



Terminal Evaluation

Sustainable Investment Promotion (SIP) Project

Promoting Sustainable Investments along the Belt and Road by Strengthening Partner Countries' Capacities and Establishing a Network of SIP Facilities with Ethiopia as the Early Pilot

Final Report

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Evaluator	Jens Peter Christensen, Senior Evaluator

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The evaluation has done its best to reflect and accurately present the opinions of all stakeholders met. However, the findings and recommendations in this report ultimately present the views of the evaluator and should be subject to further review and discussions among the stakeholders.

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Executive summary

The terminal evaluation of the Sustainable Investment Promotion (SIP) Project was commissioned by the United Nations Development Programme (UNDP), Ethiopia and it was conducted between December 2021 and March 2022. It entailed 1) a desk phase to review project references, identify information gaps and prepare stakeholder consultations; 2) a field phase in Ethiopia for the stakeholder consultations; and 3) a synthesis phase to finalise the evaluation report. The field phase in Ethiopia took place from 24 January – 04 February 2022.

The purpose of the evaluation was to assess the performance and outcomes of the project in line with the OECD-DAC Quality Standards for Development Evaluation. Accordingly, the evaluation aimed to:

- Assess if project outputs and outcomes were achieved;
- Assess if project implementation structures were adequate for attaining the project objectives;
- Identify factors that contributed or constrained the effectiveness and efficiency of the project
- Assess the appropriateness and effectiveness of UNDP's partnership strategy
- Document lessons learned and make recommendations to support results achievements and for the design of future project interventions.

The SIP Project

The SIP Project was designed to provide an opportunity for Ethiopia to pilot frameworks for sustainable investments based on international experience and local tailoring. The aim of the early pilots was to underpin Ethiopia's green growth and sustainable development policies and its quest to achieve lower middle-income status by 2030. A key dimension in this quest is a strong manufacturing sector with increased private sector participation, and the project sought to pilot the basic building blocks from which Ethiopia can promote sustainable investments and contribute to these development priorities.

The SIP Project was implemented by the Ethiopian Investment Commission (EIC) between January 2019 and June 2022. It had a budget of US\$ 1,087,928.92 and a duration of 3.5 years, including a no-cost extension of 18 months. The project was funded through the global partnership between UNDP and the Government of the People's Republic of China to promote sustainable Investments in countries supported by the Belt and Road Initiative (BRI). With the SIP Project, Ethiopia was selected to develop early pilots to leverage sustainable investments and bridge the financing gap for attaining the Sustainable Development Goals (SDGs) under the 2030 Agenda on the Sustainable development.

The project interventions entailed three interlinked pathways: a) a platform for policy dialogue, investment forums, exchange visits to China, online services a.o., b) policy development, and c) piloting of locally tailored solutions. At its core, the project piloted an Environment, Social and Governance (ESG) framework for Ethiopia based on global experience, but tailored to the local context. ESG was coined by the United Nations Environment Programme Finance Initiative (UNEP FI) in 2004-2005 as a measure to direct mainstream investment and finance away from qualitative Corporate Social Responsibility/Socially Responsible Investing (CSR/SRI) approaches, and towards a more material and accountable approach, which aligns the long-term goals of institutional asset owners with the United Nations' sustainable development objectives.

Key findings

The assessment of project performance and outcomes is summarized in the rating table below:

Table. Project evaluation ratings

Criterion	Overall results	Relevance	Effectiveness	Efficiency	Sustainability	Management/ coordination	M&E
Rating	5	6	6	5	4	6	6

The evaluation ratings refer to a six-point rating scale: 6: Highly Satisfactory, 5: Satisfactory, 4: Marginally Satisfactory, 3: Marginally Unsatisfactory, 2: Unsatisfactory and 1: Highly Unsatisfactory.

The project contributed to Ethiopia’s policies and development strategies, including the Growth and Transformation Plan II 2014-2019, the Homegrown Economic Reform Program (HGER), the Ten Years Perspective Development Plan 2021 – 2030, and the Climate Resilient Green Economy (CRGE) strategy from 2011. This was achieved through the promotion of private sector participation to meet (and finance) Ethiopia’s development priorities, and through the piloting of ESG frameworks to strengthen priority manufacturing subsectors. The contributions are critical to attract (and retain) foreign direct investment, promote green growth, reduce poverty, build a resilient and diversified middle-income economy and attain lower middle-income status by 2030 (HGER). The project contributed to these development priorities through the facilitation of policy dialogue and sustainable investment events, exchange visits and by piloting an ESG framework for sustainable investments based on international experience and tailored for Ethiopia. This in turn, contributed towards the achievement of the United Nations Sustainable Development Cooperation Framework (UNSDCF), Outcome 3: “All people in Ethiopia benefit from an inclusive, resilient and sustainable economy” and Outcome 4: “All people in Ethiopia live in a society resilient to environmental risks and adapted to climate change”, as both UNSDCF outcomes are aligned with Ethiopia’s development policies.

The SIP project demonstrated good progress and delivered its planned outputs with a high level of quality, in spite of a no-cost extension of 18 months imposed on it by the Covid-19 pandemic and a state of emergency. The policy forums, business events and exchange visits to China were well attended with stakeholder participation from all relevant quarters and levels, and the high-level policy forums could draw on presentations from distinguished key note speakers and development partners. These events also received positive feedback from the participants, as they mobilised key public and private sector stakeholders, and gave them a platform to discuss the challenges of sustainable investments in Ethiopia and how to formulate suitable policies based on international ESG practises. The international exchange visits to China further provided an opportunity for policy makers, business representatives and government officials to deepen their knowledge and skills on ESG and sustainable investment promotion based on Chinese and international experience. The policy dialogues, business forums and international exchange visits subsequently paved the way for the ESG framework piloting.

The piloting of an ESG approach for large manufacturers in Ethiopia is signature delivery of the project, and considerable effort was rendered to pilot credible and manageable frameworks and roadmaps, which can guide the policy development in the coming years. EIC has confirmed its ownership and continued backing of the ESG approach, and pilot companies participating in the framework development have contributed with important inputs and are also keen to proceed.

The contributions from all these efforts made it possible identify a number of lessons learned, which can guide further support to the implementation of the ESG framework in Ethiopia and in other BRI-SIP partnership countries. These lessons also shaped the recommendations of the evaluation for a new project phase, see below.

Key to this accomplishment was a demand-based and flexible project design, which enabled it to remain aligned with government policies and to apply a sector wide approach for sustainable

investments, embracing priority subsectors outside industrial parks and independent of ownership nationality. These features combined with a tailoring process based on recognised ESG frameworks, increased the relevance of the early pilots for Ethiopia and for other countries as well.

It is also evident that the piloting has reached a critical junction, where the outcome of the policy dialogues, knowledge exchange, pilots and technical support is translated into best practise dissemination, replication and most importantly consolidation and institutionalisation of the ESG framework. The ESG approach is innovative, but complex and the next steps for EIC and the stakeholders are therefore critical to the sustainability of the ESG approach and its longer-term impact on sustainable development in Ethiopia. EIC has already allocated time and resources to discuss the policy recommendations with regulators and regional government representatives, and initial feedback suggests that the approach may not yet be well understood among all stakeholders. More efforts are therefore needed to mitigate misperceptions and to develop a shared vision, which also draws on the contributions from the manufacturers. It is also important that gaps in sector regulations identified by the project do not delay the ESG approach itself, but are used by sector regulators as an opportunity to inform the mitigation of such gaps.

The proposal for the establishment of a national ESG coordination body to oversee the framework development is key for the institutionalisation process, and the endorsement is pending. The endorsements of policy recommendations and roadmaps are also pending, and more efforts are needed to incorporate the lessons from the pilot companies. In order to institutionalize the promotion of sustainable investments, the evaluation identified a number of recommendations for the finalisation of the current project and for the design of a new project phase, respectively.

I. Recommendations for the finalisation of the SIP Project

Recommendation #1: EIC should pursue the establishment of a national coordination body to oversee the development of the ESG framework and support policy dialogues for promotion, adaptation and internalisation the ESG approach.

Rationale: The ESG studies proposed a number of policy recommendations and roadmaps, which may pave the way for the implementation of an ESG framework in Ethiopia. In turn, the SIP Project further piloted the feasibility of these recommendations and possible ways forward. As international experience suggests, the implementation process will be longer-term and incremental, and the next steps towards ESG institutionalisation outlined by the policy recommendations, may prove challenging. Initial stakeholder feedback suggests that the ESG approach needs to be internalised beyond the immediate circles of the project, and that ESG could be misperceived as a substitute for sector regulations. Notably, both ESG studies recommended the establishment a national ESG coordination body chaired by EIC to oversee the implementation of a policy roadmap. The evaluation concurs this recommendation. It is difficult to develop a framework, incorporate learnings, change directions, and to facilitate this process, without strong coordination and oversight. A national coordination body should focus on key framework dimensions (policy dialogue, feasibility, incentives and voluntary participation, capacity support, the rating process, etc.), whilst avoiding detailed and technical indicator discussions.

Recommendation #2: EIC and the project stakeholders should invite the pilot companies to share their feedback in order to discuss the possible implications for the policy recommendations and proposed frameworks.

Rationale: Initial feedback from the ESG pilot companies suggests that more discussions are needed to calibrate the ESG metrics. The pilots suggest that simple frameworks and easy-to-use implementation tools are key to successfully scale up the ESG framework and to enable the companies to enter and exit framework participation. The policy recommendations along with suitable incentives should therefore be discussed further between the project stakeholders and the pilot companies. This engagement will also enable EIC to digest the outcomes of the ESG pilots and identifying success stories, which can be disseminated as good Ethiopian practices.

Recommendation #3: Pilot companies should receive a certificate from EIC as a token of appreciation and to enable them to showcase their ESG commitment to international customers and consumers.

Rationale: Pilot companies across subsectors have requested the receive a certificate which documents the companies' participation in the ESG framework development process in Ethiopia and their commitment towards sustainable investments. This token of appreciation will help them marketing their ESG commitments in the eyes of international customers and consumers, and underpin their role as ESG ambassadors in Ethiopia.

Recommendation #4: EIC should market the favourable climate of Ethiopia as an opportunity for international investors to decarbonize manufacturing processes.

Rationale: EIC could underpin the ESG approach and Ethiopia as a destination for sustainable manufacturing by highlighting the climatic advantages of Ethiopia, which reduces the need for energy consumption related to heating and cooling of factories. This is also enhanced by investors access the thermo- and hydro power.

II. Recommendations for a new project phase

Recommendation #5: The project design for the next phase should be tailored specifically for further development and implementation of the ESG policy recommendations.

Rationale: Going forward with the ESG policy recommendation, a tailored and focused project design is needed to support further ESG development and consolidate the policy roadmap. The project duration should cover the likely duration of the roadmap, and build on the present project strategy, applying short innovation cycles to pilot ESG approaches while continuing policy dialogues and building stakeholder consensus on the policy recommendations.

Recommendation #6: The ESG approach could be codified by amending the regulation on financial disclosure with a chapter on non-financial disclosure requirements.

Rationale: There is a need to promote the ESG approach among manufacturers in Ethiopia and to present a framework which also allows foreign investors to apply these approaches when investing in Ethiopia. Regulatory amendments should build on voluntary participation, but they also need to be transparent, accountable and credible.

This recommendation could be implemented through the following measures:

- The regulatory amendment should focus on large enterprises in line with the present project.

- The non-financial disclosure requirements should build on voluntary participation. This entails that an enterprise is not required to apply the ESG approach, but if it does, it has to disclose how this is done, referring to the applied ESG standards.
- The financial regulation may suggest a format for how an enterprise could present its ESG approach.
- In the coming years, EIC and the Government of Ethiopia could amend the regulatory framework with a common ESG taxonomy (terminology) for Ethiopia, defining what sustainable production methods mean, such as zero-carbon production methods.
- ESG may be further promoted through the introduction of investment credits based on ESG ratings. Such an approach would require a more formalised cooperation with the financial sector, and regional experience may provide lessons on how this can be done, for example the Sustainable Finance Initiative in Kenya or the Sustainable Banking Principles in Ghana.

Recommendation #7: The ESG approach in Ethiopia could be enhanced with the participation of the upcoming Ethiopian Securities Exchange.

Rationale: Stock exchanges and security futures around the world increasingly apply ESG ratings of listed companies to promote sustainable investments. These initiatives are supported by the Sustainable Stock Exchange Initiative (SSEI), which is a UN Partnership Programme organized by UNCTAD, the UN Global Compact, UNEP FI and the UN Principles for Responsible Investments (PRI). Stock exchanges and security futures in Kenya, Nigeria, Egypt and Botswana participates in this. With an upcoming stock exchange in Ethiopia, there is opportunity to build on international and regional practises.

This recommendation could be implemented through the following measures:

- The UNDP CO may engage in a partnership with SSEI to allow the upcoming Ethiopian Securities Exchange access to global experience with ESG company ratings, in particular regional lessons learned from Kenya, Nigeria, Egypt and Botswana.
- The project could explore the feasibility of an institutional twinning cooperation between the upcoming Ethiopian Securities Exchange and the Nairobi Securities Exchange (NSE) in order to tap into Kenya's emerging lessons on an ESG index, which the NSE is developing in cooperation with the Kenyan Capital Markets Authority. On 29 November 2021, the NSE released its ESG guidance manual and allowed publicly traded companies one year to familiarise themselves with the requirements, before the index will be implemented.
- Alternatively, a partnership with the stock exchange in Egypt, Nigeria or Botswana may be pursued. All of them already introduced ESG guidelines/ratings.

Recommendation #8: Ethiopia could promote ESG through sustainable public procurements.

Rationale: Public procurements are typically regulated to ensure transparency, cost-effectiveness and a level playing field for private sector participation. This includes mandatory requirements for public tenders, tendering of framework agreements with set price brackets for bulk purchases etc. Externalities such as environmental impacts may not be factored in, and regulatory amendments could promote green and socially responsible procurements by considering ESG ratings as non-financial assessment criteria for vetting tender proposals.

Recommendation #9: International assistance for the ESG framework should be delivered in cooperation with Ethiopian counterparts who are likely to become training or service providers, rating assessors and so forth, once the ESG framework is implemented.

Rationale: The SIP Project has funded a number of international consultancies to develop the ESG framework and to conduct further piloting at the company level. In order to broaden the access for Ethiopian experts to learn about ESG and to increase the local resource base, the next project phase should always team up international consultants with local counterparts, for example advocacy or service institutions, ISO certification institutes or the Kaizen Institute. In cases where joint team cooperation is not possible, the project should justify in writing its decision to proceed with international assistance only. This will facilitate the monitoring of local ESG capacity development.

Recommendation #10: The next phase should explore synergies with international ESG tools, which can be easily tailored and applied to the Ethiopian context

Rationale: The SIP Project has already tailored ESG framework proposals, policy recommendations and roadmaps, which are referring to international practises. To this end, there is an abundance of training and assessment tools available on the internet and otherwise, which may be easily tailored to Ethiopia if validated by the project. This could save time and resources and underpin a shared understanding of ESG with international customers and consumers.

This recommendation could be implemented through the following measures:

- The UNDP CO may seek more cooperation with UNIDO and ILO to share experiences and tools as well as exploring the possibility of harmonising ESG framework and approaches between IP and non-IP companies
- The textile and garment sector are good examples of where the project could look for relevant, adaptable training material and tools, for example GIZ's online ESG learning course <https://gps.giz.de/en/>.
- Another example to explore is the German Sustainability Code - <https://www.deutscher-nachhaltigkeitskodex.de/en-gb/> - which provides a framework for the implementation of ESG.

Recommendation #11: Continue international exposure as a means to internalise the ESG approach, build partnerships and underpin a shared understanding of the ESG approach

Rationale: The development of a tailored ESG framework depends on a shared understanding of the ESG approach. The initial feedback from regulators and regional governments indicates that more efforts are needed to build capacity in order to implement the policy recommendations and sustain the framework development. International exchange visits worked well during the SIP Project and more exposure to international ESG experiences, preferably regional experience, could mitigate misperceptions and facilitate the development of a balanced framework.

This recommendation could be implemented through the following measures:

- There is an abundance of ESG frameworks and standards around the world, but tailoring to the Ethiopian context is key to sustain the ESG approach as is the need to keep it simple and manageable. ESG stakeholders are likely to benefit from regional exposure visits to other countries in Africa, such as Nigeria, Kenya and Egypt, where local tailoring of the ESG approach has gained more experience. Such exchange visits should focus on this particular issue and be tailored according to participants needs.

- Exchange visits should apply an action planning approach, where each participant define upfront which particular challenge, they want address based on the learnings from the exchange visit. Before returning, participants use the learnings to design a written action plan which they can apply when coming back to the home office.
- Study tour outcomes should be also assessed through participant surveys to facilitate follow ups, improve future study tours, and for M&E purposes.

Acronyms and abbreviations

AWP	Annual Work Plan
BRI	Belt and Road Initiative
CSO	Civil Society Organization
CO	Country Office
CSR	Corporate Social Responsibility
DAC	Development Assistance Committee (OECD)
DP	Development Partner
ECCSA	Ethiopian Chamber of Commerce and Sectoral Association
EFCCC	Environment, Forest and Climate Change Commission
EIC	Ethiopian Investment Commission
ESG	Environment, Social and Governance
FDI	Foreign direct investment
GEWE	Gender equality and women's empowerment
GIZ	German Technical Cooperation
GoC	Government of the People's Republic of China
GoE	Government of Ethiopia
GTP	Growth and Transformation Plan
HGER	Homegrown Economic Reform Program
ICT	Information Communication and Technology
IDP	Capacity Strengthening for Industrial Development Project
ILO	International Labour Organisation
IP	Industrial Park
IPDC	Industrial Park Development Corporation
M&E	Monitoring and Evaluation
MoFEC	Ministry of Finance and Economic Cooperation
MoLSA	Ministry of Labour and Social Affairs (now Ministry of Labour)
CO	Country Office
PRI	UN Principles for Responsible Investments
PSC	Project Steering Committee
SDG	Sustainable Development Goal
SIP	Sustainable Investment Promotion
SRI	Socially Responsible Investing
SSEI	Sustainable Stock Exchange Initiative
SWOT	Strengths, Weaknesses, Opportunities, Threats
ToR	Terms of Reference
UNCDF	United Nations Capital Development Fund
UNCTAD	United Nations Conference on Trade and Development
UNDAF	United Nations Development Assistance Framework
UNDP	United Nations Development Programme
UNDESA	United Nations Department of Economic and Social Affairs
UNECA	United Nations Economic Commission for Africa
UNEP FI	United Nations Environment Programme Finance Initiative
UNIDO	United Nations Industrial Development Organization
UNSDCF	United Nations Sustainable Development Cooperation Framework

1. Introduction

This report presents the findings, lessons learned and recommendations of the terminal evaluation of the Sustainable Investment Promotion (SIP) Project implemented by the Ethiopian Investment Commission (EIC). The evaluation was commissioned by the country office (CO) of the United Nations Development Programme (UNDP) in Ethiopia and it was conducted between December 2021 and March 2022. This included a field phase in Ethiopia from 24 January – 04 February 2022.

