

Intervention 1.1: Build effective institutional arrangements. The structure of manufacturing SME governance should be vertically integrated and interlinked with structures across regional and federal levels.

- ✓ **Conduct Micro-planning sessions at the federal and regional levels.** Microplanning sessions involve rigorous consultations with regional SME facilitator and enablers to define, how many 'SME' will be established and strengthened; How many jobs will be created, responsible organs' at Woreda, Zonal, Regional and Federal level, and Capacity building of regional SME organs to ensure woreda-level cascading;
- ✓ **Conduct Supportive-supervision visits** intended to identify implementation bottlenecks and provide on the ground support to solve problems, conducted implementation every quarter;
- ✓ **Design and populate manufacturing SME Performance Dashboard:** The dashboard will be the main tool used to monitor the implementation of the road map and to ensure that objectives are met.
- ✓ **Conduct independent evaluations.** The evaluations are intended to assess the level of accuracy in SME development performance reports by regional bodies and city administrations. This is expected to be done twice a year at selected zonal and woreda offices and build into the planning process for the following year;
- ✓ **Capability Building of implementors:** Building and improving the capacity of key implementors of the Road Map at the federal and regional levels.

Intervention 1.2: Coordinate efforts of support providing institutions, that assist with training, R&D, finance, manufacturing equipment, technology, consultancy service, working premises, infrastructure, inputs, market networking, based on the gap and SME growth level; key role players coordination platforms for government institutions have been placed and operational to govern and coordinate the manufacturing SME.

- ✓ **Establish a Steering Committee for manufacturing SMEs.** The newly established/aligned Steering Committee for manufacturing SMEs, is to be chaired by the Director General of EED, who leads the coordination platform for SME development. Members of the committee include the Ministry of Industry, Ministry of Labour and skill, Ministry of Innovation and Technology, Ethiopian Investment Commission, priority sector CEOs, lease company and at all regional level concerned institution will be the member. This Committee meets every two months to continuously monitor and evaluate the progress of the SME development.

These coordination mechanisms are complemented by other coordination platforms with private sector actors and development partners, notably:

- (A) An **Advisory Group** for implementing agencies and donors: The advisory group includes representatives of senior business leaders, research institutions, think tanks, development partners, as well as lead representatives from priority sectors. The advisory group will meet quarterly to guide on best practices and provide support to fast-track implementation.
- (B) **Sectoral Alliances** that create a multi-stakeholder platform to bring together private sector actors and supporting organizations on sectoral issues: The platform will be facilitated through a set of regular forums held quarterly and supported by the Implementation institution (EED).

Intervention 1.3: Build institutional capacity The SME roadmap requires extensive institutional collaboration for resource alignment both at federal and regional levels. The policy changes require extensive and important capacity building activities to ensure an aligned and effective implementation, as well as a quality delivery of public services across the country. Building regional capacity building and effective coordination mechanisms require the following key activities:

- (1) Establish a coordination platform that feeds into aligned plan and review process; and
 - (2) Build vertical and horizontal alignment of role player primary stakeholders (ministries, agencies, regions to kebele levels) on sectoral prioritization and SME targets.
- **Build technical capacities at federal and regional levels through:**
 - (1) Provide technical skills development needed for SME development;
 - (2) Develop skills to monitor and evaluate sectoral and regional performance with the use of score cards, and
 - (3) Provide opportunities to learn about global experiences.
 - **Build awareness creation for non-manufacturing SMEs.**

3.2 Facilitating Access to Finance and Investment

3.2.1 Context and challenges

SMEs face a high cost of doing business and lack of access to market, lack of network across value chain actors, and a generally restrictive/burdensome regulatory environment. This adds to the tenuousness of their business models and their riskiness as borrowers, especially since they typically lack traditional forms of collateral. Without credit guarantee schemes, banks and MFIs prefer not to loan to them. The loans that might be available are often too short-term to meet their needs and too expensive to service. In terms of SMEs' access to finance, the unavailability of credit is a major limiting factor to growth SMEs represent the missing middle. SMEs' finance in Ethiopia relies almost exclusively on collateral-based funding provided by the banking sector and equity investments from the social network.

Less than one-third of SMEs (between 5 and 99 employees) acquire bank loans at all. SMEs are much more likely to be rejected for loans and less likely to have a loan, line of credit, or overdraft facility, than are larger businesses. SMEs are also more likely to avoid loan applications all together due to high collateral requirements. A World Bank study indicates the existence of a 'missing middle' - small firms actually face more capital constraints than microenterprises, left mainly unserved in the crack between commercial banks and microfinance institutions. According to the same study, the share of SME loans to the overall lending portfolio in Ethiopia is only 7%, which is very low compared to other developing countries (16%). Moreover, compared to other booming emerging markets in Africa, such as Kenya and Ghana, private equity and capital markets are practically non-existent in Ethiopia.

Banks in Ethiopia are wary of lending to SMEs due to low repayment rates, and currently offer no specific financial products that target the needs and of SMEs. Banks face several challenges in lending to SMEs. Lenders in Ethiopia have inadequate liquidity and must contend with an asymmetry of information: SMEs tend to lack a track record (due to poor financial records and unpredictable cash flows) that would help a potential lender to assess their creditworthiness. Furthermore, many SME leaders have poor financial and management skills and lack of expertise in producing financial statements. The cost of lending is high (due to expensive customer acquisition, costly distribution networks, and small transaction sizes), and lenders must tolerate higher levels of risk due to the poor credit information system.

Ethiopia's lenders' lack of business models adapted to SMEs, and more broadly lack an "SME finance culture." The business models of financial institutions are mostly inadequate to serve SMEs. Lenders lack dedicated and specialized SME units or departments within their organizational structures, and loan appraisal techniques are still mostly based on traditional relationship lending rather than on transactional technologies, such as credit scoring.

In order to reduce the asymmetry of information between supply and demand of finance, the National Bank of Ethiopia (NBE) has been implementing a credit reference bureau, however, the bureau's ability to facilitate extension of credit to underserved segments, such as SMEs, remains constrained. In addition, Micro-finance institutions are unable/unwilling to provide large loans to SMEs due to the NBE requirement of MFI's maintaining 95% repayment rates.

As outlined under best practices, it is noteworthy that Japan has built an important financial support to SMEs, including the development of Public Credit Guarantee Schemes and the establishment of multiple financial institutions that focus on SMEs financing (Shoko Chukin Bank, National Life Finance Corporation (no longer existent), and the Japan Finance Corporation). These institutions served SMEs through special loan requirements and innovative products.

3.2.2 Strategies and interventions

Against the above context and challenges, the government support to SMEs needs to integrate all the aspects necessary for their growth and expansion, from the policy framework to the access to finance, developing managerial and technical skills, developing effective market linkages, and improving the doing business environment. Broad based strategies and interventions for the purpose of addressing the manufacturing SME challenges, are as follows.

Expanding access to finance for small and medium enterprises through support to financial institutions and supporting enterprises interested in accessing investment opportunities and projects. It will also work with private capital partners to support creative blended finance opportunities and solutions, e.g., moveable asset financing, etc. Banks should provide certain percentage of loans to manufacturing SMEs

Strategy 1: Enhance government support to incentivize SME growth and self-reliance through the following interventions:

Intervention 1.1: Prioritize support to high growth SMEs rather than survivalist enterprises, notably through the promotion of competitiveness;

Intervention 1.2: Include all the priority sectors in the support framework (basket of offerings) and have a flexible list of targeted SMEs;

Intervention 1.3: Shift from a “mass support modality” supply driven approach, to specific support-need based modality, in a consensual partnership approach;

Intervention 1.4: Strengthen the role of families and communities in enterprise formation;

Strategy 2: Facilitate Access to Finance and Investment through following interventions.

Intervention 2.1: Implement a partial public credit guarantee (PCG) scheme thereby reducing collateral requirements;

Intervention 2.2: Collaborate with capital market companies to diversify sources of capital goods financing for SMEs and provide financial services to SMEs through the use of innovative tools;

Intervention 2.3: Provide adequate financial products for SMEs that are export-oriented, including introduction of SMME loan windows and support establishment of an MSME bank

Intervention 2.4: Encourage SME investment in high-potential import-substitution and export- led activities and sectors

Intervention 2.5: Support the development of innovative financial products for SME, i.e. angel funding, crowd funding, venture capital etc...