The introduction to this report provides a brief presentation of the SIP Project as well as the purpose and methodology of the evaluation. Chapter 2 presents the evaluation findings according to the six OECD-DAC evaluation criteria, whereas Chapter 3 Chapters 4 and 5 present the lessons learned, to conclusion and the recommendations, respectively. Nine annexes are attached to the report, including the Terms of Reference (ToR), the evaluation references, the list of persons interviewed and the evaluation design matrix.

1.1 The project and development context

The SIP Project is funded by a global partnership between UNDP and the Government of the People's Republic of China (GoC), to promote sustainable Investments in countries supported by the Belt and Road Initiative (BRI). The overall objective of the partnership is to strengthening partner countries' capacities, enhancing the sustainability of BRI related investments and projects, and leveraging support to attain the Sustainable Development Goals (SDGs) and the 2030 Agenda on the Sustainable development.¹ Through the partnership, 'SIP facilities will promote sustainable investments through awareness raising, improved policies, regulations and cooperation frameworks.

Accordingly, the SIP Project was designed to pilot promotion of sustainable investments in Ethiopia, and harness foreign direct investment (FDI) contributions to Ethiopia's development priorities. The project had a duration of 3.5 years and it was implemented between January 2019 and June 2022. This included a no-cost extension of 18 months. With a budget of US\$ 1,087,928.92, the SIP Project aimed to demonstrate early results and lessons learned on sustainable investment approaches, which can be replicated and upscaled in Ethiopia and in other BRI partner countries. Its intermediate and long-term goals are then to institutionalise those approaches, and to mobilise financing for the achievement of the SDGs.

The textbox below presents a summary from the project document, explaining the intermediate and long-term goals of the SIP Project:

¹ The BRI and the SDGs are strategically aligned on global governance by; 1. Bringing in the 2030 Agenda, 2. Addressing the public goods provision, 3. Encouraging policy coordination and alignment, and 4. Empowering country leadership and ownership. The BRI-SIP partnership is a contribution towards bridging the finance gaps for the 2030 Agenda and harness sustainable investments through private sector participation.

BRI-SIP intermediate and long-term goals:

- a) **Promote investments in a way that creates sustainable patterns** in economic, social and environmental terms, searching for innovative solutions that will ensure the achievement of the enhanced connectivity and accelerated progress for the advancement of the SDGs in both Ethiopia as the piloting country and other countries along the Belt and Road.
- b) **Provide investment offer to match investment demand.** The assessment of development needs of BRI partner countries calls for a careful matching with offer and resource availability. The quantity and quality of BRI investments, including the investment motive, sourcing strategy, and technology potential should be balanced with countries' national development priorities and aspirations.
- c) **Strengthen BRI partner countries' capacities to better engage with BRI investment opportunities.** The development of domestic skills and innovation capabilities is essential not only to attract and manage BRI investments but also to leverage long-term impact and potential benefits associated with such investments.
- d) **Forge mutually-beneficial and win-win cooperation for Chinese, international and local actors.** There is a need to increase transparency of enterprises and awareness of procedures of partner countries, and equip investment decisions with consistency and predictability. It is vital to foster cooperation to embed project-level economic returns into a multi-stakeholder platform that will generate mutually beneficial outcomes for investors, operators, government officials, regulators and local communities.
- e) **Promote positive early-harvest results and enhanced communication.** While the BRI is still at an early stage, it is crucial to achieve positive results and to showcase successful examples, to demonstrate the potential of the initiative and encourage sustainable investments in the long run that clearly benefits partner countries. It also needs to create engagement mechanisms to enhance communication and consultation among key stakeholders to strengthen linkages to national and local authorities, rules and regulations and partners.

At its core, the SIP Project was piloting an Environment, Social and Governance (ESG) framework for Ethiopia, based on international emerging ESG framework. ESG was coined by the United Nations Environment Programme Finance Initiative (UNEP FI) back in 2004-2005 as a measure to direct mainstream investment and finance away from qualitative Corporate Social Responsibility/Socially Responsible Investing (CSR/SRI) approaches, towards a more material and accountable approach, which aligns the long-term goals of institutional asset owners with UN's sustainable development objectives.

The ESG approach enable businesses to be profitable, while contributing to sustainable development. Leading economies (and emerging economies) around the world are in the process of implementing ESG approaches as a measure to mobilise sustainable financing and private sector participation. Hence, the application of ESG principles in Ethiopia will also enable investors to join global supply chain collaborations based on these principles. To achieve this, the SIP Project engages with all stakeholders with a vested interest in ESG, including investors, regulators, business support institutions, associations and CSOs and development partners.

1.2 Evaluation purpose and approach

The purpose of the evaluation was to document the project performance and draw lessons for the future orientation of UNDP's support to sustainable investments. The evaluation was conducted in accordance with OECD-DAC Quality Standards for Development Evaluation (Dec 2019), assessing the relevance, coherence, effectiveness, efficiency, impact, and sustainability of the project, and its contribution to sustainable development in Ethiopia. The purpose of the evaluation was to

- Assess if project outputs and outcomes were achieved;
- Assess if project implementation structures were adequate for attaining the project objectives;
- Identify factors that contributed or constrained the effectiveness and efficiency of the project
- Assess the appropriateness and effectiveness of UNDP's partnership strategy

- Document lessons learned and make recommendations to support results achievements and for the design of future project interventions.

In line with the ToR and the DAC criteria, the scope of the evaluation covered all project interventions with the assessment of planned versus actual outputs, contributions of achieved results to the attainment of the project objectives, the likely impact and sustainability of the achieved results and the factors underpinning or constraining them. Moreover, the evaluation assessed the efficiency of the project management in terms of output quality, quantity, timeliness, cost efficiency, as well as coordination, monitoring and evaluation arrangements. Ultimately, this led to the identification of lessons learned on how the project theory of change answered the project purpose, which in turn informed the recommendations for the finalisation of the project and the design of a new project phase, respectively.

Data collection and synthesis methods

The evaluation applied a mainly qualitative approach based on a desk review, stakeholder consultations in Ethiopia, and data triangulation using multiple sources when possible. The evaluation took point of departure in the achieved results in relation to the project intervention logic and other design elements such as the stakeholder analysis, and bearing in mind that the project is indeed a pilot and meant to be adaptive to priority changes, emerging issues and early lessons learned.

The results-based assessment was complemented by various data collection and synthesis methods in order to answer all evaluation questions. These included:

- A beneficiary assessment based on the stakeholder consultations to validate results achievements, and assess the attention to local priorities, inclusiveness and participation
- On-site validation of ESG pilot results to enhance the beneficiary assessment from the perspective of participating pilot manufacturers
- An assessment of the gender marker rating compared to the scope and achieved results
- A cost-efficiency and value-for-money assessment of all efficiency aspects
- A risk assessment to validate the planned and actual project mitigation actions
- A lessons learned assessment to capture the suitability of the project design and to guide the future ESG development and project support.

The evaluation design matrix in Annex 5 presents the detailed evaluation questions specified by the ToR and with reference to the DAC criteria. The evaluation matrix also summarises how data was collected and synthesised in order to answer the evaluation questions. The data collection during the field phase was guided by the information gaps identified during the desk review and supported by interview checklists tailored for the stakeholder consultations, see Annex 8.

In addition to the narrative assessment, the evaluation was requested to rate the performance of selected results areas, based on a six-point rating scale: 6: Highly Satisfactory, 5: Satisfactory, 4: Marginally Satisfactory, 3: Marginally Unsatisfactory, 2: Unsatisfactory and 1: Highly Unsatisfactory. Where applicable, the ratings are stated prior to the narrative assessment.

Evaluation phases

The evaluation was divided into three phases: 1) *The desk phase* to review the project references and prepare for the in-country consultations; 2) *The field phase* to conduct stakeholder consultations in Ethiopia; and 3) *The synthesis phase* to prepare and finalise the evaluation report. During the field phase, semi-structured key-informant interviews and focus-group discussions were conducted with project stakeholders and beneficiaries. In total, the evaluation conducted 14 key-informant interviews and 9 focus-group discussions, which were enhanced by more informal engagements. Annexes 3 and

4 present the list of persons interviewed and the meeting schedule for Ethiopia and online, respectively.

Limitations of the methodology

Since the project aim was to undertake early SIP pilots, it was difficult to document accomplishments above the output level, especially with regard to sustainability and longer-term impact. Moreover, some activities were still in process during the evaluation. The evaluation therefore assessed the likely sustainability and impact of the early pilots, based on stakeholder consultations, the ownership to project accomplishments and future plans.

Other limitations included:

- The duration of the evaluation only allowed for consultations with key stakeholders and selected spot checks in the field. In order to address all evaluation questions, the stakeholder consultations were selected in order to cover all project outputs (platform, policy and pilots) and to avoid a bias towards more positive views.
- Industrial development in Ethiopia engages with a number of development partners and other programmes could potentially overlap and blur results achieved by the SIP project. To mitigate this risk, issues of overlaps, synergies and complementarities were explicitly addressed during the stakeholder consultations.
- The coronavirus pandemic and a state of emergency caused some mobility restrictions during the field phase, but all planned stakeholder consultations were accomplished. Some consultations had to be conducted online and by mobile calls, but most were conducted during physical meetings in Addis Ababa and on-site visits, with follow up calls from home to cover the ESG pilot support.

2. Findings

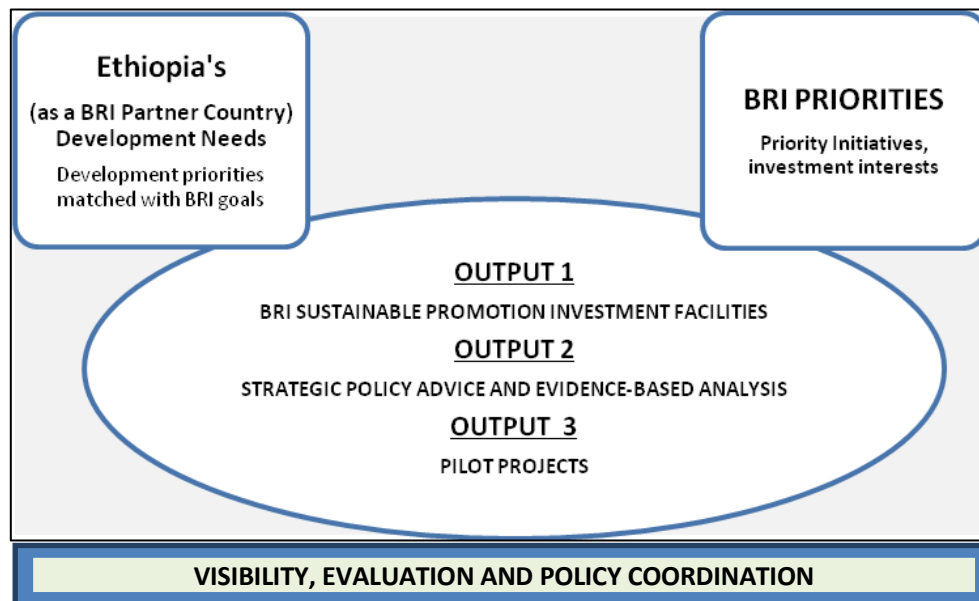
This chapter presents the assessment of the project design and the overall performance and results achievements in line with the DAC quality standard criteria. As mentioned above, the project performance is also rated according to a six-point rating scale, where required.

2.1 Project design

The SIP Project was conceived with a reference to UNDP's development assistance principles and the design was based on a problem analysis of national development challenges and priorities. The project intervention logic, expected outcomes and baseline indicators are presented in a log frame in Annex 6, whereas a risks analysis led to the design of risk mitigation actions, see Annex 7. The intervention logic reflects three interlinked pathways/outputs, which the early pilots are based on:

- Platform.** The BRI-SIP facilities will act as a platform to synthesize the experience of BRI partner countries and provide sustainable channels for mutual learning, knowledge and experience exchange to achieve the SDGs.
- Policy.** The BRI-SIP facilities will in a collaborative way bring national actors together to look at policy, regulatory and procedural aspects related to the BRI, institutional frameworks for investment promotion and methods for monitoring BRI effectiveness. It will also provide both macro-level policy advice and tailor-made solutions to problems faced by existing or potential investors and streamline the level of BRI investments with a sustainability focus at its core.
- Piloting.** The BRI-SIP will support the testing and application of the above solutions by providing project-level advice and analyses to the identified priority sectors and piloting projects.

The intervention pathways are illustrated in the figure below, taken from the project document:



It may be added that the innovative nature of the project implies an adaptive approach in order to test and validate lessons learned and engage with stakeholders during the project implementation. As a result of this approach, the project interventions changed early in the implementation process, from support to Chinese-owned industrial parks and companies to a broader promotion of sustainable investments targeting all priority manufacturing subsectors outside the industrial parks². This widened project focus was based on a request from EIC.

Assumptions and theory of change

The theory of change is reflected by the intervention logic and based on lessons learned on development cooperation and overseas BRI investments. The assumption is that enhancing partner countries' capacities can a) attract and manage investments, and b) leverage long-term impact and associated benefits. Due to the innovative nature of the project, the intervention logic does not include critical assumptions about development contributions or events beyond the control of the project, even though it depends on such contributions to become catalytic and create transformation. Rather, its assumptions are based on lessons learned on suitable corporation principles, i.e.:

- National and local development priorities and needs
- Multi-stakeholder and multi-country perspective, involving public and private sector stakeholder at country, regional and global level
- Complementarity to ongoing activities to ensure programmatic sustainability, harness synergies and avoiding overlaps
- Country level piloting to demonstrate impact, and paving the way for scaling up.

Based on these principles, the theory of change can be summarised by the following development hypothesis:

IF institutional frameworks and capacity development for sustainable investments are supported through knowledge and dialogue platforms, policy support and testing of new solutions;

² According to the EIC, industrial parks in Ethiopia are host to some 200 factories, whereas 6000 factories are located outside the industrial parks.

IF the support is based on national priorities, multi-sector and multi-partner approaches; and
IF it is complementary to other development initiatives;
THEN early results can be harvested for upscale in a BRI partner country and in other partner countries.

As argued below, the evaluation validated the theory of change and the development hypothesis which the project is based on. It's generic, but perfectly suitable for this kind of innovative project and in line with state-of-the-art approaches for capacity support. Chapter 3 on lessons learned provides a more detailed reflection on how the change theory was interpreted and why this contributed positively to the EIC support and the ESG piloting, for example through attention to national priorities and local ownership, the value added of policy dialogues and piloting, and the potential for catalytic impact beyond the immediate scope of the project interventions. The lessons learned also touch upon theory of change features, which are not explicitly mentioned, but nonetheless were key for the project's results achievements, for example the flexibility and resilience of the project design. Based on this, a number of forward-looking recommendations for the ESG development and a strengthened theory of change are presented, such as more attention to synergies with other development initiatives, regional south-south cooperation and new partnerships.

Planned stakeholder participation

As mentioned, the SIP project relies on the cooperation and contribution of a number of stakeholders among regulators, investors, business associations and support institutions, among others. Accordingly, the project design comprised of a stakeholder mapping and analysis of vested interest in sustainable investments, which guided the stakeholder engagement. Project stakeholders with a vested interest in sustainable investments is found in Annex 9, and reflects a process of stakeholder interaction during the implementation of the project. A more comprehensive stakeholder analysis was commissioned in 2019 to further underpin the stakeholder engagement, identify pilot subsectors and promote stakeholder buy-in.

Replication approach

In line with the theory of change, the project identified local needs and demands through policy dialogues and responded to them with the application of international practises, which were tailored to the local context through short innovation cycles. This approach tallies with proven capacity development approaches, such as 'best fit'/'working with the grain'³ or the "Problem Driven Iterative Adaptation" approach jointly developed by Harvard University and the World Bank⁴.

Accordingly, the pilots and lessons emerging from them will be vetted, upscaled and replicated through best practise disseminations, advocacy, and through the policy recommendations and roadmaps, which have emerged during the project implementation. This junction, where studies, exchange visits, policy dialogues and pilot outcomes are translated into replication and policy change, is precisely where the project has arrived, a few months before its termination.

UNDP comparative advantage

UN operations in Ethiopia refer to the United Nations Sustainable Development Cooperation Framework (UNSDCF) 2020-2025 and the Delivering as One (DaO) approach, which are shared programming instruments across UN agency interventions. The aim is to ensure that UN interventions are harmonised and aligned to national development priorities. UNDP is a key partner for the

³ Former World Bank economist, Brian Levy, has written an influential book on the subject, He argues that development pathways are varied and circuitous and to achieve progress, donors need to begin by seeing things as they are, and to work from there, see Levy, B (2014), Working with the Grain: Integration of Governance and Growth in Development Strategies. New York: Oxford University Press.

⁴ See e.g. Andrews M et al (2013), Escaping capability traps through problem-driven iterative adaption (PDIA) in World Development 51(11), pp. 234–44.

Government of Ethiopia in addressing underlying structural causes of poverty and deprivation. UNDP works at policy level with a whole-of-government approach, which enables it to safeguard the coherence of the overall UN development assistance and the attainment of the SDGs. UNDP's regional hub for Africa is also based in Ethiopia, making it one of the large UN agencies in Ethiopia.

UNDP's role as integrator and policy partner is key for the appreciation of UNDP's comparative advantage within sustainable investments, as the SIP Project could draw on UNDP's long-term involvement within industrial development, its comprehensive sector knowledge and networks and its role in policy development. The feedback from SIP stakeholders for this evaluation confirmed UNDP's comparative advantage in sustainable investments and commended UNDP for being "a good development partner" and "adaptive to changes in government priorities". UNDP was also commended for being "a consistent partner with a long-term commitment in industrial development where other development partners tend to step in and out" with a shorter and more narrow scope. SIP stakeholders also found that UNDP was well-positioned to support the objectives of the project and government development policies per se.

Linkages with other interventions within the sector

The SIP Project is a unique contribution to the promotion of sustainable investments in Ethiopia and aligned with Growth and Transformation Plan (GTP) II, the Home-grown Economic Reform Program (HGER) and the Ten-Year Perspective Development Plan (2021 – 2030). UNDP's support to industrial development, manufacturing subsectors and private sector participation, previously focused on various aspects of sustainable investments such as social rights, environmental protection, and promotion of start-ups and micro, small and medium-sized enterprises. The SIP Project on the other hand, presents an opportunity to address sustainable investments from a holistic perspective, targeting large companies located outside the industrial parks for scale and impact. The evaluation noted that thematic support for industrial development is not well coordinated at present, and the SIP Project promotes a framework, which enables a more coherent approach that could draw on contributions from other development partners.