Intervention 2.6: Improve access to forex for raw material imports

Strategy 3: Improve local value chains and market linkages through horizontal and vertical integration through:

Intervention 3.1: Establish sectoral clusters for SMEs and encourage networking and horizontal collaboration, notably through incentives to collaborate with business

Intervention 3.2: Promote domestic vertical and horizontal market linkages with industrial parks including in foreign investors,

Intervention 3.3: Promote SME raw material linkage with themselves and with higher industry

Intervention 3.4: Establish sectoral association for SMEs and encourage their collaboration

Intervention 3.5: promote Manufacturing SME transition from Small to Medium and from medium to large industry

Strategy 4: Improve the competitiveness and access to technology for SMEs through:

Intervention 4.1: Providing funding for innovation, as part of the SME grants for innovative entrepreneurs, and to encourage R&D within promising enterprises;

Intervention 4.2: Promote access to markets for SMEs, including through public procurement opportunities and international bids;

Intervention 4.3: Provide research-based incentives in collaboration with concerned bodies for high-growth SMEs to increase their competitiveness;

Intervention 4.4: Promote technology copying, diffusion and collaboration between sectoral research institutes and SMEs, notably by providing analytical and technical consultations;

Intervention 4.5: Assist SMEs gain innovative technical skills by connecting them with external knowledge sources such as universities and research institutes;

3.3 Develop human capital & Improve employee engagement and productivity as performance measurement

3.3.1 Context and challenges

Skills development policies and strategies are central to Ethiopia's growth and transformation vision of becoming a low middle-income economy by 2025. The Ethiopian government has made strides on accelerating economic growth on the journey towards the country's renaissance. To this end, the National Capacity Building Program and the Growth and Transformative plans, built on past experiences and challenges, gave special attention to the potential of TVTs, colleges, universities, and research institutions to produce a trained workforce responsive to the demands of the growing economy. While the primary role of higher education institutions is ensuring the quality and relevance of knowledge transfer, TVT institutions have been reoriented to focus on supporting small and medium-scale enterprises through training, business development counselling, and capacitating technology transfer.

Well-qualified and productive human capital is one of the most critical factors for sustainable economic growth. Evidence shows that investment in developing human capital in Ethiopia would stabilize economic growth. Hence, prioritizing resources that enhance human capital is a vital strategy to initiate long-term growth performance. Addressing problems of inadequacy in the training system, resolving the needs of the labour market, producing a well-qualified labour force, and reducing bottlenecks in accessing information would enhance employability, promote employment, and create jobs

3.3.2 Strategies and interventions

Informal learning has the highest potential to equip the unemployed, out-of-school, illiterate, marginally employed (i.e., the self-employed, under-employed, and unpaid-workers), and SME entrepreneurs acquire the right skills. What Ethiopia has learned from international evidence is that incentivizing the industry and business sectors to engage and invest in skills development has shifted outlooks to value and prioritize digital, entrepreneurship and soft skills, and experiential learning, over traditional content-led knowledge factory. Non-traditional skill competencies in communication, ability to handle conflicts, intercultural competency; understanding value chains; customer orientation, interdisciplinary teamwork,

to name a few, are desirable for employment and creating jobs. Additionally, skill competencies in adaptability to new situations, thinking in systems, handling complexity, analytical thinking, creativity, forward-thinking, and thinking in scenarios have flooded course selections and requirements for middle to high skill workers and entrepreneurs.

Hence, breaking down the silo mentality and practices of public and private stakeholders and building networks to collaboratively drive skills development through the identification of skill gaps; definition of qualification requirements and provision of on-the-job training hold the promise to train a competent workforce that can contribute to the social and economic development. The following strategies need to be implemented.

Strategy 1: Provide capacity building training

A primary objective should be to build a labour force to be effective and efficient in-service delivery with an entrepreneurial mind set, by providing training with concerned body for SMME supporting public institutions as follows:

Intervention 1.1: In cooperation with concerned body, provide training for manufacturing SME supporting public institutions and manufacturing SMEs;

Intervention 1.2: Implement flexible skilling (re-skilling and up-skilling) scheme to certify the sectors experts with adequate managerial skills, coaches and trainers of SMME business management;

Intervention 1.3: Provide training on Kaizen and productivity for SMMEs and stakeholders.

Intervention 1.4: Introduce Industry extension services for SMEs, and encourage Business Development Service Providers.

Intervention 1.5: Provide awareness creation training on cross-cutting like gender and environmental issues, for example.

Intervention 1.6: provide marketing and digital marketing capacity building training

Strategy 2: Improve the quality of business development services (BDS) through:

Intervention 2.1: Provide demand-driven skill development support and BDS, notably by incentivizing the private sector actors to provide support to high-growth small and medium enterprises and encouraging take-up from SMEs;

Intervention 2.2: Develop certification programs for business consultants to guarantee the development of high-quality and effective BDS;

Intervention 2.3: Enhance the skill of regional public sector employees to provide adequate BDS to SMMEs located in areas where private sector cannot reach

Intervention 2.4: Introduce social media platforms like webinar, telegram, to broaden and deepen the reach of BDS to a wider SMMEs.

Intervention 2.5: Conduct quarterly progress follow-up programmes

3.4 SME development and transition

Strategy 1: Promote SME transition by supporting establishing new enterprises and strengthening the existing ones

Intervention 1: Support and facilitate the establishment of new SME

Intervention 2: Work in cooperation with stakeholders to strengthening existing SMEs.

Intervention 3: Develop and implement a manufacturing SME transition strategy

3.5 Strengthening market linkage

Increase market access and exports by providing SMEs with intelligence, market development support and logistics to integrate into the global supply chain.

Strategy 1: Improving local value chains and market linkages through horizontal and vertical integration

Intervention 1.1: Establish sectoral clusters for MSMEs and encourage networking and horizontal collaboration, notably through incentives to collaborate with business and employers' associations

Intervention 1.2: Promote domestic linkages with foreign investors, including in industrial parks

Intervention 1.3: Encourage local production of machine and equipment fabrication through provision of targeted incentives.

Intervention 1.4: Provide especial consideration for manufacturing SMEs by public procurement (i.e. hospitals, schools, factories and etc)

Intervention 1.4: Promote SMMEs to use digital marketing like, Tele birr under marketing

3.6 Job creation for citizens

Strategy 1: Attracting local and foreign development projects for SME sectors

Intervention 1.1: Facilitates linkage in investment strategy to attract FDIs in SMEs sector

Intervention 1.2: Encourage private sector investment in development projects through Public-Private-Partnership (PPPs) schemes

Intervention 1.3: Start to provide entrepreneurship skill training to start-up manufacturing SMEs

Strategy 2: Improving the implementation rate of investment projects to maximize job creation

Intervention 2.1: Develop an effective strategy for investors working with SME

3.7 Improving the Inclusiveness of Cross-cutting issues

Several population groups are facing structural challenges in entering operations and fully developing their economic potential. Women and youth, in particular, face structural challenges when entering the SME arena and tend to have more issues in accessing inputs and finance.

A huge proportion of those employed, are working as self-employed, which tends to correlate with low levels of skills, and lack of formal job opportunities. Even if, self-employment workers demonstrate an expression of an entrepreneurial mind set, evidence suggests that self-employment in Ethiopia tends to be the last resort rather than a choice.

Graduate unemployment is an economic and human capital loss, as it implies that investment in training graduates, does not yield a proportional return, and may create the potential ground for social and political unrest. On the other hand, youths systematically face higher

barriers to entering the SME sector than their adult peers and are more likely to hold low-quality jobs, especially in rural areas. Moreover, women tend to systematically have a lower chance of participation ratios in the SME sector than their male peers and to be more represented in vulnerable employment.

Strategy 1: Providing specific support to improve youth employment

Intervention 1.1: Develop community-based and outreach programs, to target youth in collaboration with community-based organizations and social service providers to establish SMEs in priority sectors by:

Providing targeted basic skills training (literacy and numeracy) to youth

Intervention 1.2: Encourage youth and women to establish their own enterprises by:

- Providing soft, and technical skills training with certification;
- Providing basket of services offering for SME owners, including improving access to finance;
- Supporting women in SME establishment, including improving access to finance.

Intervention 1.3: Implement affirmative actions for people with disabilities, including work-place convenience.

Strategy 2: Promoting women's economic empowerment

Intervention 2.1: Encourage women entrepreneurs to strengthened their enterprises, by developing adequate mechanisms for access to finance.

Intervention 2.2: Enhancing women's access to training on micro-finance products - Encouraging off-farm and non-farm activities, notably through supporting rural enterprise development in select off-farm activities - Developing comprehensive community-based life skills training, including on gender training issues.

Intervention 2.3: Expand village and community-based economic empowerment and livelihood programs for women, notably by providing inputs, skill training, access to market, and aggregation of services (for example, handicraft programs).

3.8 Implementation Roadmap

The timelines for implementation of the SME manufacturing roadmap is outlined below.