Management arrangements

The project is implemented by the EIC and joint supported by UNDP Ethiopia and UNDP China. The project was designed with a joint steering committee consisting of the EIC, UNDP Ethiopia and China, the Chinese Embassy in Ethiopia, the Ministry of Finance and Economic Cooperation (MoFEC) and the Environment, Forest and Climate Change Commission (EFCCC). It subsequently convened to agree on the project design in April 2019. The UNDP CO in Ethiopia employs a project coordinator who is responsible for the technical assistance and budget allocation, and works in close cooperation with the EIC. The management arrangements are further assessed below.

2.2 Project results

The evaluation rated the overall project results (attainment of objectives): **Satisfactory**.

This generic rating is based on the combined performance of the project according to the DAC evaluation criteria, and reflects that the planned project outputs were achieved or were likely to be achieved at the time of the evaluation. The outputs were delivered effectively and efficiently and with good quality in spite of delays caused by Covid-19 and a state of emergency. The rating also reflects that the project objectives remained relevant towards local demands and priorities, and that the project strategy and theory of change was conducive for the accomplishment of the project results. The project was also relevant vis-a-vis women and vulnerable groups as it mainstreamed crosscutting issues through the ESG approach, whereas synergies and complementarities were achieved at a satisfactory level for a piloting project. The likely longer-term impact is not yet clear, even if the project

has managed to put ESG and promotion of sustainable investment for large corporations on the political agenda in Ethiopia and has proposed a framework and roadmap to implement it. Sustaining the early pilot results is a particular challenge, which needs to be overcome to achieve longer-term impact. This will depend on how the institutionalisation process can be sustained, and whether a shared vision of the ESG approach and a balanced framework approach can be agreed among regulators, investors and other stakeholders. The subsections below provide more detail on the project performance according to the DAC criteria.

2.2.1 Relevance and coherence

Relevance rating: **Highly satisfactory**

The SIP project has performed well in terms of relevance and coherence, and the evaluation rated the relevance highly satisfactory. Based on the desk review and consultations with project stakeholders, the SIP Project remained relevant to the needs and priorities of Ethiopia as outlined by the country policies, the 2030 Agenda on Sustainable Development and UNDP's global and country level strategies. As mentioned, the project is a result of the global BRI-SIP partnership framework in addition to Ethiopia's and China's strategic cooperation, whereas UNDP derives its mandate from the 2030 Agenda and UNDP's Strategic Plan, which at country-level is reflected in the UNSDCF for 2020-2025 with the Federal Democratic Republic of Ethiopia, and its predecessor, the United Nations Development Assistance Framework (UNDAF) for Ethiopia (2016-2020). The SIP Project is nested under both programmes. In UNDAF, the project contributed to the achievement of Outcome 2: "By 2020, Private Sector driven manufacturing and service industry sector growth is inclusive, sustainable, competitive and job rich", whereas in UNSDCF it contributed to the achievement of Outcome 3: "All people in Ethiopia benefit from an inclusive, resilient and sustainable economy" and Outcome 4: "All people in Ethiopia live in a society resilient to environmental risks and adapted to climate change", respectively. The UNDAF and UNSDCF are aligned to Ethiopia's development priorities and the way the project contributed to the outcomes, is explained below.

From the Government of Ethiopia's perspective, the SIP Project remained relevant to the national policies and strategies, including the Ethiopia's GTP II 2014-2019, which was succeeded in 2019 by the HGER and the Ten Years Perspective Development Plan 2021 – 2030, as well as Ethiopia's Climate Resilient Green Economy (CRGE) strategy from 2011. The HGER aims to unlock Ethiopia's development potential and its transition from a largely agrarian low-income country to an industrialised lower middle-income country by 2030. This will require the private sector to play a stronger role in economic growth and job creation amid waning public financing capacity. Privatisation of flagship companies such as Ethio Telecom and Ethiopian Airlines is part of the plan. Trade and regional integration are given special emphasis in the HGER roadmap as demonstrated in Ethiopia's signing and subsequent ratification of the African Continental Free Trade Area. Ethiopia also resumed the WTO accession negotiations after a pause of eight years. In turn, the project contributes to Ethiopia's development priorities through the promotion of private sector participation (and financing) to meet Ethiopia's development objectives, and through strengthening the sustainability of priority manufacturing subsectors. Both priorities are critical to attract (and retain) FDI, create green growth and reduce poverty, and for attaining lower middle-income status by 2030.

As illustrated by the results achievements in the next section, the project's theory of change was conducive for piloting sustainable investment promotion, although the pilots are yet to be institutionalised. The project was adaptive towards partner priorities as project interventions underpinned the outcomes of policy dialogues, exchange visits and thematic conferences such as the Addis Ababa SIP investment forum in July 2019, where pathways for sustainable investments were discussed to guide the piloting of the ESG framework approach.

The initiation of the SIP Project coincided with a change of government in 2018 and the adaptive approach presented an opportunity to adjust the project design and realign it with the priorities of the new government. One of the most significant changes was to widen investor participation in the project as initial discussions to target only Chinese-owned factories inside Chinese-owned industrial park were abandoned for large manufacturers per se outside the industrial parks. This paved the way for the participation of pilot companies owned by a. o. Ethiopian, Chinese, and Indian investors, representing both export- and domestic market-oriented manufacturers, and met a demand from EIC for a broader scope to retain FDI in the country rather than attracting new FDI. As a result, a more sector wide approach was pursued, which improved the overall relevance of the pilots for Ethiopia and other lower-middle and middle-income countries. Further, the adaptive project design meant that it could respond to the challenges caused by the coronavirus pandemic and the state of emergency with a project extension of 18 months, and support EIC's remote work ability with additional ICT support.

Synergies and complementarities

As mentioned, the thematic development support for industrial development in Ethiopia is not closely coordinated beyond the general donor coordination through the Ministry of Finance. However, as the ESG approach enters the next phase, it would be critical to consider if more synergies and complementarities are feasible. Coordination with other UN agencies and committees (UNCTAD, UNECA, UNIDO, ILO and UNCDF) was mentioned as a general intention in the project document, but only few opportunities such as the policy dialogue forums emerged during the present project phase. Moving forward, there may be more scope for cooperation. For example, UNIDO in cooperation with UN Global Compact, GIZ, the China National Textile and Apparel Council and Ethiopian Textile Industry Development Institute currently implements the "Sustainable textile investment and operation in Ethiopia", aiming among others to improve ESG standards in the textile and garment sector. This project targets Chinese owned industrial parks and companies with a scope which was initially discussed for the SIP Project. Since the SIP Project includes the same subsector, but outside the industrial parks, mutual learning and coordination could benefit the development of a joint ESG approach. After all, international customers worry about the ESG metrics, not the location of a company. (See Recommendation #10)

The evaluation also assessed if other SIP-BRI pilots were relevant for cooperation and exchange of experience. The SIP-BRI project implemented by UNDP Serbia was identified as the most relevant to assess. It is based on the experience of the SIP-BRI project in Ethiopia, which lead to a more decentralised project approach in which UNDP China provide technical backup support. However, the Serbian project has only completed the inception phase, and have not yet achieved significant results. Moreover, it has opted for a quite different approach compared to Ethiopia, as it supports the physical construction and establishment of a BRI institute to underpin Serbian-Chinese relations, whereas the SIP Project in Ethiopia promotes sustainable investments through EIC. Cooperation opportunities may emerge in the future, but for this phase, opportunities (except for sharing of reports) were limited.

2.2.1.1 Crosscutting issues

The SIP Project gender marker score is 2 based on UNDG's four-point gender marker rating scale⁵. This corresponds to projects, that have gender equality as a significant objective. Given the catalytic

⁵ The UNDG Gender Marker standard is based on a 4-point scale: Gender Marker Score 3 for projects that have gender equality as a principal objective; Gender Marker Score 2 for projects that have gender equality as a significant objective; Gender Marker Score 1 for projects that will contribute in some way to gender equality, but not significantly; and Gender Marker Score 0 for projects that are not expected to contribute noticeably to gender equality.

potential of the project and the fact that a majority of employees working in manufacturing are women, the gender marker rating seems justified. At first glance, a lower score would seem more appropriate as the project document does not include any specific targets on gender equality and women’s empowerment (GEWE) or vulnerable groups. However, the ESG approach does indeed mainstream GEWE and human rights considerations, as ESG metrics attend to issues like workers’ rights and the freedom to associate, women’s safety, minimum salaries, equal pay and equal employment opportunities, workplace access for persons with disabilities, and skills development. To this end, the social metrics proposed by the draft ESG framework include “Equal Opportunity” benchmarks for fair and transparent entrenchment practices and inclusive workplace management with safeguards for equal work opportunities for women, youth and persons with disabilities.

These mainstreaming efforts captured by the proposed ESG framework are key, as women in Ethiopia face a number barriers to access formal employment opportunities and the benchmarking of social standards is critical to the improvement of the rights of women’s and vulnerable groups in manufacturing. By 2014, female workers comprised 33.3% of the workforce in the manufacturing sector (large and medium sized enterprises), but the GTP II anticipated a growth in the manufacturing sectors and the creation of 750,000 new jobs in medium and large-scale manufacturing industries by 2020; hereof, a workforce share for women of 60% in low and medium-skilled and 30% in high-skilled jobs in textile and garments, leather and leather products, food and beverages, and pharmaceuticals.⁶

The ESG conceptual development aside, the SIP project also made an effort to improve the capacity of women in all its activities from policy dialogues to the piloting of ESG principles in manufacturing companies. This included efforts to achieve a more gender-balanced participation in the sustainable investment forums, trainings, and ESG management and training-of-trainers support for the pilot companies. While full gender equity was not realistic, the table below illustrates that a participation rate of 15-25% for women was achieved in most project activities.

Table. Examples of women’s participation in SIP Project activities

#	Activity	Participants #	Male #	Female #	Female %
1.1.1	Sustainable Investment Forum in Addis Ababa, Ethiopia	108	88	20	19%
1.2	Training/knowledge sharing programme in China (policy makers)	7	6	1	14%
	Training/knowledge sharing programme in China (technical experts)	21	17	4	19%
3.2	ESG pilot - Textile and garments	20	17	3	15%
	ESG pilot - Ceramic	40	30	10	25%
	ESG pilot - Horticulture	12	10	2	17%

⁶ See MoI/UNDP (2018), A Study on Women in Manufacturing in Ethiopia p 5 & 14.

2.2.2 Effectiveness

Performance rating: **Highly satisfactory**

The effectiveness of the project was rated highly satisfactory as the project achieved or is about to achieve its planned outputs, in spite of significant delays caused by external events, see also section 2.2.3 of efficiency. The quality of the outputs was also high, and significant resources and expertise were mobilised to facilitate policy dialogues, adapting project interventions to local priorities and linking policy discussions and international ESG approaches with local piloting and tailoring.

The table below presents the project log frame with the intervention logic of planned activities, outputs and outcome. In addition, the log frame contains the indicator framework with baseline and accomplishment indicators, and the means to verify them. Moreover, the table presents in two separate columns the project accomplishments according to the project's most recent progress report and the verification of these accomplishment by the evaluation. In Annex 6 there are additional information on the status and accomplishments of key project activities, some of which are also assessed in more detail below the log frame table.

Table. SIP Project results achievements against the logical framework

Intervention Logic		Baseline and results achievements as per the latest monitoring report, Oct 2021			Evaluation Assessment	
<p>Objective To strengthen institutional frameworks and building capacity in a selected pilot country (Ethiopia) towards the leveraging of sustainable investments, in order to improve the overall investment climate to attract and sustain foreign investments that respond to the country's national development priorities and local needs.</p>						
Expected Accomplishment	Accomplishment Indicators (IA)	Means of verification	BASELINE at project inception	IA by Oct 2021	Assessment of the monitoring report Oct 2021	Evaluation Assessment
PLATFORM						
<p>EA1. Enhanced knowledge, information exchange and communication on BRI related investments, fostered knowledge and experience sharing on sustainable investment among multiple stakeholders in the selected pilot country and established a learning and capacity building network towards</p>	<p>IA 1.1 Events designed for increasing the awareness and forging mutual understanding on sustainable investment.</p>	<p>Pre-event background paper / scoping paper and agenda, List of participants, Participants' feedback and questionnaires, Post-event summary, knowledge products, project quarter annual</p>	<p>Limited business/policy dialogue on sustainable investment.</p>	<p>IA 1.1.1 1st investment forum, Addis Ababa, Ethiopia.</p>	<p>Completed.</p>	<p>Completed</p>
				<p>IA 1.1.2 Sustainable investment promotion event in China</p>	<p>Completed.</p>	<p>Completed.</p>
				<p>IA 1.1.3 BRI-SIP Policy Dialogue in Addis Ababa, Ethiopia</p>	<p>Rephased for 2021 as a result of COVID-19: Based on the findings of the on-going diagnostic studies in two thematic areas, the policy dialogue is planned to be further held in 2021.</p>	<p>Postponed to 2022 as a result of COVID-19 and pending the outcomes of the ESG piloting. A technical workshop was conducted on 23 Dec 2021 to discuss the ESG studies among government stakeholders</p>

Expected Accomplishment	Accomplishment Indicators (IA)	Means of verification	BASELINE at project inception	IA by Oct 2021	Assessment of the monitoring report Oct 2021	Evaluation Assessment
presenting investment policy as well as governance solutions to identified hindrance /bottlenecks of FDI.		substantive reports.				
	IA 1.2 A training program/knowledge sharing/capacity building session for government officials and private sector in both Ethiopia and China to increase the understanding.	Training materials and agenda, List of participants, Participants' feedback and questionnaires, Post-training summary.	Limited knowledge on BRI-SIP.	Training programme/ knowledge sharing workshop.	Completed.	Completed
	IA 1.3 An online information hub that can inform and encourage sustainable investments.	Online information hub (website) to update regular country-, project- and investment-level data, information and tailor-made analysis.	Non-existent information platform on BRI-SIP.	BRI-SIP information platform.	Completed. EIC however requires further support to make the online platform to be enhanced	Completed. Additional support rendered for laptops and servers to underpin homework during Covid-19. The website contains links to the ESG studies, but EIC does not seem to regularly monitor web user patterns and demands
POLICY						

Expected Accomplishment	Accomplishment Indicators (IA)	Means of verification	BASELINE at project inception	IA by Oct 2021	Assessment of the monitoring report Oct 2021	Evaluation Assessment
EA 2. Improved business environment and strengthened capacities of policymakers in the selected pilot country to identify regulatory and institutional gaps in adsorbing, sustaining and upgrading foreign investments in lineage with national development priorities and local needs.	IA 2.1 Diagnostic study on ESG/sustainability aspects of investment promotion and facilitation.	One diagnostic study	Limited studies on sustainability aspects of investment promotion & facilitation	Two diagnostic studies.	<p>Completed. Diagnostic studies in the following two thematic areas well under way.</p> <ul style="list-style-type: none"> - Area 1: garment, horticulture, leather and leather products, and agro-processing including sugar-related industries – completed - Area 2: infrastructure investments including energy and ceramics – completed 	Completed
	IA 2.2 Five concrete policy advices designed to analyse and remove investment barriers. .	One policy analysis paper including five advices	Limited analysis/policy advice in specific investment sector.		<p>Completed As per the findings from two diagnostic studies (A 2.1), the following policy recommendation have been provided:</p> <ol style="list-style-type: none"> 1. Formulation of guideline on ESG integration into companies' operation 2. Formulation of national level policy to incentivize companies based on their level of ESG integration/implementation 3. Issuance of certificate or notification for onboarding of assessment agencies and pool of expertise for undertaking due- 	

Expected Accomplishment	Accomplishment Indicators (IA)	Means of verification	BASELINE at project inception	IA by Oct 2021	Assessment of the monitoring report Oct 2021	Evaluation Assessment
					<p>diligence and compliance at companies</p> <p>4. Defining monitoring protocols for the enlisting of agencies and experts</p> <p>5. Developing capacity building curricula and awareness creation system</p>	
PILOT						
<p>EA 3. Enhanced sustainability scale and level of the selected investment as the pilot project, with the successful practices and development impacts thoroughly demonstrated and to be further scaled up / replicated later within and out of the selected pilot country.</p>	<p>IA 3.1 One priority sector and/or one pilot project identified.</p>	<p>Mapping on the selected priority sector / pilot project,</p> <p>One concept note prepared to the next-stage project assessment with de-risking / sets of policy advises and impact as the focus.</p>	<p>Limited policy advisory services provided on social and environmental aspects for pilot BRI-SIP projects.</p>	<p>Mapping on the selected /pilot project;</p> <p>Concept note prepared for next-stage project assessment;</p>	<p>Completed</p> <p>Key sectors selected and value chain approach applied to in the de-risking analysis on ESG. Out of the six priority sectors, Textile and Garment and leather sectors value chain analysis were made and specific recommendations provided.</p>	<p>Completed. Pilot advice ongoing.</p>
	<p>IA 3.2 Five concrete project-level advices designed.</p>	<p>One project assessment or analysis including five concrete</p>	<p>Limited assessment on development</p>	<p>One project assessment or analysis including five concrete</p>	<p>Completed.</p> <p>Concrete project level advices provided in the Assessment Report on</p>	

Expected Accomplishment	Accomplishment Indicators (IA)	Means of verification	BASELINE at project inception	IA by Oct 2021	Assessment of the monitoring report Oct 2021	Evaluation Assessment
		project-level advices.	impacts of BRI-SIP projects.	project-level advices.	Private sector engagement in light of sustainable investment promotion under the Belt and Road Initiative-Sustainable Investment Platform (BRI-SIP)- July 31, 2019	
	IA 3.3 Three successful practices summarized to demonstrate the sustainability impacts of the pilot project	One publication on the selected best practices, List of participants, agenda and summary of the demonstration events.	Limited advocacy services on BRI-SIP.	One publication on the selected best practices; List of participants, agenda and summary of the demonstration events.	Ongoing 2021.	Pending 2022.

Below is a more detailed assessment of key interventions across the three intervention pathways, comparing accomplishments against baselines and planned outputs.

Output 1 – Platform

Enhanced knowledge, information exchange and communication on BRI related investments, fostered knowledge and experience sharing on sustainable investment among multiple stakeholders in the selected pilot country and established a learning and capacity building network towards presenting investment policy as well as governance solutions to identified hindrance/bottlenecks of FDI.

The project implemented all planned policy/investment forums and training activities, bar one remaining policy dialogue event. EIC found the forums and training relevant and useful, and all events were conducted with a high degree of participation from relevant stakeholders, including the participation of top managers and executives. This also included key note speakers from government and development partners. The key events included:

Sustainable investment and match-making event in Addis Ababa, Ethiopia (Activity 1.1.1, 1.1.3).