Activity/Intervention	2023/24	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 24	Feb	Mar	Apr	May	June	2024	2025
Roadmap validation		█	█																
Launch SME Roadmap						█													
Set up regional coordination S/Com												█							
Increase manpower resources																	+95	+43	+10
Do quarterly KPI milestone reviews									█				█				█		
Review implementation strategies								█						█				█	█
Set up implement advice committee											█								
Monthly Implementation meetings						█	█	█	█	█	█	█	█	█	█	█	█		
Stakeholder coordination meetings						█			█		█		█		█				
Launch upgrade basket of offerings												█							
Develop internal HR Skills								█				█			█				
Set up SME cluster centre																		█	
Review progress on a SME Bank																			█
Upgrade Incubator machinery/tech																			█
Stakeholder progress workshops									█					█				█	█
Report / feedback sessions to Mol												█						█	█
Review SME skills requirements																	█		█
Annual report Council of Minsters																		█	█

3.9 Critical Success Factors and Necessary Conditions

Critical success factors and necessary conditions required to effectively implement the road map and ensure the achievement of targets and objectives, are outlined below.

Key Success Factors	Necessary Conditions
Alignment of internal resources	Committed employees to achieve goals Overarching goal to work as team
Alignment of external resources	Commitment from federal, regional and all other levels to cooperate towards common goal Stakeholder collaboration
Budget allocation to regional development agencies	Sufficient budget to do regular and ongoing training for SMEs Modern office equipment and computers
Competencies, skills and experience of EED employees	Trained and competent workforce to perform duties
Competencies, skills and experience of regional employees involved in SME development	Trained and competent workforce to perform duties at regional level
Basket of SME development services and products	Quality and content of training programs and manuals backed by quality of trainers
Monitoring and reporting system	Regular monitoring and reporting on results achievers and task deadlines performed
High level of productivity	Level of efficiency and effectiveness in performing tasks Measuring performance

3.10 Revised Basket of SME Service Offerings

Additional products/services are necessary to adequately meet the needs of manufacturing SME's and existing services, products and programs also need to be upgraded. The revised and upgraded basket of service offerings envisaged by EED, are outlined below.

Revised Basket of offerings to be Introduced
Enable SMEs to register with authorities through a simple and inexpensive online, digital system
Lobby for bankruptcy legislation not to impose unduly high penalties on the entrepreneur or SME
Exporting or importing SMEs enabled to interact with a streamlined customs administration that is efficient, simple and transparent
Produce certified trainers
Modern workshops & certified employees to build prototypes of new technology & sample products

Machine layout design, machine installation and commissioning
Create integration of national data base of local products and technologies
Establish national incubation centre as department at EED for end-to-end incubation program. To be based on new entrepreneurial business ideas, by organizing selected job seekers to reach out at self-driven enterprise
Establish a technology station at EED, for large and complex high technology assembling. This is to provide opportunities to majority national SMEs in manufacturing of selected components of a proposed technology. Project should be proposed by government officials and evaluated if SMEs capability improved. To be administered by EED
Establish Centre of Excellence Training Colleges and Universities for SME and facilitate SME bank
Organize SMEs in order that they can easily set up and join membership organizations

3.11 Branding and Positioning of EED (as implementation body)

Brand positioning refers to the unique value that a brand presents to its customer. Brand positioning is required from EED to differentiate itself from other agencies. Differentiation will help EED increase brand awareness and communicating its value proposition. Brand positioning creates clarity around who EED serves, which is important in the context of the SME roadmap implementation. It also explains to EEDs target audience why they are the best agency for them and what sets their products and services apart. The 3 main goals of branding EED are to influence development partners and SMEs associations and feelings about the EED brand, to create a distinct identity and to build loyalty over time. This is especially necessary in view of the recent name changes and non-awareness of EED.

3.12 Revised SME Service Offerings Review

Conducting accurate upfront diagnostic assessments are key to SME development to address their real needs. For this purpose, a variety of diagnostic tools can be developed and used. Introducing a business plan competition can stimulate entrepreneurship and mould new enterprises. The competition typically entails inviting SMEs to enter the competition and then selecting finalists. The winning funds must be used for technology improvement and/or business purposes. Implementing 3 and 6-month coaching and mentoring programs are important to develop the business skills and competencies of SMEs. Other business development services to be considered include introducing an Export orientation course, turnaround strategies to assist SMEs in distress, conduct feasibility and diligence studies, marketing and sales management training as well as E-commerce and social media marketing training.

3.13 Workforce Requirements for SME Roadmap Implementation

Based on the size of the existing workforce and the interventions to be implemented, the manpower resource increases for EED, are outlined below.

Year	Current no of employees	Approved according to new structure	2023/24	2024/25	2025/26
Totals	267	414			
New employees to be employed			95	43	10

3.14 Revised Basket of SME Offerings and Implementation Plan

Table 1: New basket of offering implementation timetable for 2023/24

New products & services	Jul	Aug	Sep	Oct	Nov	Dec	Jan
Export Market Orientation course							
Sales management							
Market orientation							
Diagnostic tools							
Business Plan Competition							
Produce certified trainers							
Establish modern workshops & certified employees to build prototypes of new technology & sample products							
Machine layout design, machine installation and commissioning							
Create national data base of local products and technologies							
Establish national incubation centre as department at EED for end-to-end incubation program.							
Establish technology station at EED, for large & complex high technology assembling. administered by EED.							
Establish Centre of Excellence Training Colleges and Universities for SME							
Organize SMEs in order that they can easily set up and join membership organizations							

4 MONITORING AND EVALUATION

A sound Monitoring and Evaluation Framework is essential so that all executing parties are on the same page, applying the same methodology and using the same set of benchmarks. It provides assessment of effectiveness of the various interventions against performance indicators and desired outcomes. It also ensures ownership, accountability and coherence among public and private stakeholders. A shared vision and understanding of the KPIs and desired outcomes should underpin the M&E Framework. It is of utmost importance to ward off the risk of different stakeholders using different yardsticks for the same intervention, something that can wreck the entire implementation process.

The implementation team is aware that the control and implementation phase of the SME roadmap is critically important to ensure that the 7-year SME development objectives and KPIs are achieved. Monthly implementation meetings will be conducted to review progress and record results, while KPIs will be recorded quarterly to ensure it is used as a practical monitoring tool. The monitoring, evaluation and reporting system will ensure ongoing review of targets and implementation interventions and strategies.

M&E will firstly entail monitoring of **activities** and secondly the recording of actual results against targets.

Control of activities – monitor completion dates monthly by responsible persons or reset

Control of KPIs – quarterly recording of actual results against KPI targets on a 'Scoreboard'

For effective control and implementation, the following monitoring activities will take place:

- Monthly implementation and "Scoreboard" meetings on 1st Monday of every month
- Quarterly monitoring of KPI results against targets for impact and effectiveness
- Taking corrective actions where strategies do not yield desired results
- Implement roadmap according to KPIs and SME development objectives
- Review impact quarterly for changing market conditions
- Obtain regular customer (SMEs and intermediaries) feedback related matters

4.1 Monitoring and Evaluation Framework

Key features of the SME roadmap monitoring and evaluation framework, are outlined below.

Topic	Monitoring	Evaluation	Impact Assessment
Objective	Track changes from baseline conditions to desired outcomes and identify impediments	Analyse results achieved and any possible hurdles	Understand the nature of change that has taken place during and after the implementation of the proposed measures to determine the significance of actions
Focus	Measure progress based on outputs defined under each intervention, activities, regional actions, thematic actions and their contributions to achieve the desired outcomes and KPIs	Compare achievements with expected outcomes and focus on relevance, effectiveness, and corrective measures	Focus on changes that occur during and specially after the implementation of activities for significance and sustainability
Methodology	Track and Assess performance and progress through baseline indicators as defined in the targets and objectives proposed	Evaluate achievements of outcomes defined in the SME roadmap, by comparing KPI actuals against targets with data sources like contribution to GDP, GDP growth or no of jobs created	Data collection based on structured interviews or surveys among SMEs, focused group discussions, focused observations and actual results to assess improvement & progress
Duration	Continuous over the roadmap KPI period and apply systematic	Time Bound, Periodic and In-Depth	During and after implementation of actions & interventions
Application	Flag problems in progress and provide insights for corrective actions	Provide learning experience, demonstrate accountability, assess achievements, and help identification of future actions for SME strategy formulation	Provide valuable insights for future SME development decisions and adapt implementation interventions to have maximum positive impact on SMEs
Responsible agency	Ethiopia Enterprise Development	EED & Implementation partners	City and regional steering committee
Criteria	Specific, Measurable, Attainable Relevant & Time bound	Relevance, Effectiveness Efficiency	Impact, Change, jobs created & sustainability

4.2 Monitoring of Results Reporting (actual KPIs against targets)

The reporting format to be used to is outlined below to reflect KPIs and actuals achieved.

KPIs Targets / quarter Timeline	Q 1	Q 2	Q 3	Q 4	Total 2024	Q 1	Q 2	Q 3	Q 4	Total 2025	Q 1	Q 2	Q 3	Q 4	Total 2026
Established Small															
Established Medium															
Strengthen Small															
Strengthen Medium															
Jobs created Small															
Jobs created Medium															
Awareness creation															
Market linkage- domestic															
Market linkage- int'nal															
Technology transfer															
Actuals achieved															
Established Small															
Established Medium															
Strengthen Small															
Strengthen Medium															
Jobs created Small															
Jobs created Medium															
Awareness creation															
Market linkage- domestic															
Market linkage- int'nal															
Technology transfer															

4.3 KPI Terminology and Definitions

The table below will play a vital role in monitoring and evaluation as it provides the definitions for the “Means of Verification” (MoV). To evaluate the actual results against the targeted KPIs, it is necessary to accurately measure outcomes by using the below listed definitions. For example, the number of newly established enterprises will be verified by applying the definition of ‘legally obtaining registration or personality according to commercial law and engaging in production of its choice.

Description of activities	Definition and Terminology
Newly established enterprises	A small and medium manufacturing enterprise that has obtained a legal personality according to the commercial law, engaged in production of its choice during the reporting period.
Strengthening Industries	Providing problem-solving support needed to expand and grow manufacturing SMEs during the reporting period.
Employment created for Citizens	A permanent employment created by newly established and existing small and medium enterprises during the reporting period.
Manufacturing SME transition	A manufacturing industry becomes competitive in terms of market price; quality and supply, which is the process of transitioning to the next level of development by meeting the requirements of small to medium and medium to large industries by using the support provided
Awareness creation for non - manufacturing SMEs	Creating awareness for local investors outside the manufacturing sector to join the SME manufacturing sector and becoming informed about the favourable conditions in the sector
Capacity building training	Entails short, medium- and long-term training in which people acquire knowledge, skills and attitudes that enable them to carry out their responsibilities and tasks effectively, efficiently to bring positive changes in behaviour and practices.
Technology transfer and copying	Technology copying entails building a technology prototype that has produced the desired results by preparing a manufacturing technology document that can be used to rebuild the manufacturing technology developed in the country or abroad.
	Technology Transfer entails a systematic transfer of knowledge that helps to produce a product or implement or improve a production process or service delivery, which includes improvement of management and technical knowledge, marketing and technology except sales or rental of goods
	It is the first product which has economic value and being sufficient to produce and transform a product that has already been produced domestically or abroad, or a new type of product that is planned to be produced
Capital goods financing in ETB	The financing of manufacturing and/or service equipment and accessories for producing products or providing services. It includes workshop and laboratory equipment and supplies used for these purposes.

Operational and working capital loan	It is money that enterprises borrow from financial institutions to cover their costs of raw materials, services, administration and operational expenses.
Developed land in hectare	Means land that has been ready for transferring of property right ownership and has fulfilled infrastructure not under third parties.
Constructed a building/shade	A building that is built based on the local design prepared according to the actual situation of the area and used for production place for small and medium manufacturing industries permanently
Benefitted industries in Cluster centre	A group of institutions that produce and provide services to a large number of consumers and share the same risks and opportunities.
Industry extension services	It entails business support that includes organizing and providing information based on the needs of manufacturing industries, training and consulting, technology development, marketing, quality and productivity improvement and other such support, as well as facilitating the necessary support provided by various institutions.
Awareness in Kaizen	Kaizen training with the overriding concepts behind good management and unifying thread running through the philosophy, the systems, and problem-solving tools
SME raw material linkage with themselves and with larger industry	Linkage - A market system/opportunities for small and medium manufacturing industries, that is created through horizontal and vertical linkage with government and non-governmental organizations, small, medium and large industries in the country and abroad. It is a strategy in which small and medium manufacturing enterprises are linked with each other and with high industries in terms of raw materials and products.
Domestic market linkage	Small and medium-sized enterprises compete in price, quality, and quantity to offer their products and services to consumers and buyers in the domestic market
International market linkage	It is a market system in which the products and services of small and medium-sized manufacturing enterprises are competitively offered to users or buyers in terms of price, quality, and quantity beyond the country's boarder
Exhibition and bazar	Exhibitions: It is a show/exhibition of manufacturing enterprises' products or innovative products for specific periods of time to the public Bazaars: Sales of small and medium enterprises' products at a specific place and time outside the regular sales place
Establishment of sectoral associations	Means establishing legally organized manufacturing association to protect their right and common interests in the field of their engagement
Encouraging Cross-cutting issues	They are identified as important and that affect and cut across most or all aspects of SMEs development. Therefore, it should be integrated and mainstreamed throughout all stages of development from policy design, to implementation, evaluation and learning. (source website)
Awareness created in cross cutting areas	Provide Awareness creation in all for identified as important and that affect and cut across most aspects to integrate and mainstreamed SMEs

	development throughout all stages of development from policy design, to implementation, evaluation and learning. (source website)
Awareness created in environmental issues	Creating Awareness on the disruptions in the usual function of SME working place which caused by production activities
Application of information technology system	It is to develop a modern information and communication systems and put it into operation
Information communication technology	It a system that allows for efficient access to current and reliable information by developing and using modern digital information technology and updating the operating system. (Source: Information Communication Department and Committee)

5 ANNEXES

5.1 Annex 1: Key Role-players & stakeholders

Key Role Players	Duties and responsibility in relation to SME development
<p>Ministry of Industry (Mol)</p>	<ul style="list-style-type: none"> • The Ministry of Trade and Industry (Mol) is responsible for the promotion and development of industries by creating a conducive enabling environment for the development of investment and technological capacity of the industrial sector through the delivery of support and services to small and medium (and large to some extent, e.g., through the technological institutes. • The focus not only on SME manufacturing but the 5 manufacturing sectors prioritised by the GTP II (as well. This includes leather, agro-processing, metal processing, wood processing and textiles). This contrasts with the Ministry of Urban Development and Construction (previously, now Ministry of Urban Development and infrastructure), which is responsible for MSEs, except for what is covered by Mol. Policy gaps/ overlaps and thus MSME institutional support gaps/ overlaps are inevitable due to the levels of fragmentation. • Mol plays a key role in overseeing both EED, as well as the sectorial manufacturing development institutes.
<p>Ministry of Labour and Skills (MoLS)</p>	<ul style="list-style-type: none"> • The Ministry of Labour and Skills shall have the following powers and duties: • Establish a system for technical and vocational training that are in line with the country’s general development policy, labour, employment and skill development; • Formulate, in collaboration with concerned economic and social sectors, technical and vocational training curricula; implement the same upon approval; ensure the implementation of standard set for technical and vocational institutions; Coordinate and supervise the job creation efforts of the country; • Establish a system to ensure industrial peace and ensure its proper implementation • Establish national labour sector information system; establish and put into operation a national labour market information system; keep job seekers data; establish system of recognition appreciation to encourage national job creation; • Coordinate and follow up the job creation initiatives including rural job creation conducted by different sectors, shall force others to send report; • Conduct periodic surveys on labour market skills gap in collaboration with regional concerned agencies, coordinate capacity building trainings, • Support and coordinate cooperation between agencies of the Federal government, regional governments, the private sector, the informal sector, development partners and institutions to promote and increase access to

	<p>employment; ensure training and work experiences match the job market requirements;</p> <ul style="list-style-type: none"> • Coordinate supports to be obtained from domestic and foreign, private and government institutions having similar objectives
<p>Ministry of Agriculture (MoA)</p>	<ul style="list-style-type: none"> • Promote the participation and role of the private sector in agricultural sector development; • Facilitate the provision of the necessary support for private investors and cooperatives engaged in the sector in order to raise Agro-processing productivity and ensure its effectiveness • Create, in coordination with concerned organs, conducive condition for the establishment of rural financial system accessible to farmers, and to private sector actors engaged in manufacturing of agricultural products; • work in coordination with the concerned Federal and Regional organs in order to strengthen the linkage between agriculture and other economic sectors; • Provide technical assistant in order to introduce market led agricultural development and to promote modern market linkage;
<p>Ministry of Innovation & Technology (MInT)</p>	<ul style="list-style-type: none"> • The Ministry of Innovation and Technology (MINT), is responsible for science and technological development in Ethiopia. Its mandate is: • Ensures the education and training system of the nation is integrated with innovation and technology. • Implements system that ensures the participation and role of the private sector on innovation and technology development • Provides capacity building support to institutions related to innovation and technology; supports professional associations, research institutions. • With relevant institutions, conduct technology needs assessments, exploration and implementation of compatible technologies. • Provides capacity building support for regional innovation and technology institutions • Promotes and facilitates the conversion of innovative ideas to value added products
<p>Ministry of Trade and Regional Integration (MoTRI)</p>	<ul style="list-style-type: none"> • Measures to expand and modernize domestic trade and maintain lawful trade practices; lead and oversee trade relations between regions, and SMEs. • Create conducive conditions for the expansion and promotion of the country's export trade; to encourage manufacturing SME • Collaborate the provision of support to domestic investors and SME in exporting their products to overseas markets; • Establish system to ascertain that export or import goods are traded or bought at appropriate prices; follow up the same in collaboration with concerned organs;