The first BRI-SIP sustainable investment forum was successfully conducted in Addis Ababa, Ethiopia on 2-3 July 2019 to discuss thematic areas and practical challenge for further analysis and study. Some 120 participants from Ethiopia and China attended the forum which included speakers from UNDP, the Chinese Embassy, the EIC, the Ethiopian Finance Ministry, and the Chamber of Commerce's and private sector associations. Key discussion points included barriers for sustainable investment and potential policy options. A match making forum was conducted simultaneously with the investment forum with a total of 45 participants from the public and private sector and foreign companies.

The sustainable investment forum was conducted to overcome the limited policy dialogue on sustainable investments between relevant stakeholders in Ethiopia (the baseline), and to raise awareness and forge mutual understanding on sustainable investment. Key achievements included a better understanding of the business environment constraints and a basis for the government to shape comprehensive action plans on sustainable investment in Ethiopia. The business environment had been critically affected by the unstable political situation with frequent change of investment policies and government staff. For example, some Chinese enterprises went through local registration procedures, which required them to export 70% of their products while the remaining 30% could be sold locally. However, when the manufacturing operations officially started, the policy had changed and all products were now required to be exported. Limited communication between central and local government amplified this situation, for example when enterprises with official investment licenses obtained from central government were deemed illegal by local authorities as they were ready to launch productions at the project site. Uncertainties in taxation, environmental protection and labour regulations were also discussed. National environmental standards need to be further clarified and strengthened. Environmental standards are usually not fully specified at the investment planning stage, creating potentially unpredictable government interventions at the implementation stage, whereas various authorities often repeatedly enforce the same environmental regulations once production has started, which in turn affects the operation.

Sustainable investment promotion event in Beijing, China (Activity 1.1.2).

A China-Ethiopia high-level dialogue event on sustainable investment was successfully convened on 29 November 2019 in Beijing, China. It was convened as a follow-up to the Addis Ababa event above, to further improve on the limited dialogue on sustainable investments between relevant stakeholders in Ethiopia. The event brought together more than 200 participants from government, enterprises, chambers of commerce, United Nations, local embassies, other development agencies and think tanks. It was complemented by a sectoral roundtable on sustainable investment promotion in Ethiopia, where Ethiopian government representatives provided investment pitches in various sectors, including pharma, agro-processing, leather, textile, information communication and

technology (ICT), tourism and mining. The investment pitches were prepared with support from the project and delivered jointly with private sector participants from Ethiopia to engage with potential investors and development partners. EIC appreciated the opportunities to discuss plans and practical solutions with Ethiopian companies and potential investors, although the outcome of the investment pitches was subsequently impacted by the coronavirus pandemic and the constraints imposed on global mobility and supply chain investments. This in turn led EIC to focus more attention towards retaining FDI already present in Ethiopia while the pandemic is still ongoing.

Training/knowledge sharing programme in China (Activity 1.2)

The training programme was initiated to address the limited knowledge on BRI-SIP among Ethiopian policy makers and technical experts (the baseline), and to underpin the outcomes of the policy dialogue and investment forums. Hence, the purpose of the training programme was to raise awareness about ESG, improve the knowledge about ESG measures and learn first-hand from China's best practices on sustainable investment promotion. The training programme entailed a combination of seminars and onsite visits in Beijing and Shenzhen and it was divided into a knowledge exchange programme for policy makers (26 – 28 November, 2019); and one for technical experts (5 – 9 December, 2019). Both exchange visits received positive feedback from the participants as they contributed to the improvement of a broad range of skills and knowledge on sustainable investment promotion, based on Chinese and global experience. This included frameworks and incentives to stimulate economic growth, for example through special economic zones and industrial parks, and how such interventions may forge development synergies with the municipalities they are located in. As EIC is engaged and responsible for such interventions in Ethiopia, the training programme contributed to the enhancement of EIC's mandate in these areas. Lessons on global and Chinese ESG approaches were also shared by the training programme, and gave the participants an opportunity to discuss how to apply ESG in Ethiopia. Based on the stakeholder consultations, these exposure visits are key to implement ESG approaches. Moving forward, more exposure visits are needed to further disseminate and internalise the knowledge of ESG approaches and to finetune and sustain the proposed ESG roadmaps for Ethiopia (*See Recommendation #11*).

Development of a BRI-SIP information platform (Activity 1.3)

A BRI-SIP information platform was established since such a platform did not exist in Ethiopia. The purpose of the platform is to provide online information and incentives for sustainable investments with provision of updated country-, project- and investment level data, matchmaking, online application formats and tailor-made analyses on sustainable investments in Ethiopia. The online information hub is operational with information and data access provided by third-parties and integrated into EIC's existing website. The project purchased IT servers and core switches for this support. In response to the Covid-19 pandemic, the business continuity of EIC and IDPC was strengthened with more support to EIC's online services as well as remote working opportunities. EIC's remote work was supported by the project through a purchase of 50 ThinkPad laptops, shared between EIC (30), IDPC and others. It is a key priority of EIC to continue developing online investment support and services to ensure business continuity and enhance investment promotion during the pandemic. For this, more support to upgrade the investment platform network is needed. The monitoring and quality assurance of the online services, including integration of regular user feedback to improve the services, may also need more support.

One BRI-SIP Policy Dialogue in Addis Ababa, Ethiopia is pending for the discussion of the ESG studies and the ongoing ESG piloting. Meanwhile, a technical workshop was conducted for the initial discussion of the studies and the policy recommendations rendered, see below.

Output 2- Policy

Improved business environment and strengthened capacities of policymakers in the selected pilot country to identify regulatory and institutional gaps in adsorbing, sustaining and upgrading foreign investments in linage with national development priorities and local needs.

In addition to the platform achievements, key accomplishments of the policy support were the conduct of two ESG diagnostic studies in 2020:

Diagnostic study on ESG and provision of five policy recommendation and advices (Activity 2.1 – 2.2)

The project funded two ESG diagnostic studies on sustainable investments; one for textile and garment, horticulture, leather and leather products, and agro-processing including sugar-related industries; and one for energy and ceramics. The studies were initiated as limited information was available on the development impact of manufacturing and how an ESG framework could be tailored to promote sustainable investments and private sector participation. The ESG studies submitted a number of policy recommendations, which are key to the implementation of a ESG framework in Ethiopia. Notably, both studies recommended the establishment a national ESG coordination body chaired by EIC to oversee the implementation of a policy roadmap. The evaluation concurs that establishment of a policy coordination body is essential to oversee the continuous development of the ESG framework. Apart from this, each study outlined a proposal for an ESG framework and how the framework could be implemented through a policy roadmap. The details of the frameworks and roadmaps differ somewhat, but the roadmap proposed for the ceramic and energy sectors entail the following milestones:

- 1) Formulation of s guideline on ESG integration into company operations
- 2) Formulation of a national policy to incentivize companies based on their level of ESG integration/implementation
- 3) Issuance of certificates or notifications for onboarding of assessment agencies and a pool of expertise for undertaking due-diligence and compliance at companies
- 4) Defining monitoring protocols for the enlisting of agencies and experts
- 5) Developing capacity building curricula and awareness creation system

EIC has formally committed itself to follow up on the policy recommendations, but the actual implementation of a roadmap and a national ESG coordination body is pending, as more time is needed to build consensus among stakeholders and mobilise support for the proposed ESG framework. (*See Recommendation #1*).

Output 3. Pilot

Enhanced sustainability scale and level of the selected investment as the pilot project, with the successful practices and development impacts thoroughly demonstrated and to be further scaled up / replicated later within and out of the selected pilot country.

Mapping of private sector engagement in sustainable investment, 2019 (Activity 3.1)

The policy dialogues and sustainable investment forums in 2019 were underpinned by a comprehensive mapping on private sector engagement in sustainable investment promotion. The study accomplished a thorough stakeholder mapping in priority subsectors of manufacturing (Textile and Garment, Leather, Pharmaceuticals, Chemical, Metal and Ceramic) and infrastructure. It was instrumental for the initial guidance on how to introduce an ESG framework in Ethiopia, and it identified ways to sustain private sector engagement and how to de-risk investments in the priority subsectors.

Five concrete project-level advices designed (Activity 3.2)

The project deployed five ESG consultants to further pilot the ESG approach at company level. These additional pilot interventions were based the ESG frameworks proposed by the ESG Studies and the gaps identified to improve them. The main barriers which the ESG studies observed by engaging with the pilot companies were:

- 1) Limited understanding of sustainability, especially in domestic companies
- 2) Many examples of innovation and investment in sustainability, which have evolved organically to serve an existing need, but not curated
- 3) Clear gaps between sustainable practices and committing to them, and limited interest in committing to altruistic practices from a strategic point of view
- 4) General reluctance towards public disclosures and transparency
- 5) Need for more stakeholder engagement, capacity building, legislative support and technology development
- 6) Better access to sustainable financing mechanisms.

The additional ESG piloting support was rendered to ten pilot companies within five priority subsectors. Some of the companies, but not all, were also part of the ESG diagnostic studies. The subsectors and pilot companies were:

Table. ESG Pilot companies by subsector and ownership

Subsectors	Pilot company	Ownership nationality
Garment and textile	NUOYA Textile	Chinese
	Kanoria Textile	Indian
Agro-products	Metahara Sugar Factory	Ethiopian
	FAFA Food Share Company	Ethiopian
Horticulture	Flowerama PLC	Ethiopian
	Hansa Flower PLC	Indian
Leather and leather products	Houdao Chen Tannery	Chinese
	Zhang Jianxin Tannery	Chinese
	Anbessa Shoe SC	Ethiopian
Ceramic	TABOR Ceramic Share Company	Ethiopian/foreign

The main objective of the pilots was to address the information gaps identified during the ESG studies, provide more inputs to the development of the ESG framework and deliver tailored policy advice/de-risking support in order to remove ESG related investment barriers at company level. To this end, the pilots covered three focal areas:

- *Policy interventions* to formulate and develop robust ESG policy/policies relevant to the company.
- *Systemic interventions* to improve the ESG performance of the company.
- *Aspirational interventions* over and above regulatory requirements, based on international best practices at par with global standards.

In line with these focal areas, the consultancies supported the application of appropriate company policies and procedures for each ESG standard where such were lacking, and assigned responsibilities for their implementation, for monitoring of internal compliance and for training of employees and management.

The ESG consultancies were rendered as five individual deliveries and have generated a wealth of learnings and good practises, with more insights on the feasibility of the proposed ESG framework metrics. The ESG consultancies also revealed that the pilot companies' participation in the testing of

the ESG approach is driven by a wide range of motivational factors; some unique, others more generic across subsectors, ownerships, supply chains and market orientations. Generic drivers include one or more of the following:

- Improved resource management and sustainability
- Better risk management
- Proactive regulatory compliance
- Improved profitability
- Improved attractiveness to investors and supply chain partners
- Ability to attract and retain employees
- Meeting customer and consumer demands

A positive, and perhaps unexpected finding from the pilots was, that domestic marketed-oriented manufacturers also support the ESG approach; not driven by urgent consumer demands, but in anticipation of future expansion into regional and overseas markets. The pilots also found that more discussions were needed to develop a balanced ESG framework, which is manageable and credible. Key lessons are summarised in more detail in the lessons learned chapter. There is now a good deal of work ahead for EIC to compile the lessons learned from the pilots, to disseminate best practises and to discuss their implications for the proposed ESG frameworks and the policy recommendations with all stakeholders. (*See Recommendation #2*).

2.2.3 Efficiency

Performance rating: **Satisfactory**

The efficiency of the project implementation was rated satisfactory, based on the efficiency of the implementation mechanisms, the timely execution of project activities and results achievements, and the efficiency of the budget allocations.

Overall, project efficiency was constrained by significant delays in the workplan, and the necessity to grant a no-cost extension of 18 months. These delays were caused by external factors beyond the influence of the project, first and foremost by Covid-19 induced mobility restrictions and government lockdowns. In addition, the project also had to deal with a countrywide state of emergency from November 2021 – February 2022 as a response to the ongoing armed conflict. These events prevented international consultants from entering Ethiopia for the ESG piloting. Moreover, since the project was conceived when a new government was elected, turnovers among government executives in EIC and elsewhere and changes in policy priorities also had to be factored into the project implementation. In spite of these constraints, project efficiency was still satisfactory due to a number of reasons:

The project modalities consisted of a mix of policy and investment events in combination with international exchange visits to China, and technical studies and piloting at company level provided by external consultancy. The mix of interventions seemed justified and complementary, given the fact that the project sought to promote sustainable investments through a participatory and inclusive approach, which on one hand allowed it to gradually adapt its interventions to local needs (non-IP companies, mixing domestic and foreign investors, recalibrating priority subsectors, etc), while promoting new partnerships and stakeholder buy-in and build capacity for potential solutions. It would have been difficult to achieve the results, if one of these interventions were missing.

International study tours always raise questions about costs and value-for-money, but as noted above, participants in the exchange visits to China provided positive feedback on how the programme improved their technical capacity and provided an opportunity for networking and for discussing sustainable investment approaches in a neutral space. The project could even save some funds

allocated to international travels. Moving forward, it is evident that more exposure trips would benefit the roadmap implementation, provided they are tailored and focused on this specific subject. Future study tours may also benefit from the application of action planning, where participants prepare action plans to apply lessons learned when returning from the study tours. (See *Recommendation #11*).

UNDP's role during the implementation was to serve as a policy dialogue partner and as project coordinator and technical backstopping. This approach minimized the need for fulltime project staff stationed at EIC, and allowed a more cost-efficient approach where the project coordinator could provide backstopping support as and when needed. This seems to have worked well for EIC and facilitated the adaptive approach of the project. The light setup with backstopping support also proved robust and cost efficient when the covid-19 lockdown occurred, as no technical project staff were based in EIC. When the implementation of the project was constrained by the Covid-19 pandemic and further aggravated by the armed conflict in Ethiopia, it was easier to grant a no-cost extension and reallocate project resources for digital services and remote work to maintain the functioning of EIC as a whole.

Overall, the main project limitation was time to fully internalise and unfold the ESG approach, but this was also expected at this stage. However, based on the initial stakeholder feedback on the ESG studies and the pilots, it is clear that a longer-term effort is needed to fully accomplish the ESG framework development as outlined by the proposed policy roadmap, and get everybody on board.

Budget utilisation

The efficiency of project utilisation was high in spite of the innovative nature of the project and the constraints envisaged. As of November 15, 2021, a total of US\$ 976,609.34 had been disbursed. This corresponded to a total spending of 89.77 % of the overall project budget of US\$ 1,087,928.92⁷, whereas funding for the pending project activities (a final policy forum, advocacy activities and best practise dissemination) are still available. Budget utilisation was achieved according to the approved budget lines and justifications, and the prolonged project extension was accommodated on a no-cost basis, even if the project had to cope with a number of unforeseen delays and constraints. The project was able to adapt to these circumstances by reallocating savings on some activities to improve the implementation of others. Notably, savings from the BRI-SIP Investment Forum in July 2019 and from reduced international travels could be reallocated to strengthen the stakeholder mapping study and the ESG diagnostic studies, while extended ICT support to EIC as a result of Covid-19 could also be funded from budget reallocations; among others through savings by using EIC's existing website rather than creating a separate website for BRI-SIP purposes.

2.2.4 Impact

Overall, early pilot results are still emerging, and the project has not yet been able to disseminate best practises, let alone start institutionalising the proposed ESG framework. It is therefore difficult to assess the likelihood of longer-term project impacts. Judged by international experience, this should also not come as a surprise. ESG frameworks have multiplied over the past two decades and consolidated approaches are still emerging. Since COP 26 and the Paris Agreement on Climate Change, global attention to ESG standards is booming, legal and regulatory landscapes are changing, and expectations of investors, customers, employees and communities are growing. In North America, the US President made climate change and environmental justice priorities of his administration and in Canada ESG regulation continues to be a priority in securities regulation. In Europe, the European Commission has proposed a raft of ESG regulations on green technologies (the Framework to Facilitate

⁷ See UNDESA progress report from Q3 2021.

Sustainable Investment), which will drive the globalization of ESG metrics and ESG obligations even further. In the Asia-Pacific region, ESG regulation is also on the rise. In 2021, the Hong Kong Securities and Futures Commission issued new guidelines on enhanced disclosures for authorized funds and in Australia responsible investing is reaching new heights and attracting regulatory attention. Similar developments are emerging elsewhere, including the stock exchanges in Kenya, Nigeria, Egypt and Botswana supported by the Sustainable Stock Exchange Initiative (SSEI), which is a UN Partnership Programme organized by UNCTAD, the UN Global Compact, UNEP FI and the UN Principles for Responsible Investments (PRI).

These developments notwithstanding, it is also clear that more work is needed to develop global standardization of terms and measurements. CSOs and consumers associations complain about “green washing”, misleading marketing claims and failed credibility unless standardized frameworks are adopted. Currently, global ESG accounting standards are subject to competing initiatives with no uniform set of standards for measuring a company’s progress on sustainability. The world of sustainability reporting is a plethora of names and frameworks, such as the more well-known Climate Disclosure Standards Board (CDSB), the Global Reporting Initiative (GRI), the International Integrated Reporting Council (IIRC), the Sustainability Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD), which has become a golden reference in EU regulations.

⁸

Against this backdrop, the SIP Project has done well in putting sustainable investments and the ESG approach on the political agenda in Ethiopia, and recommending a way forward, which draws on international standards and approaches, but tailored to suit the Ethiopian context. At the policy level, it addressed the regulatory and capacity development framework, while at company level it was able to test and showcase how the ESG approach could work in a real-world scenario. These interventions combined made it possible to identify gaps which need to be addressed in the next phase. Longer-term impact of the project would thus depend on how the EIC and stakeholders move forward on the policy recommendations and the feedback from the ESG piloting.

The SIP Project has also contributed to a policy dialogue on other challenges related to FDI and manufacturing in Ethiopia. The policy events have been well attended and indicate a common interest in sustainable investments among leading public and private sector corporations, business associations, development and commercial banks, other development partners and academia. This bodes well for the longer-term impact of the project interventions.

2.2.5 Sustainability

Sustainability rating: **Marginally Satisfactory**

The evaluation rated the sustainability of the project results marginally satisfactory, which is not a reflection of how the project has performed, but rather an indication of the challenges ahead to institutionalise the ESG approach. Keeping in mind that the ESG approach is still at a piloting stage, it

⁸ A recent article suggested that the International Sustainability Standards Board (ISSB) may be able to do for sustainability reporting what the International Accounting Standards Board (IASB) does for financial reporting, i.e., develop global non-financial standards for companies to report their performance to investors, see Harvard Business Review; *We need universal ESG accounting standards* (15 Feb, 2022). Others claim that the Global Reporting Initiative (which is a reference for the ESG diagnostic studies), had already done this work. At the heart of this discussion is “single vs. double materiality,” i.e., whether companies should report on sustainability issues that are relevant to value creation and directed at investors or whether companies must also report on how they impact the environment and communities. The latter is where the EU is heading with the latest ESG proposals. Japan has also introduced the double materiality approach and other global actors may soon follow suit.

is likely that EIC and the relevant stakeholders will continue working towards an ESG framework, provided it is tailored and staggered to suit the Ethiopian context. The likelihood of this to happen depends on how the institutionalisation process is addressed.