	<ul style="list-style-type: none"> • Encourage the establishment of chambers of commerce and sectorial associations, consumers’ associations, and strengthen those which are already operational; • Control the compliance of goods with the requirements of mandatory Ethiopian standards, and take measure against those found to be below the standards set for them; cause the coordinated enforcement of standards applied by other enforcement bodies; (this helps SME export)
<p>Ethiopia Enterprise Development – EED</p>	<ul style="list-style-type: none"> • The agency has been referred to by different names since its establishment. As the name suggests, EED (previously FeSMMIPA and FeSMMIDA – Development Agency) is responsible to implement activities on behalf of MoI in respect to manufacturing SMEs in the priority sectors. EED reports to MoI and has two main functions: • Facilitates the expansion of SME manufacturing industry to large-scale status, thus helping the transformation from an agriculture-led to an industry-led economy; • Strengthen, assist and coordinate institutions that provide support to SME manufacturing industry to make the sector more competitive and sustainable. • EED has around 280 staff based at its offices in Addis Ababa at the federal level. It facilitates and supports for example technical assistance, Business Development Services / Industrial Extension Services, advocacy, access to finance and linkages to markets in priority manufacturing sectors. Emphasis is also given to cluster schemes to streamline service provision around infrastructure, raw materials, heavy machinery, etc.
<p>Sectoral Industrial Development Institutes</p>	<p>There are six autonomous sectoral development institutes under the supervision of MIDI that report to MoI as follows:</p> <ul style="list-style-type: none"> • Manufacturing and technology engineering centre • Leather and leather products centre; • Textile and Garment centre • Chemical and Construction Inputs centre; • Food and Beverage centre • Ethiopian Kaizen centre of excellence <p>These sectoral development institutes are mandated to develop policies, strategies and initiatives to help support the growth of their respective industries. The emphasis is very much on the delivery of training, especially in the context of TVET trainers (the agents responsible for delivery of IES) and SMEs in the manufacturing priority sectors. A part of the role is also to provide research, advice and consulting to firms in need of more sophisticated support, such as technology transfer, export, etc.</p> <ul style="list-style-type: none"> • To give examples of their capacities, MIDI has a staff of about 260 and TIDI has about 320. MIDI is currently supporting about 2,300 SMEs in the manufacturing

	<p>priority sectors while TIDI delivered support to about 130 SMEs, mostly in the form of training delivery to SMEs and TVET IES.</p> <ul style="list-style-type: none"> • It should be noted that the sectoral development institutes are autonomous institutions. They prepare annual programmes and obtain funding directly from the Ministry of Finance. They coordinate with and respond to MoI policy requirements, such as delivery IES support and prepare regular reports to MoI, such as annual reports.
Technical and vocational training agencies/institutions	<ul style="list-style-type: none"> • Designing education and training curricula to produce the manpower required by the Manufacturing industry; • To produce and supply of qualified professionals required by the industry the sector needs and provide them at an adequate level; • Evaluating by creating competency assessment centres and scales; • Provide capacity building trained manpower for the manufacturing industries
State governments and city administrations	<ul style="list-style-type: none"> • To provide accessible services by creating an organization that can effectively support the manufacturing sector. • Providing sufficient budget and resources for institutions that support the manufacturing sector. • Efficient provision of land and infrastructure; • Up-to-date and complete information, • To coordinate manufacturing SME operations;
Ethiopian Entrepreneurship Institute- EDI	<ul style="list-style-type: none"> • Designing national entrepreneurship development strategy and training modules • To provide entrepreneurship training for TVT teachers, enterprise operators • Provide entrepreneurship training for entrepreneur’s, business consultants, public institutions

5.2 Annex 2: Attributes of the National SMMI Development Steering Committee

Leadership of the Steering Committee	The Deputy Prime Minister, as a leader of the key stakeholders, will, be responsible for overall leadership of the National SMMI Development Steering Committee
Functions and responsibilities of the SMMI Development Steering Committee	<ol style="list-style-type: none"> 1. Makes policy and strategic level advice and decisions on SMMI development and coordination 2. Define the strategic vision, objectives and for SMMI development. 3. Creates the SMMI Technical Committee as its technical expertise arm and decisions implementation organ. 4. Proposes the Technical Committee terms of reference and thematic focus areas.

	<ol style="list-style-type: none"> 5. Receives Reports, and monitors results and evaluates progress of any proposed interventions. 6. Provides necessary reports feedback and support to the technical committee., 7. Provides advice and direction in resolving bottlenecks encountered in the implementation of agreed interventions, 8. Supports the collection and dissemination of international best practice, national best experiences, and new technologies in the sector. 9. Execute to bring a change in stakeholders' institutional capacity in terms of supply of infrastructure, industrial input, technology, thinking, and skills aiming to support micro, small and medium manufacturing industry development. 10. Lead the sector in the way that generates best practices and sets directions to support towards the green development strategy. 11. Ensure a strong coordination and positive relationship between federal and regional governments, as well as development partners to maximize the development of the sector at every level. 12. Closely support and follow up regions and cities to allocate and develop areas for small and medium manufacturing industry's engagement; production display and sales cluster Centres provide support and monitoring to include in the master plan of cities. 13. Advise the capacity building of financial institutes to make them in a better position to provide financial services to SMMI. 14. Considers the semi-annual report for submission to the Deputy Prime Minister
<p>Proposed Initial Membership of the National SMMI Development Steering Committee</p>	<p>The proposed membership is from those entities that are directly or indirectly involved in work that impacts SMMI development. This is across the public sector, private sector and development partners.</p> <ol style="list-style-type: none"> 1. Minister of Industry (Chairperson) 2. Minister of Innovation and Technology 3. Minister of Finance 4. Minister of Revenues 5. Minister of Trade and Regional Integration 6. Minister of Mines 7. Minister of Labour and Skills 8. Deputy Presidents of regions 9. Deputy Mayors of the 2-city administration (A.A and Dire Dawa) 10. Head of Manufacturing Industry Development Bureau of all Regions and Cities (A.A and Dire Dawa) 11. Head of Manufacturing Industry Development Institute 12. Head of National Bank of Ethiopia 13. Head of Development Bank Ethiopia

	<p>14. Head of Credit and Savings Institutions Association</p> <p>15. Head of Industrial Parks Development Corporation</p> <p>16. Head of Ethiopian Industry Inputs Development Enterprise</p> <p>17. Head of Ethiopian Electric Service</p> <p>18. Head of Ethiopian Chamber of Sectoral Associations</p> <p>19. Ethiopia Enterprise Development (secretariat)</p>
Meeting frequency	Convenes once every Six months and may arrange an emergency meeting as needed.

5.3 Annex 3: Relevant SME Legislative and Policy Mandates

Acts related to SME development	Purpose is to
1. Start-up Businesses and the National Innovation Fund Proclamation No./2020, submitted to Cabinet	<ul style="list-style-type: none"> • Facilitate the establishment and strengthening of the MSME in all sectors • Provide guidelines for organs of state to promote MSME business in all level of administrative structure. • Encourage start-ups and supported to launch businesses which create job opportunities, and introduce innovative ways of producing goods and providing services during the establishment and subsequent phases of the start-up company
2. Financial administration Act, No. 648/2009	<ul style="list-style-type: none"> • Regulate financial management in the federal and city governments; • Ensure that all revenue, expenditure, assets & liabilities of governments are managed efficiently and effectively; and • Provide for the responsibilities of persons entrusted with financial management in government and provide for matters connected therewith.
3. Cooperatives society proclamation, No. 985/2016	<ul style="list-style-type: none"> • Provide for the formation and registration of cooperatives; • Establish and manage cooperative societies for those persons with common interest by bringing together their finance, knowledge, resource and labour voluntarily to meet their common economic, social and cultural needs and other aspirations which would then allow mutual support and create savings;

	<ul style="list-style-type: none"> • Contribute to the country’s economic and social development, and competent creation of an employment opportunities through supporting production and productivity • Value addition on members produces, creating financial and market linkage, shortening unnecessary market chains;
<p>4. Council of Ministers Regulation to Determine the Organization, Power and Duties of EED Regulation No. 526/2022</p>	<ul style="list-style-type: none"> • Ensure the expansion and strengthening of enterprises and support the efforts to ensure fair distribution of wealth and resources; establish the base for large enterprises and in so doing expedite the structural transformation from agriculture led economy to industrialization. • Enable enterprises to be effective and competitive through developing and administering infrastructures needed to strengthen and expand enterprises.
<p>5. Income Tax Administration Proclamation No. 983/2016</p>	<ul style="list-style-type: none"> • Consolidate the law relating to the taxation of incomes and donations, to provide for the recovery of taxes on persons, to provide for the deduction by employers of amounts from the remuneration of employees in respect of certain tax liabilities of employees, and to provide for the making of provisional tax payments and for the payment into the National Revenue Fund portions of the normal tax and interest and other charges in respect of such taxes, and to provide for related matters.
<p>6. Definition of Powers and Duties of the Executive Organs Proclamation on No. 1263/2021</p>	<ul style="list-style-type: none"> • Establishing a system enabling a sustainable organizational structure and designations to support evolving socio-economic conditions. • Mol- establish working mechanism and formulate policy and strategy that enable to create linkage and effective transformation between small, medium, and large-scale industries; • Devise mechanism for providing incentives in order to make small and medium enterprise effective and provide support for the same; • Provision of assistance including industrial extension services, technology, inputs, marketing and manufacturing methods and thereby ensure growth and productivity of the industry in particular in the manufacturing sector and monitor the effectiveness thereof;