There is ownership to the ESG approach in EIC. The project is aligned to government policies on green growth, promotion of priority manufacturing subsectors and more private sector participation in sustainable development. EIC's ownership was enhanced by the adaptable project approach, which spearheaded a broader more relevant sector-wide approach for manufacturing sectors in Ethiopia as a whole. EIC has also formally confirmed by letter to UNDP (June 2021) its intention to establish a national ESG coordinating body to coordinate the work towards realising the proposed ESG roadmap.

At company level, the companies participating in the ESG piloting are also supportive of the ESG approach. Whilst export-oriented companies with a regional and global outreach could be expected to embrace the approach due to international demands from regulators, customers and consumers, the evaluation also found ownership to the ESG approach amongst pilot companies which are domestic market-oriented, but embracing the ESG approach in anticipation of future market expansion plans. This is a very good sign.

The project's change theory and risk mitigation actions (see Annex 7) also played an important role in mobilising stakeholder support. Comprehensive stakeholder mappings and assessments has been conducted at the design stage and for the preparation of the initial policy dialogue and business forums, whereas additional capacity was built through the exchange visits to China in 2019. This aimed to remedy the anticipated weak institutional linkages as pinpointed when business representatives complained about ambiguous regulatory standards and rejection of federal government approvals by local government authorities. The project design also anticipated a risk of a too narrow focus on Chinese-owned companies and industrial parks, which was mitigated by broadening the scope of engagement and focusing on non-IP manufacturers per se. The Covid-19 pandemic may have contributed positively to this, as a number of Chinese investors redrew from the project (and Ethiopia) due to travel restrictions. The armed conflict and stricter currency exchange regulations were also mentioned as a motivation for leaving. This in turn underpinned a broader and more representative mix of pilot companies and contributed to making project learnings more relevant for sustainable investments per se.

Whilst dissemination of best practises should be achievable based on the input from the ESG pilots, the steps to institutionalise the approach as outlined by the policy recommendations may prove much more challenging and time consuming. The initial feedback from EIC's technical ESG stakeholder workshop on 23 December 2021 suggests that ESG and the ESG studies may not yet be well understood amongst sector regulators and regional authorities. In fact, ESG could even be misperceived as a competitor to sector and local regulations, rather than a platform for companies to disclose how they comply with them and what their ESG aspirations are. In any case, the initial feedback only underpins the recommendation to establish a national body to coordinate the ESG approach. Without such a mechanism, it could be difficult to implement the policy recommendations.

The appreciation of the ESG approach among business associations and service institutions may also be limited, and more is needed to advocate the ESG framework. More policy forums will be necessary to discuss the approach and the roadmap. To achieve a culture change in favour of sustainable investments, broader change management approaches and partnerships are also needed. This may include complementary interventions such as ESG rating lists for publicly traded companies issued published by the upcoming stock exchange in Ethiopia (*See Recommendation #7*). Whether all of this can be part of a new SIP project is pending. UNDP has started attempts to mobilize funding for a new project phase, but no funds are yet committed.

2.3 Project management

Rating of project implementation and coordination: **Highly satisfactory**

The evaluation rated the management and project coordination highly satisfactory, in particular since the project delivered its planned outputs whilst managing a triangular coordination arrangement, which potentially could - but did not - cause internal disagreements and misunderstandings.

The SIP Project was implemented jointly by UNDP Ethiopia, UNDP China and the EIC. A project board was designed to oversee the project implementation, composed of EIC; the Ministry of Finance; the Forest and Climate Change Commission; and the Chinese Embassy in Ethiopia (the Economic and Commercial Counselor's Office). Eventually, the board only formally convened once in April 2019 to appraise the project design and to agree on the workplan. Subsequently, the project has been coordinated between the two UNDP COs and EIC, and guided by joint workplans.

The Chinese Embassy has been regularly informed about the progress of the project and invited for the big project events. This arrangement has worked well for the Embassy and overall, the flexible and more informal project coordination was adequate for attaining early results and even necessary for mitigating the Covid-19 restrictions. On the other hand, it is also clear that a new phase of the SIP Project would need more formalised links to a national ESG coordination body and the institutionalisation process.

Rating of project monitoring: **Highly satisfactory**

Project monitoring is also rated highly satisfactory, based on the evidence that regular project progress reporting has been conducted by UNDESA and UNDP, providing a fair and comprehensive assessment of the project implementation. Annual workplans and the budget were updated and adjusted by the project management, based on the recommendations rendered by the progress reports, including the approval of the project extension until June 2022 due to Covid-19 among others. Progress reporting and risk logs were also regularly updated in ATLAS, and study tour outcomes were documented by back-to-office reporting, summarising programme items and major takeaways for the participants.

3. Lessons learned

The SIP Project has delivered early pilot results on the promotion of sustainable investments in BRI-SIP partner countries. The full impact and value added of the piloting is still emerging, but the evaluation verified the project's theory of change and identified a number of lessons learned, which were critical for the shaping of the pilots, and factors that underpinned or constrained the ESG approach. The lessons learned also highlights areas where the project strategy and theory of change could be strengthened, which subsequently informed the recommendations for the next phase. However, the lessons learned listed below are preliminary and should be subject to further elaboration and validation, once the BRI-SIP partnership and the ESG roadmap has progressed further and more results have emerged.

Adaptive programming and mixed approaches underpin ownership and sustainability

The project design based on the lessons learnt from UNDP's BRI-SIP framework cooperation has proved its relevance. The projects flexible and demand-based approach, drawing on local development priorities, multi-stakeholder and multi-country engagement, complementarity, and tailoring of local solutions through short innovation cycles, are conducive for achieving early pilot

results. It enabled the project to adapt to local priorities in Ethiopia and to iterate between policy dialogue, international exchange visits, technical studies and local pilots, in order to tailor a more robust ESG approach for Ethiopia. All strategy elements were critical to achieve the results, increase their relevance and promote ownership and sustainability, whereas a more rigid 'one size fits all' format may not have worked.

The project strategy has catalytic potential beyond its immediate focal areas

The project design assumed a catalytic potential. A catalytic project implies that it is able to create transformational change without being linked to wider processes. In this case, a catalytic effect could potentially be achieved on improved sector regulations for sustainable development in Ethiopia without the projects direct engagement. The ESG approach builds on international and local regulatory frameworks and practises and the ESG diagnostic studies revealed a. o. a need to improve environmental regulations and enforcement in Ethiopia in order for manufacturers to demonstrate compliance with international sustainability requirements. Individual companies engaging in export markets also meet such demands from their international customers. In turn, this builds an incentive for improving local sector regulations even if the project and the ESG approach itself is not directly engaged in such regulatory improvements. The piloting at company level may also suggest a catalytic potential for ESG replication, when owners of multiple companies within the same subsector start up applying ESG metrics in one of them, or when owners of a holding company with a multi-sector exposure start applying ESG metrics in one subsector and then promotes ESG in others based on lessons learned.

Full appreciation of the ESG approach among regulators, regional governments and business associations requires continuous dialogue and capacity support

The SIP Project has tested and demonstrated a possible way forward for the promotion of sustainable investment in Ethiopia. However, the next steps towards institutionalisation of the approach as presented by the policy recommendations, may prove challenging. The ESG approach is novel and initial stakeholder responses from sector regulators and regional governments may suggest that it is not yet well understood beyond the immediate circles of the project, and could even be misperceived as a substitute for sector regulations. Engagements with business associations and CSOs also indicate a limited knowledge of - and priority for - the ESG approach. Moving forward, continuous efforts are needed to internalise and appreciate the approach, including more policy dialogue, technical support and international exposure. Stakeholder capacity in government, advocacy and service institutions would also benefit from joint interventions with international experts in order to internalise the ESG approach. Complementary intervention options to mobilise private sector participation in sustainable investments, such as promoting the ESG approach through the stock exchange may also strengthen results achievement in Ethiopia.

Consolidated policy advice may strengthen internalisation and ownership

The SIP Project conducted two separate diagnostic ESG studies to cover more manufacturing subsectors and energy infrastructure. The benefit of this approach was access to more international experience and potential solutions. However, the ESG approach is novel and international experience is still emerging, which also makes the discussion in Ethiopia quite open. Both studies proposed a number of policy recommendations and a roadmap, and the ESG discussion may become more facilitating, if such studies apply a common terminology (taxonomy) and are compiled into one set of consolidated policy recommendations with a shared roadmap. This consolidation could be the responsibility of one study leader.

To scale the ESG framework up, it may have to be scaled down

Initial feedback from the ESG pilot companies suggests that more discussions are needed to calibrate the ESG metrics. The proposed framework could be too complex on some issues while less relevant on others. For example, the horticulture subsector pilots found that the environmental metrics were too complex, whereas the governance metrics were less relevant for quantifiable benchmarks. Overall, initial learnings across the pilots suggest that simple frameworks and simple implementation tools are essential to successfully scale up the ESG framework, and to enable easy access for the companies to participate and to exit them. If the frameworks can't be applied and enforced equitably, they will lose their credibility. The suitability of the policy recommendations should therefore be discussed further between project stakeholders and the pilot companies along with suitable incentives. (See Recommendation #2)

The ESG approach also appeals to domestic market-oriented manufacturers

The evaluation confirmed that export-oriented manufacturers are typical locutors of sustainable investments and the ESG approach due to their international exposure and demands. While this was indeed the case, especially in the textile and garment sector and the leather and leather product sector, the evaluation also found evidence suggesting that companies (including Chinese-owned), producing solely for the domestic market, may be keen to support ESG. This could be motivated by expansion plans into regional or global markets and in anticipation of future regulatory and customer demands. Such proactive attitudes towards sustainable investments among domestic-oriented manufacturers should not be overlooked, when building BRI-SIP alliances and partnerships for the ESG approach.

Company owners and boards need to be engaged to sustain the application of ESG

ESG is data driven and additional to the financial objectives of a company. It requires regular management attention and capacity to establish and manage the necessary data and work processes and ensure sufficient resources for recurrent in-service training. This can only be achieved if the owners and top management of a company are fully committed to the disclosure principles of ESG.

A flexible project design increase resilience towards external shocks

The design of the SIP Project entailed a 'light' support modality, where UNDP provided support for project coordination, stakeholder mobilisation and procurement of technical assistance, but avoided stationing of technical experts at EIC. When Covid-19 restrictions implied a government lockdown and a state of emergency prolonged the impact of these restrictions, the project could quickly recalibrate its support, extent its duration based on a no-cost agreement and shift more support for EIC's remote work and digital services. A more traditional project with technical experts based at EIC, would have been more difficult and expensive to adapt in times of political and institutional instability.

International study tours work well, when they are well prepared

The international study tours to China received positive feedback from Ethiopian participants. They forged networks and alliances and deepened the appreciation of sustainable investment promotion. Critical to the positive outcomes of the study tours and business forum in China was a careful preparation and joint coordination between the UNDP COs, EIC and their Chinese counterparts. Capacity development through international exposure is critical for learning and for a shared understanding among stakeholders, but exchange visits have to be well prepared and tailored to the specific needs at the time of implementation. To underpin further development of the ESG approach, more study tours would be beneficial provided they are tailored towards this topic. (See Recommendation #11).

4. Conclusion

The SIP Project was designed to provide a space and opportunity for Ethiopia to pilot sustainable investments based on international experience and local tailoring. The aim of the early pilots was to underpin Ethiopia's policies on green growth and sustainable development and its quest to achieve lower middle-income status by 2030. A strong manufacturing sector with increased private sector participation is a key dimension in this quest and the SIP Project has provided basic building blocks from which Ethiopia can shape its sustainable investment policies and contribute to the country's development priorities.

The project demonstrated good progress and delivered its planned outputs with a high level of quality, in spite of the Covid-19 pandemic and a state of emergency imposing a no-cost extension of 18 months on the project. The policy forums, business events and the exchange visits to China were well attended with stakeholder participation from all quarters and levels, and drawing on presentations from distinguished key note speakers and relevant development partners. These events received positive feedback from the participants and provided a platform for them to discuss challenges and approaches for sustainable investments.

The piloting of the ESG approach for large manufacturers in Ethiopia is a signature delivery of the project, and considerable efforts were rendered to pilot credible frameworks and policy roadmaps, which can guide the framework development in the coming years. EIC has confirmed its ownership and continued backing of the ESG approach, and pilot companies participating in the framework development are also keen to proceed and contribute.

The contributions from all these efforts made it possible identify a number of lessons learned, which can guide future support to the implementation of the ESG framework in Ethiopia and in other BRI-SIP partnership countries. Key to this accomplishment was a demand-based and flexible project design, which enabled the project to remain aligned with government policies and to apply a sector wide approach for sustainable investment by embracing priority subsectors outside the industrial parks and independent of ownership nationality. These features combined with a tailoring process based on international frameworks, increased the relevance of the early pilots for Ethiopia and for other countries as well.

It is also evident that the piloting has reached a critical junction, where policy dialogue, knowledge exchange, piloting and technical support need to be translated into best practise dissemination, replication and most importantly consolidation and institutionalisation of the ESG framework. The ESG approach is innovative, but complex and the next steps for EIC and the stakeholders are critical to the sustainability of the ESG approach and its longer-term impact on sustainable development in Ethiopia. EIC has already allocated time and resources to discuss the policy recommendations with regulators and regional government representatives, and initial feedback suggests that the approach may not yet be well understood among all stakeholders. More efforts are therefore needed to mitigate misperceptions and develop a shared vision, which draws on the contributions from the manufacturers. It is also important that gaps in sector regulations do not delay the ESG approach, but used as an opportunity for sector regulators to mitigate such gaps. The proposal to establish a national ESG coordination body to oversee the framework development is key for the institutionalisation process. However, a full endorsement of this proposal as well as the policy recommendations and the roadmaps are pending, and more efforts are needed for mutual stakeholder discussions and to incorporate the lessons from the pilot companies.

5. Recommendations

In order to institutionalize the promotion of sustainable investments, the evaluation identified a number of recommendations for the finalisation of the current project and the design of a new project phase, respectively.

I. Recommendations for the finalisation of the SIP Project

Recommendation #1: EIC should pursue the establishment of a national coordination body to oversee the development of the ESG framework and support policy dialogues for promotion, adaptation and internalisation the ESG approach.

Rationale: The ESG studies proposed a number of policy recommendations and roadmaps, which may pave the way for the implementation of an ESG framework in Ethiopia. In turn, the SIP Project further piloted the feasibility of these recommendations and possible ways forward. As international experience suggests, the implementation process will be longer-term and incremental, and the next steps towards ESG institutionalisation outlined by the policy recommendations, may prove challenging. Initial stakeholder feedback suggests that the ESG approach needs to be internalised beyond the immediate circles of the project, and that ESG could be misperceived as a substitute for sector regulations. Notably, both ESG studies recommended the establishment a national ESG coordination body chaired by EIC to oversee the implementation of a policy roadmap. The evaluation concurs this recommendation. It is difficult to develop a framework, incorporate learnings, change directions, and to facilitate this process, without strong coordination and oversight. A national coordination body should focus on key framework dimensions (policy dialogue, feasibility, incentives and voluntary participation, capacity support, the rating process, etc.), whilst avoiding detailed and technical indicator discussions.

Recommendation #2: EIC and the project stakeholders should invite the pilot companies to share their feedback in order to discuss the possible implications for the policy recommendations and proposed frameworks.

Rationale: Initial feedback from the ESG pilot companies suggests that more discussions are needed to calibrate the ESG metrics. The pilots suggest that simple frameworks and easy-to-use implementation tools are key to successfully scale up the ESG framework and to enable the companies to enter and exit framework participation. The policy recommendations along with suitable incentives should therefore be discussed further between the project stakeholders and the pilot companies. This engagement will also enable EIC to digest the outcomes of the ESG pilots and identifying success stories, which can be disseminated as good Ethiopian practices.

Recommendation #3: Pilot companies should receive a certificate from EIC as a token of appreciation and to enable them to showcase their ESG commitment to international customers and consumers.

Rationale: Pilot companies across subsectors have requested the receive a certificate which documents the companies' participation in the ESG framework development process in Ethiopia and their commitment towards sustainable investments. This token of appreciation will help them marketing their ESG commitments in the eyes of international customers and consumers, and underpin their role as ESG ambassadors in Ethiopia.

Recommendation #4: EIC should market the favourable climate of Ethiopia as an opportunity for international investors to decarbonize manufacturing processes.

Rationale: EIC could underpin the ESG approach and Ethiopia as a destination for sustainable manufacturing by highlighting the climatic advantages of Ethiopia, which reduces the need for energy consumption related to heating and cooling of factories. This is also enhanced by investors access the thermo- and hydro power.

II. Recommendations for a new project phase

Recommendation #5: The project design for the next phase should be tailored specifically for further development and implementation of the ESG policy recommendations.

Rationale: Going forward with the ESG policy recommendation, a tailored and focused project design is needed to support further ESG development and consolidate the policy roadmap. The project duration should cover the likely duration of the roadmap, and build on the present project strategy, applying short innovation cycles to pilot ESG approaches while continuing policy dialogues and building stakeholder consensus on the policy recommendations.

Recommendation #6: The ESG approach could be codified by amending the regulation on financial disclosure with a chapter on non-financial disclosure requirements.

Rationale: There is a need to promote the ESG approach among manufacturers in Ethiopia and to present a framework which also allows foreign investors to apply these approaches when investing in Ethiopia. Regulatory amendments should build on voluntary participation, but they also need to be transparent, accountable and credible.

This recommendation could be implemented through the following measures:

- The regulatory amendment should focus on large enterprises in line with the present project.
- The non-financial disclosure requirements should build on voluntary participation. This entails that an enterprise is not required to apply the ESG approach, but if it does, it has to disclose how this is done, referring to the applied ESG standards.
- The financial regulation may suggest a format for how an enterprise could present its ESG approach.
- In the coming years, EIC and the Government of Ethiopia could amend the regulatory framework with a common ESG taxonomy (terminology) for Ethiopia, defining what sustainable production methods mean, such as zero-carbon production methods.
- ESG may be further promoted through the introduction of investment credits based on ESG ratings. Such an approach would require a more formalised cooperation with the financial sector, and regional experience may provide lessons on how this can be done, for example the Sustainable Finance Initiative in Kenya or the Sustainable Banking Principles in Ghana.

Recommendation #7: The ESG approach in Ethiopia could be enhanced with the participation of the upcoming Ethiopian Securities Exchange.