	<ul style="list-style-type: none"> • Establish a system of capacity building, research, and inculcation to maintain quality standards and competitiveness of industrial in particular manufacturing industrial products in international markets; oversee implementation of the same;
<p>7. Establishment of Micro financing business Proclamation No. 626/2009</p>	<ul style="list-style-type: none"> • Collect deposits and extend credit to rural and urban farmers and micro and small scale rural and urban entrepreneurs, accepting both voluntary and compulsory savings as well as demand and time deposits, • Supporting income generating projects of urban and rural micro and small-scale operators, rendering managerial, marketing, technical and administrative advice, managing funds for micro and small-scale businesses, • Providing financial leasing services to peasant farmers, micro and small-scale urban and rural entrepreneurs in accordance with the Capital Goods Leasing Business
<p>8. Capital goods leasing business Proclamation No. 103/198 and its amendment No. 807/2013</p>	<ul style="list-style-type: none"> • Provide lease for investors and SME who have the desire, knowledge and profession that lack capital and alternative sources of financing; • Financing in kind for production and service purpose by which a lesser provides lessee with the use of specified capital goods on financial or operating lease or hire purchase agreement basis, without requirement of collateral, for a specified period of time and collects in turn a certain amount of instalment in periodical payments over the specified period;
<p>9. Urban Lands Lease Holding Proclamation No. 721/2011.</p>	<ul style="list-style-type: none"> • Proved/Allotment of urban lands for manufacturing industries upon decisions of the cabinet of the concerned region or the city administration to use for 70 years in Addis Ababa & 80 years in other urban centres
<p>10. Industry park development proclamation 886/2015</p>	<ul style="list-style-type: none"> • Encourage the private(SME) or public-private enterprise owned by Ethiopians, foreigners or jointly and possess developed land under the industrial park through sub-lease or by renting or building a factory within the industrial park to engage in manufacturing activity or in-service provision for profit making in accordance with Investment
<p>11. Export Trade Duty Incentive Schemes Proclamation No768/2012</p>	<ul style="list-style-type: none"> • Establish an export incentives system for SMsE who directly export or indirectly export through the supply of raw materials and inputs to export SMEs

12. Regulation to Determine the Organization, Power and Duties of Manufacturing Industry Development Institute of Ethiopia-MIDI Regulation No. 526/2022

- Create overwhelming capacity for undertaking problem solving research, training and consultancy as well as technological development and dissemination activities in order to enhance the competitive capacity of manufacturing Industries
- Devise training, research and dissemination system to enhance product mix, productivity of the manufacturing industries,
- In collaboration with concerned body (MOLS, MOE), design curricula and provide short- and long-term training to meet the demands of skilled labour in manufacturing industry

5.4 Annex 4: PESTEL Analysis

Factor	Analysis	Responses required
Political	<ul style="list-style-type: none"> • Political stability is imperative for SME sector growth and development • Instability has led to cancellation of AGOA trade agreement that impacted on export opportunities • Peace accord signed in North bodes well for improved political environment 	<ul style="list-style-type: none"> • Proactively engage Mol on need for AGOA trade agreement to be re-established • Engage and encourage relevant ministries to engage in political advocacy to ensure collaboration on all spheres of Government • Agility and willingness to adapt to change (meeting and managing stakeholder expectations) • Lobbying where appropriate
Economical	<ul style="list-style-type: none"> • Economic growth means supply opportunities to local and international businesses are improved. (Supports SME growth and reduce business failures) • Limited funds to leverage from partners • Limitations in budgets of development partners hinders the roll-out and delivery of services • Export development means increased foreign currency earnings reducing currency shortage 	<ul style="list-style-type: none"> • List and prioritise opportunities for SME growth. • Develop appropriate value propositions with federal/regional partners to leverage increased funding (budgets) from GOE. • Explore trade opportunities through international trade agreements. • Digitalise, create operational efficiencies, and leverage

		additional funding and resources through the ecosystem.
Social	<ul style="list-style-type: none"> • Inclusion of Women, Youth and People with disabilities and eradication of poverty • Entrepreneurship should be included in School Curriculums • Ethiopia has high unemployment rate that is leading to increasing levels of poverty • Low levels of literacy 	<ul style="list-style-type: none"> • Prioritise women owned SMEs and programmes i.e., coaching and mentorship, focusing on women owned business • Promote entrepreneurship, identifying and implementing socio-economic interventions to address poverty and unemployment; • Strengthen/focus on entrepreneurial awareness development programs • Customised EED training material to support illiterate
Technological	<ul style="list-style-type: none"> • High data costs and connectivity opportunities for the expansion of EED services. • E-trade. E-commerce and virtual trading platforms to enable market access. • Lack of integrated information management system within the ecosystem • Lack of ICT infrastructure roll-out • Cyber attacks 	<ul style="list-style-type: none"> • Provide limited devices and data to qualifying enterprises • Invest in technology and ensure that the requisite skills are embedded in the EED and aligned to R&D • Scale digital trade opportunities. Ensure e-commerce is defined as a critical outcome in all market access initiatives. • Develop a federal, regional & district information management system
Environmental	<ul style="list-style-type: none"> • Global warming will and already having massive medium- and long-term impacts. • Focus green economy as strategic growth area. • Environmental impact assessments and requirements can be barriers to SMEs growth and sustainability. 	<ul style="list-style-type: none"> • Create a dedicated Green Desk and appoint Green Champions. (Same can be done for regions.) • Create a funding mechanism within EED to guide/assist SMEs to comply with environmental requirements.

Legal	<ul style="list-style-type: none"> • Product compliance requirements are expensive, and regulatory burden is increasing. • Bureaucratic / cumbersome processes (over regulation & onerous compliance requirements) • Poor implementation of legal requirements from Govt. 	<ul style="list-style-type: none"> • Lobby for allocation budget to enable international compliance on products • Implementation of a red tape reduction unit within EED • Lobbying and advocacy for limited compliance & requirements for SMEs
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5.5 Annex 5: EED Mandate and Purpose

EED’s mandate and its fit with the SME roadmap, is outlined below.

Mandate	Purpose
1. Make policy, strategy, program, and project recommendations to the Ministerial Office	Expedite the development of SME and their transformation
2. Prepare support frameworks, procedures, and plans	Development of enterprises; and implement and coordinate implementation
3. Eliminate bottlenecks that hinder the competitiveness and effectiveness of enterprises	Identify and overcome bottlenecks/challenges of enterprises engaged in import substitution or export production
4. Engage in investment promotion of the SME sector	Create awareness and engage with the public as well as provide support; to enable them to establish their own enterprises
5. Build the capacities of regional institutions, stakeholders, employees, and sectoral associations	Support and coordinate the development of enterprises; work in coordination with other institutions working on capacity building
6. Coordinate the efforts of support providing institutions, collaboration with concerned institutions	<ul style="list-style-type: none"> • Assist with training, research and development, finance, manufacturing equipment’s, technology, consultancy services, working premises and infrastructure, market networking, establish and operationalize one stop service centres for enterprises and other similar supports based on gaps and growth level; • Design and implement ways in which enterprises are interconnected and linked with large manufacturing enterprises, other institutions and companies in terms of inputs, market and technology;

	<ul style="list-style-type: none"> • Provide research-based incentive systems to encourage the competitiveness of enterprises & promote citizens to join the sector
7. Collaborate with the ministry of industry	Provide, make available and coordinate industrial extension services that enable the development and productivity of SMEs and coordinate such support
8. identify, formulate, and scale up best practices from within the country and abroad	Assist with expediting enterprises development and competitiveness
9. Ensure SME support and provide trainings to enterprises and citizens interested in the sector	<ul style="list-style-type: none"> • Prepare and distribute project profiles, model business plans and specifications, develop spare parts and product prototypes, innovative ideas and technology that are problem solving; • Develop and facilitate manufacturing premises, showcase and shopping structures with appropriate infrastructure for enterprises in the regions; • Support the development and transition of micro manufacturing enterprises in collaboration with Ministry of Labour and Skills; through appropriate systems.
10. Provide monitoring and support in order that SME will develop.	Secure lease finance for manufacturing equipment; in collaboration with role players; establish a system of alternative financial sources for Enterprises; Support and monitor SMEs to meet the requirements set for environmental protection;
11. Organize nationwide, regional, and international exhibitions;	Facilitate regional and private sector to exhibit separately and jointly; provide support for SMEs to participate in local and international exhibitions;
12. Enter into cooperation agreement with local and international markets	Facilitate quality standards to be established and certificates of competence are issued to ensure quality products manufactured by enterprises;
13. Assist with the development of information communication technologies	Facilitate growth of the SME sector; by organizing, analysing and disseminating data using modern technology;

5.6 Annex 6: Implementation Interventions to address SME Challenges

The section below outlines the strategies, tactics, and interventions to address SME challenges in implementing the SME manufacturing roadmap. The interventions emanate from the EED implementation workshop to address SME constraints and improve their capacity, and competitiveness.