Rationale: Stock exchanges and security futures around the world increasingly apply ESG ratings of listed companies to promote sustainable investments. These initiatives are supported by the Sustainable Stock Exchange Initiative (SSEI), which is a UN Partnership Programme organized by UNCTAD, the UN Global Compact, UNEP FI and the UN Principles for Responsible Investments (PRI). Stock exchanges and security futures in Kenya, Nigeria, Egypt and Botswana participates in this. With

an upcoming stock exchange in Ethiopia, there is opportunity to build on international and regional practises.

This recommendation could be implemented through the following measures:

- The UNDP CO may engage in a partnership with SSEI to allow the upcoming Ethiopian Securities Exchange access to global experience with ESG company ratings, in particular regional lessons learned from Kenya, Nigeria, Egypt and Botswana.
- The project could explore the feasibility of an institutional twinning cooperation between the upcoming Ethiopian Securities Exchange and the Nairobi Securities Exchange (NSE) in order to tap into Kenya's emerging lessons on an ESG index, which the NSE is developing in cooperation with the Kenyan Capital Markets Authority. On 29 November 2021, the NSE released its ESG guidance manual and allowed publicly traded companies one year to familiarise themselves with the requirements, before the index will be implemented.
- Alternatively, a partnership with the stock exchange in Egypt, Nigeria or Botswana may be pursued. All of them already introduced ESG guidelines/ratings.

Recommendation #8: Ethiopia could promote ESG through sustainable public procurements.

Rationale: Public procurements are typically regulated to ensure transparency, cost-effectiveness and a level playing field for private sector participation. This includes mandatory requirements for public tenders, tendering of framework agreements with set price brackets for bulk purchases etc. Externalities such as environmental impacts may not be factored in, and regulatory amendments could promote green and socially responsible procurements by considering ESG ratings as non-financial assessment criteria for vetting tender proposals.

Recommendation #9: International assistance for the ESG framework should be delivered in cooperation with Ethiopian counterparts who are likely to become training or service providers, rating assessors and so forth, once the ESG framework is implemented.

Rationale: The SIP Project has funded a number of international consultancies to develop the ESG framework and to conduct further piloting at the company level. In order to broaden the access for Ethiopian experts to learn about ESG and to increase the local resource base, the next project phase should always team up international consultants with local counterparts, for example advocacy or service institutions, ISO certification institutes or the Kaizen Institute. In cases where joint team cooperation is not possible, the project should justify in writing its decision to proceed with international assistance only. This will facilitate the monitoring of local ESG capacity development.

Recommendation #10: The next phase should explore synergies with international ESG tools, which can be easily tailored and applied to the Ethiopian context

Rationale: The SIP Project has already tailored ESG framework proposals, policy recommendations and roadmaps, which are referring to international practises. To this end, there is an abundance of training and assessment tools available on the internet and otherwise, which may be easily tailored to Ethiopia if validated by the project. This could save time and resources and underpin a shared understanding of ESG with international customers and consumers.

This recommendation could be implemented through the following measures:

- The UNDP CO may seek more cooperation with UNIDO and ILO to share experiences and tools as well as exploring the possibility of harmonising ESG framework and approaches between IP and non-IP companies

- The textile and garment sector are good examples of where the project could look for relevant, adaptable training material and tools, for example GIZ's online ESG learning course <https://gps.giz.de/en/>.
- Another example to explore is the German Sustainability Code - <https://www.deutscher-nachhaltigkeitskodex.de/en-gb/> - which provides a framework for the implementation of ESG.

Recommendation #11: Continue international exposure as a means to internalise the ESG approach, build partnerships and underpin a shared understanding of the ESG approach

Rationale: The development of a tailored ESG framework depends on a shared understanding of the ESG approach. The initial feedback from regulators and regional governments indicates that more efforts are needed to build capacity in order to implement the policy recommendations and sustain the framework development. International exchange visits worked well during the SIP Project and more exposure to international ESG experiences, preferably regional experience, could mitigate misperceptions and facilitate the development of a balanced framework.

This recommendation could be implemented through the following measures:

- There is an abundance of ESG frameworks and standards around the world, but tailoring to the Ethiopian context is key to sustain the ESG approach as is the need to keep it simple and manageable. ESG stakeholders are likely to benefit from regional exposure visits to other countries in Africa, such as Nigeria, Kenya and Egypt, where local tailoring of the ESG approach has gained more experience. Such exchange visits should focus on this particular issue and be tailored according to participants needs.
- Exchange visits should apply an action planning approach, where each participant define upfront which particular challenge, they want address based on the learnings from the exchange visit. Before returning, participants use the learnings to design a written action plan which they can apply when coming back to the home office.
- Study tour outcomes should be also assessed through participant surveys to facilitate follow ups, improve future study tours, and for M&E purposes.

Annex 1. Terms of Reference

Terms of Reference

I. General Information

Services/Work Description:	Program evaluation of Sustainable Investment Promotion (SIP) program
Project/Program Title:	Belt Promoting Sustainable Investments along the Belt and Road Initiative
Duty Station:	Addis Ababa
Type of the Contract:	International Consultant
Duration:	30 working Days
Expected Start Date:	November 2021

II. Background

The China-led Belt and Road Initiative (BRI) envisions enhanced economic cooperation by pursuing five major goals: policy coordination, infrastructure connectivity, unimpeded trade, financial integration, and people-to-people bonds. UNDP has a state-level and strategic partnership on the Belt and Road Initiative (BRI) to achieve positive outcomes for developing countries and global public goods.

BRI believed to significantly contribute towards the achievement of the Sustainable Development Goals (SDGs) by unlocking important resources and promoting sustainable human development in partner countries (UNDP, 2020). Aligning the BRI with the United Nation's 2030 Agenda for sustainable development (Agenda 2030) at the global level, with the African Union Agenda 2063 at the continental level, and with Ethiopia's Growth and Transformation Plan at the national level aimed to accelerate the implementation of Sustainable Development Goals (SDGs). In this regard, UNDP as a partner intended to promote sustainable investments through BRI by strengthening partner countries' capabilities by establishing a network of Sustainable Investment Promotions (SIP) facilities with Ethiopia as the pilot country to support in enhancing environmental and social sustainability.

Ethiopia as one pilot country to the BRI initiative, the Sustainable Investment project under the BRI initiative has been under implementation since January 2019. The main objectives of the project were

- To strengthen institutional frameworks and building capacity towards the leveraging of sustainable investments, in order to improve the overall investment climate to attract and sustain foreign investments that respond to the country's national development priorities and local needs.
- to provide a framework of cooperation to leverage sustainable investment opportunities, show early and positive results, bridge communication gaps and ensure BRI investments complement existing programs with local stakeholders fully engaged.
- to improve the overall investment cooperation and conditions towards a sustainable, forward-looking path, and to tie investment promotion approach with well-structured, local institutions that have embodied local needs and development priorities including-
 - a) Promote investments in a way that creates sustainable patterns in economic, social and environmental terms, searching for innovative solutions that will ensure the

achievement of the enhanced connectivity and accelerated progress for the advancement of the SDGs in both Ethiopia as the piloting country and other countries along the Belt and Road.

- b) Provide investment offer to match investment demand.
- c) Strengthen BRI partner countries' capacities to better engage with BRI investment opportunities.
- d) Forge mutually-beneficial and win-win cooperation for Chinese, international and local actors.
- e) Promote positive early-harvest results and enhanced communication. While the BRI is still at an early stage, it is crucial to achieve positive results and to showcase successful examples, to demonstrate the potential of the initiative and encourage sustainable investments in the long run that clearly benefits partner countries. It also needs to create engagement mechanisms to enhance communication and consultation among key stakeholders to strengthen linkages to national and local authorities, rules and regulations and partners.

Since the start of the project implementation, the program has achieved the following accomplishments:

- BRI-SIP Investment Forum successfully held in Addis Ababa, Ethiopia, with identified thematic areas, practical challenge for further analysis and studies.
- Sustainable Investment Promotion event held in Beijing, China in light of the outcomes of the 2019 Belt and Road Forum for International Cooperation
- Training program (knowledge sharing workshop) to enhance knowledge on environment, social and governance (ESG) aspects of sustainable investments, a targeted sustainable investment knowledge exchange session on ESG aspect of sustainability of investments was held at Beijing
- BRI-SIP information platform established based on the existing UNDP network, as well as information and data access provided by external partners integrated with Ethiopian Investment Commission's (EIC's) existing information network/web platform- IT Servers and Core switches purchased.
- Assessment conducted on private sector engagement in light of sustainable investment promotion in the framework of BRI/SIP.
- Diagnostics study conducted on environmental, social and governance (ESG) sustainable investments- **textile and garment**, *horticulture, leather and leather products, and agro-processing including sugar-related industries*
- Diagnostics study conducted on environmental, social and governance (ESG) sustainable investments- *infrastructure investments: energy and ceramics*
- In response to COVID-19, business continuity support to Ethiopian Investment Commission and Industrial Park Development Corporation both in term of strengthening EIC information platform for online services as well as remote working during COVID-19.
- Implementation of the ESG gaps in selected 10 pilot companies through deployment of international experts is underway. The sectors include Ceramic, Horticulture, Textile and Garment, Leather and Leather Products and Agro-processing

The Ethiopian Investment Commission (EIC) is the primary project implementing partner for this project. The project is funded by UNDP and UNDP takes the role of administering the project fund as

well as in providing demand driven technical assistance and capacity building support to EIC. UNDP also provides quality assurance support to the project and monitors achievement of agreed results indicated in the annual work plans.

UNDP, having reached the end of the pilot phase of the program, would like to conduct monitoring and evaluation of the overall program on the development impact of the pilot BRI-SIP projects and to summarize successful practices. The evaluation is also expected to review the implementation of the pilot project activities and achievements of results starting from its initial period so that measure the impact of the project and draw lessons to facilitate decisions on future orientation of the program.

UNDP is now seeking the services of qualified and experienced international individual consultant to undertake **development impacts of the BRI-SIP projects** on the basis the program document and accomplished tasks since 2019

III. Evaluation purpose

The programme evaluation shall be conducted according to the guidance, rules and procedures established by Evaluation Guidance for UNDP Financed Projects. More specifically, the purpose of this evaluation is to assess the achievement and progress made against the planned results, assess challenges, and draw lessons learned, measure the impact of the project and draw lessons to facilitate decision on future orientation of the program. The evaluation aims also to promote accountability and transparency and assesses the extent of the program accomplishments.

The evaluation will also look into how emerging issues that were not reflected during the design of the current program document could impact the achievement of its outcomes, and make recommendations to ensure the continued alignment of UNDP assistance with national priorities to achieve robust results in the future.

The evaluation will assess the program results achieved thus far using commonly agreed criteria to validate the continued **relevance, effectiveness, efficiency, coherence**, sustainability and the **impact** of the overall program.

IV. Evaluation Scope and objectives

The scope of the program evaluation will cover all interventions of the project planned to be implemented during the project phase. The evaluation should compare planned output of the projects to actual outputs and assess the actual results to determine their contribution to the attainment of the program objectives. It should also attempt to evaluate the efficiency of project management including the delivery of the outputs and activities in terms of quality, quantity, timeliness and cost efficiency as well as features relate to the process involved in achieving those outputs and the impacts of the projects. The evaluation should also address the underlying causes and issues that contributed to changes or targets not adequately achieved

The evaluator is expected to follow a participatory and consultative approach ensuring close engagement with all government counterparts, in particular Ethiopian Investment Commission and UNDP.

Taking in to consideration the participatory nature of the evaluation process, the major role of the evaluator will be to review and analyse relevant documents; collect any additional relevant information (such as through interviews with stakeholders and partners, program beneficiaries, conducting original research if necessary); preparing and presenting the draft report based on the

information collected at various levels and finalizing the report and its recommendations taking into account comments received.

Overall, the evaluator will be responsible for:

- Carrying out a thorough desk review of available progress, go through the program document, annual review quarterly reports and analyze the overall achievement against the program action plan;
- Visit some of the project sites that will be determined after initial review and assessment of the documents and consultations with government partner and UNDP.
- Review all relevant sources of information including national strategic and legal documents and any other materials that the evaluator considers useful for this evidence-based assessment
- Assess the program performance against expectation. The evaluation shall at a minimum cover the criteria: relevance, effectiveness, efficiency, sustainability and impact
- The evaluation should assess the key financial aspects of the program including the extent of co-financing planned and realized. Project costs and funding data need to be required, including annual expenditure. Variances between planned and actual expenditure will need to be assessed and explained
- The evaluation needs to assess the extent to which the projects were successfully mainstreamed with other UNDP priorities
- The evaluation should assess the extent to which the projects are achieving impacts or progressing towards the achievement of impacts
- In close coordination with UNDP, EIC and other stakeholders to produce a comprehensive analytical report for the program evaluation which includes achievements/ progress realised, strategic issues, implementation challenges, lessons learned and recommendations;
- The report must include a chapter providing a set of conclusions, recommendations and lesson learned. Conclusion should build on findings and backed by evidence. Recommendations should be prioritized, specific, relevant and targeted and given that this is the final stage of the pilot program phase, recommendations must be useful for future programming and new project development in same or similar areas for UNDP and the government. Lessons should have wider applicability to other initiatives the areas of interventions and for future programming.

The main objectives of the evaluation process therefore include the need:

- To assess the relevance, effectiveness, efficiency, coherence, sustainability and the impact of the program in delivering on agreed outcomes and their contribution to national development efforts;
- To determine the adequacy of the existing systems and structures for implementing the program;
- To assess if program outputs and outcomes have been achieved;
- To identify major constraints faced, document lessons learned during implementation, and make recommendations for overcoming implementation challenges and supporting results achievement going forward;
- To identify implementation challenges and operational issues, and provide inputs and lessons learned;
- To identify factors that have contributed to achieving or not achieving the intended program outcomes;
- To identify factors that have contributed to effectiveness or ineffectiveness of the program;

- To assess appropriateness and effectiveness of the UNDP partnership strategy

V. Evaluation criteria and questions

Aligning to the evaluation criteria, the evaluation may need to include and address the following key evaluation questions, among others:

Relevance:

- To what extent the objectives and operations of the project were consistent with the need of beneficiaries, need of implementing partners, current country need, and donors' policies and expectations?
- To what extent were the interventions aligned with the needs of other key stakeholders particularly government and other actors in the sectors?
- Were the approaches and strategies/arrangements used relevant to achieve intended outputs, outputs and outcomes of the programme/intervention? To what extent the thematic focus and institutional scope of the programme were appropriate to achieve intended results?
- To what extent did the interventions respond to the needs of vulnerable groups and women?
- To what extent the project was aligned to the SDGs, GTP II, UNSDCF, ten years and home grown?
- To what extent were project's interventions coherent with UNDP's policies, strategies and normative guidance?
- To what extent were the key stakeholders of the project including downstream stakeholders engaged in the design, implementation and monitoring of the programme?
- Did the assumptions and the Theory of Change hold true? If not, why?

Effectiveness:

- To what extent did this project achieve its planned outputs, and outcomes?
- What were the main expected and unexpected results of the project?
- What were the major factors influenced implementation and operations of the programme for achievement or non-achievement of results? What was the quality of implementation of the project?
- What were the unintended results of the changes in political landscape and the reforms underway in the country to the programme implementation and achievement of results?
- What are lessons learned and good practices to take up for future in designing and implementing a new second phase of the project?

Efficiency:

- Did the Project's implementation mechanisms -including institutional arrangements, partnership, support services, etc., permit utilization of resources in efficient way, and also delivery of services and achievement of results in timely manner?
- Were the programme resources efficiently used? Was the cost per outputs used in the most cost-effective way or were there areas where savings ought to be made to reduce costs?
- To what extent were project management practices and tools adequate to timely and effectively implement the programme?
- Are project resources adequate and available on time to implement the activities as planned?

Impact:

- What were the long-term effects/outcomes of the project on the target beneficiaries/institutions and citizens? To what extent were the project objectives met? What are indications of success?
- Did the interventions of the project bring about any unintended (both negative or positive) effects on the target beneficiaries/institutions, citizens and/or operational environment?
- What were the gender-specific impacts, especially regarding women's empowerment?
- How could the project be improved in its design, implementation and monitoring to have long-term effect/impact?

Sustainability:

- To what extent are the results and positive changes from the project implementation up to this point in time likely to continue after end of the project?
- To what extent did the current country situation would affect continuity and sustainability of results achieved?
- To what extent were the implementing partners showed ownership of the programme, results, and lessons learned and their ability to continue with the project with limited or without intervention from UNDP?
- To what extent the project established and maintained effective partnership with development partners, government, Civil Society Organizations (CSOs), etc.?
- To what extent were the participation and ownership of the programme by the IPs and other key stakeholders for ensuring sustainability of achieved results & lessons learned after end of the current programme?

Gender:

- To what extent have gender considerations mainstreamed and had been addressed in the design, implementation, and monitoring of the project?
- Is the gender marker data assigned to this project representative of reality?
- To what extent has the project promoted positive changes in women participation in the development activities? To what extent women benefitted from this project?

Human rights

- To what extent have poor, indigenous and physically challenged, women and other disadvantaged and marginalized groups benefited from the work of this project?
- The above listed evaluation questions are not to be considered as exhaustive to address the evaluation purpose and objectives in comprehensive manner. So, the evaluation questions will be further discussed and elaborated in collaboration with the evaluation team, stakeholders (implementing partners) and UNDP during the inception phase to refine and accept.

VI. Evaluation approach and Methodology

The evaluation is expected to follow a participatory and consultative approach ensuring close engagement with the Project Team, government counterparts / Implementing Partners, the UNDP Country Office(s), and other stakeholders. To ensure that the evaluation exercise will not place unnecessary additional burden on UNDP, EIC and government counterparts, the consultant will be significantly involved in the collection and consolidation of additional primary and secondary data to beef up the report writing. The exercise should thus be informative and forward looking.

The methodology of the evaluation will involve both primary and secondary data/information collection through conducting various consultations. The primary data/information gathering process may include interviews with UNDP, EIC and other key stakeholders and partners.