Strategies, Interventions and Actions	Responsible person	Target date
1. Solutions/Intervention on coordination and alignment of internal & external resources		
<ul style="list-style-type: none"> • Create a Common understanding on vision of SME 	Planning department	Jul-23
<ul style="list-style-type: none"> • Develop Internal coordination (change management, knowledge management), 	Planning department	
<ul style="list-style-type: none"> • Develop a coordination plat form and conduct M&E of SME development in regions 	Planning department	
<ul style="list-style-type: none"> • Use appropriate allocation of resources (HR, finance and material) 	Planning department	
<ul style="list-style-type: none"> • Establish responsibility and accountability tool 	Planning department	
<ul style="list-style-type: none"> • Develop implementable monitoring and evaluation system 	Planning department	
<ul style="list-style-type: none"> • Follow a bottom-up planning approach with regions 	Planning department	
<ul style="list-style-type: none"> • Establish coordination platform 	EED DG	
<ul style="list-style-type: none"> • Design applicable coordination model with stakeholders 	Deputy Director	
<ul style="list-style-type: none"> • Improve regulatory frame work, entry and exist of doing business. 	Deputy Director	
<ul style="list-style-type: none"> • Conduct SME conference at national level and establish national forum which needs revamp it again 	Planning department	Nov annually
<ul style="list-style-type: none"> • Create common understanding for SME development vision 	Planning department	30 Jun ongoing
<ul style="list-style-type: none"> • Develop and establish coordinators (change management and knowledge management) 	Deputy Director	1 Jul ongoing
<ul style="list-style-type: none"> • Develop a coordination platform and conduct M&E of SME development in the regions 	Deputy Director	31 Jul ongoing
<ul style="list-style-type: none"> • Implement monitoring and reporting system for collective KPI reviews 	Deputy Director	1 Jul ongoing

<ul style="list-style-type: none"> Address resource alignment bottlenecks during coordination meetings 	Deputy Director	1 Jul ongoing
<ul style="list-style-type: none"> Use appropriate allocation of resources (HR, finance, and materials) 	Deputy Director	1 Jul ongoing
<ul style="list-style-type: none"> Follow a bottom-up planning approach with regions 	Deputy Director	1 Jul ongoing
<ul style="list-style-type: none"> Establish coordination platform 	Director General	31 July 2023
<ul style="list-style-type: none"> Design applicable coordination model with stakeholders 	Deputy Director	1 Jul 2023
<ul style="list-style-type: none"> Improve regulatory framework, entry and exit of doing business 	Planning department	1 Jul 2023
<ul style="list-style-type: none"> Conduct SME conferences at National level and establish national forum and revamp 	Planning department	1 Aug ongoing
<ul style="list-style-type: none"> Create common understanding for SME development vision 	Planning department	30 Jun ongoing
2. Solutions/interventions for Access to finance		
<ul style="list-style-type: none"> Establishing SME bank/policy bank 	Financial Support Desk Head	July 2023
<ul style="list-style-type: none"> Establishing credit guarantee scheme 		
<ul style="list-style-type: none"> Fund (gov't soft loan for FIs) 		
<ul style="list-style-type: none"> Extending the lease finance by lease company- to regions and local areas 		
<ul style="list-style-type: none"> Create information system (credit bureau) 		
<ul style="list-style-type: none"> Diversify the financial products/services of FIs (e.g. factoring) 		
<ul style="list-style-type: none"> Strengthen Credit rating bureau 		
<ul style="list-style-type: none"> Establish an SME bank and credit guarantee scheme 	Financial Support Director	Jan 2024
<ul style="list-style-type: none"> Funding by government of soft loans to Financial Institutions for on-lending to SMEs 	Financial Support Director	Jan 2024
<ul style="list-style-type: none"> Extend lease financing by leasing companies to the regions and local areas 	Financial Support Director	Jan 2024

<ul style="list-style-type: none"> • Create an information management system (credit bureau) to ease credit checks 	Financial Support Director	31 Oct 2023
<ul style="list-style-type: none"> • Diversify the financial products/services of FIs (e.g., factoring) 	Financial Support Director	31 Oct 2023
<ul style="list-style-type: none"> • Strengthen credit rating bureaus 	Financial Support Director	31 Oct 2023
3. Solutions/intervention to market linkage		
<ul style="list-style-type: none"> • Creating awareness for SME products, prices 	Marketing Development Desk Head	July 2023
<ul style="list-style-type: none"> • Provide practical on job training for SME 		
<ul style="list-style-type: none"> • Develop feedback receiving mechanism and improve products 		
<ul style="list-style-type: none"> • Provide capacity building training on marketing, 		
<ul style="list-style-type: none"> • Influence to change the procurement regulatory frameworks to support SME, 		
<ul style="list-style-type: none"> • Establish SME sectoral associations, 		
<ul style="list-style-type: none"> • Develop and apply guidelines for international market linkage, 		
<ul style="list-style-type: none"> • Cooperate to improve gov't service provision on (OSSC) 		
<ul style="list-style-type: none"> • Develop SME support package manual in raw material linkages within, and vertical integration 		
4. Solution/Intervention on branding and promotion		
<ul style="list-style-type: none"> • Develop promotion strategy for Terms, symbols of EED in the minds of customers, 	ICT- Department	Jul 2023
<ul style="list-style-type: none"> • Upgrade EED website – 		
<ul style="list-style-type: none"> • Choose the best EED catalogues, 		
<ul style="list-style-type: none"> • Launch a new digital electronic mail, 		
<ul style="list-style-type: none"> • Develop new branding and marketing materials 	Communication Department	
<ul style="list-style-type: none"> • Print business card for staff, 	Marketing Department -	
<ul style="list-style-type: none"> • Develop creative hub marketing strategy and improve show room effectiveness 		

<ul style="list-style-type: none"> Prepare internal and external training demonstration 	HR and Capacity Building Departments	
<ul style="list-style-type: none"> Introduce monthly/quarterly news letter 	Communication Department	
5. Solution/Intervention on Capacity building		
<ul style="list-style-type: none"> Prepare skill gap analysis 	HR and Capacity Building- Capacity Building Department.	Aug, 2023
<ul style="list-style-type: none"> Conduct needs-based training for SME 		Ongoing
		30 Sep 2023
<ul style="list-style-type: none"> Develop a clear implementation plan and training guidelines 		30 Nov 2023
<ul style="list-style-type: none"> Prepare intensive need based standard quality trainings; conduct on-job or classroom-based training, 		31 Jul ongoing
<ul style="list-style-type: none"> Create integration and sign MOU with similar institutions that work on capacity building, 		Aug, 2023
<ul style="list-style-type: none"> Develop BDS/Industry extension service and SOP manuals 		Aug, 2024
<ul style="list-style-type: none"> Provide training to certify trainers in EED. 		Aug-23
<ul style="list-style-type: none"> Delegate responsible body and utilize creative hub and use digital library, centre of excellence 		Apr-23
<ul style="list-style-type: none"> Capacitate Training centre with logistics 		Jan 2024
<ul style="list-style-type: none"> Establishing a well aligned BDS/ and IES system and approach 		Aug, 2023
<ul style="list-style-type: none"> Design a clear capacity building M&E mechanism 		Aug, 2023
<ul style="list-style-type: none"> Create centre of excellence 		
<ul style="list-style-type: none"> Creative hub facility utilization 		HR, IT and capacity building department
6. Intervention/ implementation plan on productivity		
<ul style="list-style-type: none"> Make awareness about productivity 	Enterprise service and transition desk head	July, 2023
<ul style="list-style-type: none"> Provide capacity building training for SME and regions 		
<ul style="list-style-type: none"> Provide standardized working place 		
<ul style="list-style-type: none"> Facilitates access to finance and forex, 		