The evaluation will use the program Action Plan and Results Matrix plus Program Monitoring Framework as a basis for reporting on results and their achievement. The evaluator is expected to frame the evaluation effort using the criteria of **relevance, effectiveness, efficiency, sustainability, and impact**, as defined and explained in the UNDP Guidance for Conducting Terminal Evaluations of UNDP-supported Projects. A set of questions covering each of the criteria using the template in **Annex A** should be completed and submitted the matrix as part of an evaluation inception report, and shall include it as annex to the final report

Effectiveness refers to:

- Whether the project intervention achieved the expected output and immediate outcomes and made progress towards the intermediate outcomes
- Whether there are any unintended results, either positive or negative observed

Efficiency refers to:

- How economically are resources/inputs (funds, expertise, time, etc.) converted to outputs
- Whether outputs achieved on time and on budget

Sustainability refers to:

- What is the likelihood that results/benefits will continue after the closure of the project?
- Are there committed financial and human resources to maintain benefits and results
- Is the external environment conducive to the maintenance of results

Impact refers to

- Extent to which the project is achieving impacts or progressing towards the achievement of impacts

At the secondary data level, the consultants may consult relevant documents, including evaluation of the program document, Annual Work Plans (AWPS), annual and quarterly reports, GTP II reports, donor reports, and global level documents on UN reforms, and any other relevant documents. The consultants could also refer to other countries' BRI experiences and reports to cross-fertilize global experiences to enhance their recommendations. It is anticipated that the desk review should result in indicators summary

The consultants will also touch base with UNDP and EIC Operations Units to discuss regarding operational issues, and identified operational challenges.

Specifically, the thematic assessments should:

- Describe key results achieved (key achievements against the results in the program document and results framework and the Program Monitoring Framework);
- Good practices, that should continue and/or replicated;
- Challenges, operational issues, lessons learned and proposed actions to address the challenges;
- Provide inputs in to the development of Annual Work Plans and the next Program Monitoring Framework; and
- Issues for strategic-level direction.

VII. Evaluation products and deliverables

The consultancy assignment shall deliver the following outputs and be completed in a total of 30 working days. **Annex B clutches the evaluation reporting outline**

- Brief inception report of the evaluation
- Support the analytical reporting by focusing on thematic areas
- Collection and analysis of the secondary and primary information
- Draft evaluation report produced and shared with the UNDP and EIC for comment
- Final evaluation report

VIII. Time frame

The evaluation will be conducted between November 2021 and December 2021 as per the following tentative timeline.

Deliverables	Working days assigned	November 2021				December 2021			
		W1	W2	W3	W4	W1	W2	W3	W4
Inception report (Desk review of documents, development of detailed work plan, questionnaires, methodologies and (Evaluation) outline)	5								
Debriefing with UNDP CO, agreement on the methodology, scope and outline of the Evaluation report	1								
Consultations and discussion with relevant stakeholders including UNDP and EIC, prepare necessary data and internal analyses on program outcome and achievement	9								
Draft evaluation report produced and shared with UNDP and EIC for comments	11								
Final evaluation report produced and shared to UNDP and EIC	4								

IX. Evaluator required competencies

The Evaluator should be an expert with experience and exposure to sustainable investment promotion and sustainable development advices on policy and capacity building projects and will have solid prior experience in carrying out mid-term or final evaluations of UNDP funded programs. The consultant cannot have participated in the project preparation, formulation, and/or implementation (including the writing of the Project Document) and should not have a conflict of interest with project's related activities.

The Evaluator should have the following qualifications and experience:

A. Education

- Advanced university degree in development studies, international development, economics, climate change, environmental management/engineering, Environmental Economics, policy evaluation, public policy or relevant field of studies

B. Experience

- Minimum of 10 years progressive experience in development related works.

- Strong analytical skills, a demonstrated ability to conduct interviews with a range of stakeholders, and experience in pulling together analysis and data into reports
- Experience in reviewing and compiling multiple data sets and strong understanding of quantitative and qualitative analysis with M&E Frameworks
- Deep knowledge and understanding of the UN reform processes, the United Nations Sustainable Development Cooperation Framework (UNSDCF); and Sustainable Development Goals (SDG)
- Understanding of or experience working with UN will be a strong asset
- The consultant must have prior experience of working with complex national level M&E frameworks or strategic plans involving multiple stakeholders
- Ability to identify implementation issues and operational challenges, and provide recommendations to remedy these issues to accelerate program delivery
- Adequate understanding of human rights-based approach to development, gender equality, environmental sustainability, Results based management
- Experience of carrying out similar assignment for UNDP funded evaluations in other countries is an asset

C. Functional Competencies

- Outstanding communication skills in English
- Positive and constructive approaches to work with energy
- Demonstrate openness to change and ability to receive and integrate feedback
- Excellent written and verbal communication skills
- Strong time management and meet established timelines.

D. Language and Other Skills

- Excellent knowledge of English, including the ability to write reports clearly and concisely and to set out a coherent argument in presentation and group interactions
- Capacity to facilitate and communicate with different stakeholders
- Computer skills: full command of Microsoft applications (word, excel, PowerPoint) and common internet applications

X. Implementation arrangements

The evaluator will be recruited under UNDP terms and conditions and will operate under the direct supervisor of the program specialist from the Inclusive Economic Transformation (IET) Unit.

XI. Criteria for selecting the best offer

Upon the advertisement of the procurement notice, qualified individual consultant is expected to submit both technical and financial proposals. Accordingly, individual consultants will be evaluated based on cumulative analysis as per the following scenario:

- Responsive/compliant/acceptable, and
- Having received the highest score out of a pre-determined set of weighted technical and financial criteria specific to the solicitation. In this regard, the respective weight of the proposals is:

- a. Technical Criteria weight is **70%**
- b. Financial Criteria weight is **30%**

Criteria	Weight	Max. Point
Technical Competence (based on CV, Proposal and interview (if required))	70%	100
▪ Criteria a. Educational relevance: close fit to post		10 pts
▪ Criteria b. Understanding the scope of work and organization of the proposal		50 pts
▪ Criteria c. Experience of similar assignment		30 pts
▪ Criteria d. Previous work experience in Africa/ Ethiopia		10 pts
Financial (Lower Offer/Offer*100)	30%	30
Total Score	Technical Score * 70% + Financial Score * 30%	

XII. Payment milestones and authority

The prospective consultant will indicate the cost of services for each deliverable in US dollars **all-inclusive⁹ lump-sum contract amount** when applying for this consultancy. The consultant will be paid only after approving authority confirms the successful completion of each deliverable as stipulated hereunder.

The qualified consultant shall receive his/her lump sum service fees upon certification of the completed tasks satisfactorily, as per the following payment schedule:

Instalment of Payment/ Period	Deliverables or Documents to be Delivered	Approval should be obtained	Percentage of Payment
1 st instalment	Upon submission and approval of inception Report	UNDP CO	20%
2 nd instalment	Following submission and approval of the 1 st draft evaluation report	“	30%
3 rd instalment	Following submission and approval of the final evaluation report	“	50%

XIII. Confidentiality and Proprietary Interests

The consulting individuals shall not either during the term or after termination of the assignment, disclose any proprietary or confidential information related to the consultancy service without prior written consent. Proprietary interests on all materials and documents prepared by the consultants under the assignments shall become and remain projects/property of UNDP.

XIV. Evaluation Ethics

This terminal evaluation will be conducted in accordance with the principles outlined in the UNEG ‘Ethical Guidelines for Evaluation’ ; and the Evaluation Team is expected to be abided with those

⁹ The term “All inclusive” implies that all costs (professional fees, travel costs (local field mission), living allowances, communications, consumables, etc.) that could possibly be incurred by the Contractor are already factored into the final amounts submitted in the proposal

ethical considerations in the guidelines. Moreover, while conducting the evaluation, the Evaluation Team should carefully consider any harm that may result from an evaluation and take steps to reduce it. Everyone who participates in the evaluation should do so willingly (informed consent). Attention should also be made in order to keep the confidentiality and safety of the participants.

The evaluation ethical considerations and critical issues must be addressed both during the design and implementation of the evaluation. The evaluation ethics and procedures to safeguard the rights and confidentiality of information providers may include: measures to ensure compliance with legal codes governing areas such as provisions to collect and report data, particularly permissions needed to interview or obtain information about children and young people; provisions to store and maintain security of collected information; and protocols to ensure anonymity and confidentiality.

Annex A: Evaluation matrix

Relevant evaluation criteria	Key questions	Specific sub questions	Data sources	Data-collection methods/tools	Indicators/success standard	Methods for data analysis
Relevance	<ul style="list-style-type: none"> • • • 					
Effectiveness	<ul style="list-style-type: none"> • • • 					
Efficiency	<ul style="list-style-type: none"> • • • 					
Sustainability	<ul style="list-style-type: none"> • • • 					
Impact	<ul style="list-style-type: none"> • • • 					

Annex B: Evaluation Report Outline

- i.** Opening page:
 - Title of UNDP supported project
 - UNDP project ID#s.
 - Evaluation time frame and date of evaluation report
 - Region included in the project
 - UNDP Operational Program/Strategic Program
 - Implementing Partner and other project partners
 - Evaluation team members
 - Acknowledgements
- ii.** Executive Summary
 - Project Summary Table
 - Project Description (brief)
 - Evaluation Rating Table
 - Summary of conclusions, recommendations and lessons
- iii.** Acronyms and Abbreviations
- 1.** Introduction
 - Purpose of the evaluation
 - Scope & Methodology
 - Structure of the evaluation report
- 2.** Project description and development context
 - Project start and duration
 - Problems that the project sought to address
 - Immediate and development objectives of the project
 - Baseline Indicators established
 - Main stakeholders
 - Expected Results
- 3.** Findings
(In addition to a descriptive assessment, all criteria marked with (*) must be rated¹⁰)
- 3.1** Project Design / Formulation
 - Analysis of LFA/Results Framework (Project logic /strategy; Indicators)
 - Assumptions and Risks
 - Lessons from other relevant projects (e.g., same focal area) incorporated into project design
 - Planned stakeholder participation
 - Replication approach
 - UNDP comparative advantage
 - Linkages between project and other interventions within the sector
 - Management arrangements
- 3.2** Project Implementation
 - Adaptive management (changes to the project design and project outputs during implementation)
 - Partnership arrangements (with relevant stakeholders involved in the country/region)
 - Feedback from M&E activities used for adaptive management
 - Project Finance:

¹⁰ Using a six-point rating scale: 6: Highly Satisfactory, 5: Satisfactory, 4: Marginally Satisfactory, 3: Marginally Unsatisfactory, 2: Unsatisfactory and 1: Highly Unsatisfactory.

- Monitoring and evaluation: design at entry and implementation (*)
 - UNDP and Implementing Partner implementation / execution (*) coordination, and operational issues
- 3.3** Project Results
- Overall results (attainment of objectives) (*)
 - Relevance (*)
 - Effectiveness & Efficiency (*)
 - Country ownership
 - Mainstreaming
 - Sustainability (*)
 - Impact
- 4.** Conclusions, Recommendations & Lessons
- Corrective actions for the design, implementation, monitoring and evaluation of the project
 - Actions to follow up or reinforce initial benefits from the project
 - Proposals for future directions underlining main objectives
 - Best and worst practices in addressing issues relating to relevance, performance and success
- 5.** Annexes
- ToR
 - Itinerary
 - List of persons interviewed
 - Summary of field visits
 - List of documents reviewed
 - Evaluation Question Matrix
 - Questionnaire used and summary of results
 - Evaluation Consultant Agreement Form

Annex 2. References

Policies and strategies

- UNDP Strategic Plan 2022-2025
- UNDP Strategic Plan 2018-2021
- United Nations Sustainable Development Cooperation Framework for Ethiopia 2020 - 2025
- UNDP Country Programme Document for Ethiopia 2020-2025
- UNDP & China Center for International Economic Exchanges (2017), The Belt and Road Initiative - A new means to transformative global governance towards sustainable development
- UNDP, China Development Bank & The School of Economics, Peking University (2017), The Economic Development along the Belt and Road
- A Homegrown Economic Reform Agenda: A Pathway to Prosperity, 2020
- Ethiopia 2030: The Pathway to Prosperity - Ten Years Perspective Development Plan (2021 – 2030), Slide presentation
- Ethiopia's Growth and Transformation Plan II 2014-2019
- Ethiopia's Climate Resilient Green Economy Strategy, 2011
- Ethiopia's Environmental and Social Safeguards Framework (ESSF) for the CRGE Initiative, 2015

Contextual and thematic references

- [The Ethiopian Investment Commission](#)
- Legatum Institute, Global Index of Economic Openness: Pathway to Prosperity - Ethiopia Case Study, 2021
- BNP Paribas brief, Ethiopia Strategy change, 2020
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- Deloitte (2021), ESG risk scores for TMT companies and investors - It's more complicated than you think
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- Bloomberg Equality (29 Nov, 2021), [Kenya's Bourse Gives Companies One Year to Grasp ESG Reporting](#)
- [The Task Force on Climate-related Financial Disclosures](#)
- [EU taxonomy for sustainable activities](#)

SIP project management documents

- SIP Project Document 04 Dec 2018
- SIP project Work Plan and Budget Revision for 2021 extension
- SIP Extension Work Plan (AWP) 2022, Dec 2021
- Annual workplan BRI SIP January 2019 - December 2020 (July 2019)
- Annual workplan 2019-2021 BRI-SIP, Ethiopia & China Country Offices
- Annual workplan SIP 2021, Feb 2021 (DRAFT)
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- UNDP Interim Financial Report to the UN Dept of Economic and Social Affairs, Ethiopia, Oct 2021
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- SIP-MONITORING REPORT Q4 2019
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- SIP Slides on Updates, Dec 2020
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- ESG Sustainable Investments - Garment and Textile, Leather and Leather Products, Horticulture, and Agro-Processing and Sugar-Related Industries, Diagnostic Study, July 2021

Annex 3. Persons interviewed

- Selamawit Alebachew, UNDP Country Office, Ethiopia
- Getish Tekle Teshome, Senior Program Coordinator, UNDP Country Office, Ethiopia
- Yu Ding, UNDP Country Office, Ethiopia
- Wang Xueying, Chinese Embassy, Addis Ababa
- Yalin Wang, UNDP Country Office, China
- Jelena Manic, UNDP Country Office, Serbia
- Goran Simunovic, UNDP Country Office, Serbia
- Temesgen Tilahun, Deputy Commissioner, Investment Promotion and Policy Research Division, Ethiopian Investment Commission
- Lemma Feyisa, Policy Research & Investment Climate Reform Director, Ethiopian Investment Commission
- Abdurehman Mohammed, Project Coordinator & Assistant to the Deputy Commissioner, Industry Park Facilitation Department, Ethiopian Investment Commission
- Firehiwot Shimelis, Policy Study, Evaluation and Monitoring Director, Ministry of Industry
- Olijira Kuma Addamo, National Coordinator, UNIDO
- Aditi Jha, ESG Consultant (Leather)
- Rafiq Diab, ESG consultant (Textile and garment)
- Johnny Colon, ESG Consultant (Horticulture)
- Alex Kaufman, ESG Consultant (Agri production)
- Mr Bogale, HR Manager, Nuoya Textile Investment, PLC
- Teketel Zeleke, Safety, Compliance and Kaizen Officer, Anbessa shoe factory, Addis Ababa
- Mesay Tekalign, Program Manager, Center for international Private Enterprise, Ethiopia
- Dr Paulo Ferreira do Amaral, Sustainable Industrial Park Management Advisor, GIZ

Annex 4. Meeting schedule

Meeting Schedule in Ethiopia 24 Jan – 04 Feb 2022 with follow up calls from home

#	Date	Time	Persons met	Topic	Venue
1.	24-01-2022	09.30 AM	Getish Tekle, UNDP	Planning	Zoom Meeting
2.	24-01-2022	11.00 AM	Selamawit Alebachew Getish Tekle UNDP	Briefing meeting	Zoom Meeting
3.	25-01-2022	03.00 PM	Wang Xueying, Chinese Embassy Yu Ding and Getish Tekle, UNDP	SIP performance and lessons learned	Zoom Meeting
4.	26-01-2022	11.00 AM	Firehiwot Shimelis, Policy Study, Evaluation and Monitoring Director, Ministry of Industry	IDP and the SIP Project	Mobile call
5.	26-01-2022	04.00 PM	Getish Tekle, UNDP	SIP Progress and planning visit to EIC	Grand Palace Hotel Addis Ababa
6.	27-01-2022	01.00 PM	Yalin Wang UNDP CO, Beijing	SIP project achievements + comparative to Serbia	Zoom Meeting
7.	28-01-2022	08.30 AM – 12.30 PM	Teketel Zeleke, Safety, Compliance and Kaizen Officer, Anbessa shoe factory with Aditi Jha, ESG consultant	Pilot company on site consultation	Anbessa shoe factory, Addis Ababa
8.	31-01-2022	11.00 AM	Temesgen Tilahun, Deputy Commissioner, EIC	Courtesy call, evaluation planning	EIC, Addis Ababa

#	Date	Time	Persons met	Topic	Venue
9.	31-01-2022	All day	Networking	Trade policy framework workshop	Elilly International Hotel
10.	31-01-2022	04.00 PM	Olijira Kuma Addamo, National coordinator, UNIDO with Rafiq Diab, ESG consultant	SIP Coherence on ESG approach in the textile and garment sector	UNIDO Office, Addis Ababa
11.	01-02-2022	12.00 PM	Jelena Manic, Goran Simunovic UNDP Serbia	BRI-SIP achievements and lessons learned from Serbia	Zoom Meeting
12.	01-02-2022	05.00 AM	Johnny Colon and Rafiq Diab, ESG consultants	Planning and group discussion on pilot consultancy	Grand Palace Hotel Addis Ababa
13.	02-02-2022	11.00 AM	Temesgen Tilahun, Deputy Commissioner, Investment Promotion and Policy Research Division, EIC	SIP project performance, lessons learned and next phase	EIC, Addis Ababa
14.	02-02-2022	03.00 PM	Mr Bogale – Nuoya Textile Investment, PLC with Rafiq Diad, ESG consultant	Pilot company consultation	Grand Palace Hotel Addis Ababa
15.	03-02-2022	04.00 PM	Getish Tekle, UNDP	Wrap up	Grand Palace Hotel Addis Ababa
16.	07-02-2022	02.00 PM	Lemma Feyisa, Policy Research & Investment Climate Reform Director, EIC	SIP project performance, lessons learned and next phase	Zoom Meeting
17.	08-02-2022	04.00 PM CET	Aditi Jha, ESG consultant	Lessons learned and upscale, leather/leather products	Zoom Meeting
18.	09-02-2022	10.00 AM CET	Selamawit Alebachew Getish Tekle UNDP	Debriefing – preliminary findings and recommendations	Zoom Meeting
19.	09-02-2022	12.00 AM CET	Alex Kaufman, ESG consultant	Lessons learned and upscale, Agri production	Zoom Meeting

#	Date	Time	Persons met	Topic	Venue
20.	21-02-2022	02.30 PM CET	Abdurehman Mohammed, EIC	EIC's online platform and the exchange visit to China	Zoom Meeting
21.	25-02-2022	0100 PM CET	Rafiq Diab, ESG consultant	Lessons learned and upscale, Textile/garment sector	Zoom Meeting
22.	01-03-2022	0900 AM EST	Johnny Colon, ESG consultant	Lessons learned and upscale, Horticulture	Zoom Meeting