<ul style="list-style-type: none"> • Replace machinery and obsolete technology (soft & hardware, reduce production cost) 		
<ul style="list-style-type: none"> • Conduct co- training with respective institutions 		
<ul style="list-style-type: none"> • Provide incentives for employee (like day-care) 		
7. Solutions/Intervention on Basket of Offerings		
<ul style="list-style-type: none"> • Develop Performance evaluating system 		
<ul style="list-style-type: none"> • prepare Export readiness assessment tools, 		June 2023
<ul style="list-style-type: none"> • Production capacity assessment, 		
<ul style="list-style-type: none"> • Prepare a manual for pre-exhibition training, (local and international) 		
<ul style="list-style-type: none"> • Conduct digital marketing and increase market linkage 		
<ul style="list-style-type: none"> • Prepare PIT (personal improvement plan) 		
<ul style="list-style-type: none"> • Provide trainings for regions – TOT and update the current training materials 		
<ul style="list-style-type: none"> • Support saving culture, model business plan preparation, project profile, prepare master trainer and use expat on business management consultant 		
<ul style="list-style-type: none"> • Consider import and export substitute products, 		
<ul style="list-style-type: none"> • Prepare Industry extension service packages 		
<ul style="list-style-type: none"> • Incorporate cluster development, 		
<ul style="list-style-type: none"> • Updating of the existing KPI, how to support business provider in the RM, 		
<ul style="list-style-type: none"> • Create awareness on export, conduct a national bazar and exhibitions, 		Ongoing
<ul style="list-style-type: none"> • Prepare a Diagnostic tool 		Dec-23
<ul style="list-style-type: none"> • Conduct turnaround strategies for SME in distress 		Jul-23
<ul style="list-style-type: none"> • Alternative material topic content to be reviewed 		Jul-23
<ul style="list-style-type: none"> • Conduct feasibility study 	Entrepreneurship dep.	Sep-23
<ul style="list-style-type: none"> • E-commerce and social media marketing training 		Jul-23
<ul style="list-style-type: none"> • Conduct business plan competition 	Entrepreneurship dept.	Aug-23
<ul style="list-style-type: none"> • improve Working culture of the staff 	HR-department	Aug-23

8. Intervention/Implementation of M&E		
<ul style="list-style-type: none"> Prepare Operational plan must be prepared 	Planning department	July, 2023
<ul style="list-style-type: none"> Monitoring of activity will be done monthly and the responsibility will be => 	All directorates	Monthly July '23
<ul style="list-style-type: none"> Performance evaluation will be done based on Results against the target=> 	All departments	quarterly
<ul style="list-style-type: none"> Provide EED staff training and regional experts 	Steering committee	April 2023 and 7/1/2023
<ul style="list-style-type: none"> Monitor monthly implementation using a scoreboard showing monthly performance 	Planning department	First Monday of each month
<ul style="list-style-type: none"> Conduct Quarterly KPI M&E evaluation for regions based on performance against target 	Planning department	Quarterly, Jul 2023
<ul style="list-style-type: none"> Corrective feedback will be provided by approval of higher officials based on the KPI to stakeholders quarterly 	DG and DDG	Quarterly, Jul 2023
<ul style="list-style-type: none"> Evaluate implementation of road map (KPI, objectives) 	DG and DDG	Quarterly Jul '24
<ul style="list-style-type: none"> Semi-annual evaluation must be conducted by higher officials 	DG and DDG	Dec 2023,
<ul style="list-style-type: none"> Customer satisfaction feedback is obtained regularly every 6 months 	Change management dep	Dec 2023,
<ul style="list-style-type: none"> Prepare semi-annual SME representative discussion with higher officials on their challenges and remedial measures 	DG and DDG	Dec 2023,
<ul style="list-style-type: none"> Develop and Implement Automated M&E (SME transitions, job creation) system 	Planning department	July 2023
<ul style="list-style-type: none"> Establish a rewarding system for best performer 	HR department	Dec 2023
<ul style="list-style-type: none"> Prepare Manuals for M&E, including rewarding system, 	planning department	Dec,2023
<ul style="list-style-type: none"> Develop Impact evaluation system for activities 	planning department	Dec,2024
<ul style="list-style-type: none"> Develop a participatory planning approach to align with regional plan 	planning department	Dec 2023

5.7 Annex 7: Institutions and Individuals Consulted

A) EED management meeting, Dec 09/2022

S/N	Name	Position
1	Atakilit Asmare	Incubation Center Delegated Director
2	Amisalu Jemaneh	Environmental protection
3	Girmaw Ferede	Policy, plan, and M&E director
4	Belayneh Kebede	Leather products s/expert
5	Asnake shibiru	Marketing department directorate
6	Robel Ahmed	Communication Director
7	Eshetu Tefera	S/const/chemi and Jewellery expert
8	Fiqadu Akililu	Metal and wood engineering directorate
9	Sisay Derbe	Bambu Director
10	Yeshidinber Lakew	Capital goods lease finance director
11	Getahun Mola	Research, capacity building Director
12	Gadisa Temesgen	Project
13	Ashebir Ahmed	Product and technology Department
14	Kelali w/gebir'el	Investment and industry transition Director
15	Minwuyelet Tegegne	Entrepreneurship training team leader
16	G/medihin Lema	Administration and G/service
17	Seyoum waqjira	Textile and garment director
18	Zenebech kassa	Internal audit director

B) Lists of SME participating in Focus Group Discussions

	Name	Position	Telephone
1	Asrat Demise	Asrat Demise app	911179892
2	Felekech wedajo	Fele peanut producer	921026321
3	Aynalem Gezahegn	Aynalem artesian	946022480
4	Akililu wolde	Mulutena spices producer	986358889
5	Askale terefe	Honey producer	912118885
6	yehuwalawork	Garment	912046304
7	Tsehay Ede'a	Moringa producer	911308849
8	Tadios Teshome	Garment	911575343
9	Yamarel tareqegn	Garment	913402774
10	Mengistu Tadese	M.Eyoha	911245897
11	Million Amidisa	Garment	931680515
12	Melese Teshome	painting	921605701
13	Alem Tegegne	Leather products	910117324
14	Birhan Tesfaye	Food Processing	947230068
15	Zenebech Kebede	Food Processing	911558171
16	Asegedech Tsegaye	Garment	911011492

C) List of Regional SME Support Bureau participants

Reginal SME Office	Name	Telephone
Amhara Industry & Investment Bureau		
Deputy Bureau Head	Teferi Tareqegn	0913 09 88 50
South Job Creation & Enterprise Development Bureau		
Deputy Bureau Head	Tadele w/mikael	0911 93 47 91
South West Ethiopia Enterprise & Industry Bureau		
Director	Seyoum Tefera	0945667931
Oromia Job Creation Bureau		
Bureau Head	Abdurazaq Ahimed	0911 70 53 72
Dire Dawa Industry and Investment Bureau		
Deputy Bureau Head	Aminu Teha	0915 75 49 16
Benshangule Gumiz Industry and Investment Bureau		
Deputy Bureau Head	Nasir Mehamed	917421015
Sidama Trade and Industry Bureau		
Deputy Bureau Head	Wondimu Birhanu	0916 04 90 31
Addis Ababa Job Creation, Industry and Enterprise development Bureau		
Textile sector director	Mr. Mulugeta Genete	929348028
Metal and wood sectional director	Mr. Habitamu	913775492
Harari Enterprise and Industry Bureau		
Deputy Bureau Head	Arif Mehamed	0915 76 51 57

D) Individuals consulted

Institution	Name of person	Telephone
EED	Abdulfeta Yesuf, Paulos, Gadisa, Ahmedin	
EED, (food processing incubation centre, workshop, foundry, and training departments)	Estalu and Aschalew	
Oromia region job creation enterprise development	Mr. Befikadu	911801083
	Mr. Namera	911051734
	Wasihun Molla	
Ministry Of Industry	Mr. Asfaw Amare	932999932
SME access to finance project team (WB-project)	Ms. Yemenzwork	115511122
ECCSA	Million Feleke	922409532
Meeting with TL and KE at First consult office	Mr. Solomon Mesfin	

EED- marketing department	Mr. Hussien	921042680
1) Ethio sweater (Garment manufacturer)	Mr. Dawit	912214745
2) Gulelie sub-city w-1 OSSC	Ms. Fikirte Bakele	931148189
	Daniel	939168343
3) Arada sub-city agro processing (Lemlem coffee)	Lemlem	930105597
4) Productivity Improvement and Center of Excellence	Hymanot Abun	911306542
5) Kaizen Center of Excellence	Tujuba Regasa	931063999

E) List of Private sector participants consulted during Virtual Meetings

Name	Institution	Tel number
Hagos G/Kidan	Addis Ababa Garment	923929040
Goshu Negash	Ethio. Textile sectors association	911128898
Solomon Getu	Leather Industry Sectors chair	902224728
Rahel Moges	Agro Processing	930105292
Biniam Tesfaye	Metal and wood work engineering	911316907
Adisu	A.S Bamboo product	913504891
Niguse	Lead	932574435
Iseyas Leather product	Leather product	912356711