Annex 5. Evaluation design matrix

Evaluation Question	Indicators	Data Sources	Data Collection	Data Analysis
RELEVANCE - is the intervention doing the right things?				
To what extent the objectives and operations of the project were consistent with the need of beneficiaries, need of implementing partners, current country need, and donors' policies and expectations?	The SIP Project is relevant to the current context of sustainable investments in Ethiopia	Government policy papers, see references UNDAF/UNSDCF	Desk review Semi-structured Key Informant Interviews	Information gaps analysis Triangulation
To what extent were the interventions aligned with the needs of other key stakeholders particularly government and other actors in the sectors?	Interventions were aligned to government and sector stakeholder needs	2030 Agenda BRI-SIP partnership framework	Focus Group Discussions Online consultations	On-site validation Results-based assessment Contribution analysis
To what extent did the interventions respond to the needs of vulnerable groups and women?	Interventions were aligned to gender and human rights needs	SIP prodoc, progress reports and deliverables	Field visits to selected industrial parks and pilot companies	Beneficiary assessment Lessons learned
To what extent have gender considerations been mainstreamed and addressed in the design, implementation, and monitoring of the project?	Gender considerations were targeted by the design, mainstreamed and monitored	Independent evaluations and institutional assessments		SWOT analysis
Were the approaches and strategies/arrangements used relevant to achieve intended outputs, outputs and outcomes of the programme/intervention?	Theory of change, intervention logic and approaches were relevant to achieve the objectives	Stakeholder contributions		
To what extent the thematic focus and institutional scope of the programme were appropriate to achieve intended results?	Thematic focus and scope were appropriate to achieve results			
Is the gender marker data assigned to this project representative of reality?	Gender marker data were relevant			
Did the assumptions and the Theory of Change hold true? If not, why?	The theory of change, including critical assumptions were relevant for early results achievements			
To what extent were the key stakeholders of the project including downstream stakeholders engaged in the design, implementation and monitoring of the programme?	Stakeholders were engaged throughout the project design and management cycle			

Evaluation Criterion/ Question	Indicators	Data Sources	Data Collection Methods	Methods for data analysis
COHERENCE - how well does the intervention fit?				
To what extent the project was aligned to the SDGs, GTP II, UNSDCF, Ten years and home grown?	Interventions aligned to SDGs, UNSDCF and government policies	Government policy papers, see references UNDAF/UNSDCF 2030 Agenda	Desk review Semi-structured Key Informant Interviews Focus Group Discussions	Information gaps analysis Triangulation On-site validation Results-based assessment
To what extent were project's interventions coherent with UNDP's policies, strategies and normative guidance?	SIP project is coherent with UNDP policy and implementation framework	BRI-SIP partnership framework SIP prodoc, progress reports and deliverables Independent evaluations and institutional assessments Stakeholder contributions	Online consultations Field visits to selected industrial parks and pilot companies	Contribution analysis Beneficiary assessment Lessons learned SWOT analysis

Evaluation Criterion/ Question	Indicators	Data Sources	Data Collection Methods	Methods for data analysis
EFFECTIVENESS – is the intervention achieving its objectives?				
To what extent did this project achieve its planned outputs, and outcomes?	Project results were accomplished	Government policy papers, see references	Desk review	Information gaps analysis
What were the main expected and unexpected results of the project?	Unintended results	UNDAF/UNSDCF	Semi-structured Key Informant Interviews	Triangulation
What were the major factors influenced implementation and operations of the programme for achievement or non-achievement of results? What was the quality of implementation of the project?	Conducive and constraining implementation factors	2030 Agenda BRI-SIP partnership framework	Focus Group Discussions Online consultations	On-site validation Results-based assessment Gender marker rating
What were the unintended results of the changes in political landscape and the reforms underway in the country to the programme implementation and achievement of results?	Impact of changes in policy assumptions on project performance	SIP prodoc, progress reports and deliverables	Field visits to selected industrial parks and pilot companies	Contribution analysis Beneficiary assessment
What are lessons learned and good practices to take up for future in designing and implementing a new second phase of the project?	Lessons learned for new project phase	Independent evaluations and institutional assessments		Lessons learned SWOT analysis
To what extent has the project promoted positive changes in women participation in the development activities? To what extent women benefitted from this project	Women’s engagement and benefit from SIP project	Stakeholder contributions		
To what extent have poor, indigenous and physically challenged, women and other disadvantaged and marginalized groups benefitted from the work of this project?	Vulnerable groups benefit from the SIP Project			

Evaluation Criterion/ Question	Indicators	Data Sources	Data Collection Methods	Methods for data analysis
EFFICIENCY - how well are resources being used?				
Did the project's implementation mechanisms - including institutional arrangements, partnership, support services, etc., permit utilization of resources in efficient way, and also delivery of services and achievement of results in timely manner?	Interventions were cost-efficient and timely	Government policy papers, see references UNDAF/UNSDCF 2030 Agenda	Desk review Semi-structured Key Informant Interviews Focus Group Discussions	Information gaps analysis Results-based assessment Triangulation On-site validation
Were the programme resources efficiently used? Was the cost per outputs used in the most cost-effective way or were there areas where savings ought to be made to reduce costs?	Interventions were cost effective and provided value for money	BRI-SIP partnership framework SIP prodoc, progress reports and deliverables	Online consultations Field visits to selected industrial parks and pilot companies	Beneficiary assessment Lessons learned
To what extent were project management practices and tools adequate to timely and effectively implement the programme?	Management responses delivered timely and effective interventions	Independent evaluations and institutional assessments		SWOT analysis Cost benefit analysis
Are project resources adequate and available on time to implement the activities as planned?	Project resource envelope produced adequate and timely interventions	Stakeholder contributions		Cost efficiency analysis Value for money

Evaluation Criterion/ Question	Indicators	Data Sources	Data Collection Methods	Methods for data analysis
IMPACT - what difference does the intervention make?				
What were the long-term effects/outcomes of the project on the target beneficiaries/institutions and citizens? To what extent were the project objectives met? What are indications of success?	Improved long-term conditions for project target groups in accordance with project design	Government policy papers, see references UNDAF/UNSDCF	Desk review Semi-structured Key Informant Interviews	Information gaps analysis Results-based assessment Triangulation
Did the interventions of the project bring about any unintended (both negative or positive) effects on the target beneficiaries/institutions, citizens and/or operational environment?	Evidence of unintended negative or positive impact	2030 Agenda BRI-SIP partnership framework	Focus Group Discussions Online consultations	On-site validation Contribution analysis
What were the gender-specific impacts, especially regarding women's empowerment?	Impact on gender equality and women's empowerment	SIP prodoc, progress reports and deliverables	Field visits to selected industrial parks and pilot companies	Beneficiary assessment Lessons learned
How could the project be improved in its design, implementation and monitoring to have long-term effect/impact?	Lessons learned on improved project design	Independent evaluations and institutional assessments Stakeholder contributions		SWOT analysis

Evaluation Criterion/ Question	Indicators	Data Sources	Data Collection Methods	Methods for data analysis
SUSTAINABILITY - will the benefits last?				
To what extent are the results and positive changes from the project implementation up to this point in time likely to continue after end of the project?	Government and stakeholder ownership and commitment	Government policy papers, see references UNDAF/UNSDCF	Desk review Semi-structured Key Informant Interviews	Information gaps analysis Results-based assessment
To what extent did the current country situation affect continuity and sustainability of results achieved?	Adverse impact of crisis and crisis responses	2030 Agenda	Focus Group Discussions	Triangulation On-site validation
To what extent were the implementing partners showing ownership of the programme, results, and lessons learned and their ability to continue with the project with limited or without intervention from UNDP?	SIP project contributed to sustained changes in policies and practises	BRI-SIP partnership framework SIP prodoc, progress reports and deliverables	Online consultations Field visits to selected industrial parks and pilot companies	Contribution analysis Beneficiary assessment Lessons learned
To what extent the project established and maintained effective partnership with development partners, government, Civil Society Organizations (CSOs), etc.?	Partnerships leveraged and sustained project results	Independent evaluations and institutional assessments Stakeholder contributions		SWOT analysis
To what extent were the participation and ownership of the programme by the IPs and other key stakeholders ensured sustainability of achieved results & lessons learned after end of the current programme?	Co-design and stakeholder ownership sustained project results and learnings			

Annex 6. Status and accomplishments of key project activities

Activities	Status	Assessment by the most recent progress report Oct 2021	Evaluation assessment
<p>A 1.1 Organize Business to Business (B2B) match-making</p>	Completed.	<p>Match making forum was conducted on July 02-03, 2019 together with the investment forum. A total of 45 participants from public and private sector from Ethiopia and foreign private companies with overall participants of 120 cross-sector participants from Ethiopia and China attended the forum. Key issues including barriers to sustainable and inclusive investment and options for securing win-win solutions and matching for investment were discussed.</p>	Status confirmed
<p>A1.2 BRI-SIP Investment Forum in Addis Ababa, Ethiopia</p>	Completed	<p>The first Sustainable Investment Forum was successfully convened on 2-3 July 2019 in Addis Ababa.</p> <p>A total of 120 cross-sector participants from Ethiopia and China attended the forum. Speakers from UNDP Cos, Chinese Embassy, Ethiopian Investment Commission, Ethiopian Finance Ministry, Chamber of Commerce's and private sectoral associations were participated</p> <p>A field trip to Eastern Industrial Zone in Addis Ababa was also included, as to demonstrate good measures and approaches through first-hand knowledge sharing between participants and in-site managers.</p>	Status confirmed
<p>A 1.3 Sustainable Investment Promotion event in Beijing, China</p>	Completed.	<p>The China-Ethiopia high-level dialogue on Sustainable Investment was successfully convened on 29 November 2019 in Beijing, China.</p> <p>The event brought together over 200 participants from Chinese and Ethiopian governments, enterprises, chambers of commerce, United Nations, local embassies, development agencies, and think tanks.</p> <p>A sectoral roundtable on sustainable investment promotion in Ethiopia was also held, where Ethiopian government</p>	Status confirmed

Activities	Status	Assessment by the most recent progress report Oct 2021	Evaluation assessment
		representatives provided investment pitches in sectors including pharmaceutical, agro-processing, leather, textile, information communication and technology (ICT), tourism and mining.	
<p>A 1.4</p> <p>Training/knowledge sharing programme in Beijing, China</p>	Completed.	<p>With both Ethiopian policy makers and technical experts as target audience, the programme was divided into two parts: 1) knowledge exchange programme for policy makers (November 26th - 28th, Beijing); and 2) knowledge exchange programme for technical experts (Dec 5th - 9th, Shenzhen).</p> <p>Both parts of the programme were successfully organized with positive feedback from Ethiopian counterparts.</p>	Status confirmed
<p>A 1.5</p> <p>Develop and maintain a BRI-SIP information platform with a set of deliberated promotion events.</p>	completed.	<p>BRI-SIP information platform has been integrated with EIC's existing information dissemination network/web platform. Following the proposal by EIC to strengthen ICT infrastructure at the Commission and the subsequent endorsement by UNDESA, the procurement process to purchase IT Servers and Core switches to strengthen its data center has been completed.</p> <p>Additionally, in response to the recent development of COVID-19 in the country, EIC further highlighted <i>online investment support</i> and <i>digitalization of investor information</i> as two key points to ensure business continuity and enhance investment promotion during the pandemic. However, EIC still needs further support to upgrade the investment platform network</p>	Status confirmed
<p>A 2.1</p> <p>Draft and launch a diagnostic study on ESG/ sustainability aspects of Investment promotion and facilitation.</p>	Completed	<p>Two ESG diagnostic studies have been ready.</p> <p>Two Key thematic areas for the diagnostic study were identified, both of them are completed:</p> <ul style="list-style-type: none"> - <u>Area 1</u>: garment, horticulture, leather and leather products, and agro-processing including sugar-related industries - <u>Area 2</u>: infrastructure investments including energy and ceramics 	Status confirmed.

Activities	Status	Assessment by the most recent progress report Oct 2021	Evaluation assessment
<p>A 2.2</p> <p>Provide five policy recommendation and advices.</p>	<p>Completed.</p>	<p>As per the findings from two diagnostic studies (A 2.1), the following policy recommendation have been provided:</p> <ol style="list-style-type: none"> 1. Formulation of guideline on ESG integration into companies' operation 2. Formulation of national level policy to incentivize companies based on their level of ESG integration/implementation 3. Issuance of certificate or notification for onboarding of assessment agencies and pool of expertise for undertaking due-diligence and compliance at companies 4. Defining monitoring protocols for the enlisting of agencies and experts 5. Developing capacity building curricula and awareness creation system <p>The policy advices are results of additional tasks together with the A.2.1. as the firms deployed were in a good position to identify policy gaps and recommended advices when they tasked to ESG diagnostic studies and ESG framework development. The policy advices and recommendations are presented as distinct out puts because distinct requirements were demanded and distinct responses to policy recommendations and guideline to implement the policies were put in place. Clear guidelines are provided on how the recommended policies could be realized categorized as short term, medium term and long term. The implementation of the recommended policy advices using the guidelines are actions government is expected to take. Government Policy formulation has its own process and pace. The policy department under Ethiopian Investment Commission is working towards realization of the policy advices.</p> <p>The ESG realization requires to conduct compliance audit in factories and approved individual or audit firms</p>	

Activities	Status	Assessment by the most recent progress report Oct 2021	Evaluation assessment
		<p>are the pre-requisite for undertaking the audit. The bullet number 3 recommendation is to certify and boarding of auditors to conduct verification audit. Auditors-individual or firms need to be approved based on defined criteria to ensure objectivity, accountability and independency.</p> <p>With regard to capacity building, one of the gaps and recommended solutions provided was building capacities and creation of awareness. The gaps and the type of capacity building areas are recommended. Implementation of capacity building is a continuous process that may call also to incorporate emerging issues while implementation. Thus, designing curriculum and providing the capacity development actions on the basis of where the government wants to reach on short, medium and long term remains actions that follow.</p>	
<p>A 2.3</p> <p>Provide tailor-made, micro-level de-risking analysis or policy advice in specific investment sectors.</p>	<p>On-going.</p>	<p>Five sectors and 10 pilot companies have been selected as pilot for micro-level de-risking analysis and support</p> <ul style="list-style-type: none"> Five international experts for pilot implementation of ESG as part of de-risking in the following sectors are recruited and have started work: Ceramic sector (Tabor Ceramic SC), Leather and leather products (Houdao Chen Tannery, Zhang Jianxin Tannery, Anbessa Shoe), Garment and textile (NUOYA textile, Kanoria Textile), Horticulture (Flowerama, Hansa Flower) and Agro-processing (Metahara Sugar Factory and Fafa Food Share Company) 	<p>Status confirmed.</p> <p>To be completed by end of Q1 2022</p>
<p>A 3.1</p> <p>Provide five advice and analysis on project screening or de-risking.</p>	<p>Completed</p>	<p>Assessment was made in July 2019 and provided the following advices on de-risking of the priority six sectors (Textile and Garment, Leather, Pharmaceuticals, Chemical, Metal and Ceramic):</p> <ol style="list-style-type: none"> 1. Establish a domestic BRI Alliance with key stakeholders from the public and private sectors as an entity that regularly organizes business events and publishes information and outreach materials on the BRI as well as on 	<p>Status confirmed.</p>

Activities	Status	Assessment by the most recent progress report Oct 2021	Evaluation assessment
		<p>concrete opportunities under the BRI for the local private sector</p> <ol style="list-style-type: none"> 2. Develop a match-making platform that focuses on fostering sustainable investments through the creation of joint ventures with local partners 3. Undertake in-depth studies in the identified six priority sectors 4. Develop sector-specific environmental, social and governance (ESG) investment criteria 5. Develop a system for vetting potential investments against the ESG investment criteria; including a dedicated website to disseminate information how the vetting works 6. Develop incentives for compliance with ESG investment criteria and procedures for regularly assessing compliance as well as ways for dealing with non-compliance; 7. Develop a “Digital Silk Road Award” for engaging Ethiopia’s predominantly youth-led technology start-up scene 	
<p>A 3.2</p> <p>Summarize three successful practices through project monitoring and assessment of pilot projects.</p>	<p>To be kicked-off.</p>	<p>Planned to be kicked off in Q4 of 2021.</p>	<p>Pending the outcomes of the ESG pilots in 2022</p>
<p>A 3.3</p> <p>Organize a two-day tailored activity (e.g. media tours) to increase international exposure of the demonstration project.</p>	<p>To be kicked-off.</p>	<p>Planned to be kicked off in Q4 of 2021.</p>	<p>Pending the outcomes of the ESG pilots in 2022</p>

Annex 7. Risks and mitigation actions

Risks	Mitigating Actions	Evaluation Assessment
<p>R1. Difficulties to identify the targeted participants and audiences, and to monitor and assess the impact on the participants' awareness and understandings towards sustainable investment through the proposed interventions.</p>	<p>M1. Initial mapping and analysis on the stakeholder status and capacity will be conducted. Initial meetings and workshops will be organized to consult and brief with the potential partners to be involved.</p>	<p>Comprehensive stakeholder mappings and assessments were conducted during the project design as well as a for the preparation of the initial policy dialogue and business forums in 2019.</p>
<p>R2. Data availability to establish the proposed online information hub and to update on a regular, on-time basis.</p>	<p>M2. Additional knowledge and technical support will be pursued from the targeted media partners.</p>	<p>Additional support was rendered to the online platform, but it was more linked to ICT infrastructure (laptops and servers) as a Covid-19 mitigation measure to allow EIC and its agencies to continue working during lockdown. Media partners were activated before the pandemic, but still needs to be engage for the dissemination of ESG practises.</p>
<p>R3. Available staff from the GoE and the enterprises in charge of the piloting projects to devote to supporting project interventions.</p>	<p>M3. Capacity and awareness gaps will be augmented by including the targeted staff with the proposed events on knowledge sharing, capacity building and training. Necessary questionnaires, one-on-one interviews and consultations will be organized.</p>	<p>The project has involved government, business and manufacturer stakeholders through the policy dialogue and business forums, supplemented by exchange visits for government officials to China.</p>
<p>R4. Creating a SIP facility that is seen to exclusively focus on Chinese investment, not providing useful lessons for all investment – domestic and foreign.</p>	<p>M4. Local participation and buy-ins of the facility need be strengthened and highlighted in the whole process of the project implementation.</p>	<p>The project succeeded in broadening the engagement and scope of sustainable investments by focusing on non-IP manufacturers and amending pilot companies with owners from Ethiopia, India and other countries of origin. This makes project learning more relevant for sustainable investments per se.</p>
<p>R5. Limited institutional capacity to fully realize the outputs of the BRI/SIP initiative.</p>	<p>M5. Relevant institutions to be provided with technical and operational assistance with in the scope of the initiative to kick start and fully implement the BRI/SIP facility.</p>	<p>Technical assistance alone may not be enough to ensure adequate capacity. More time is needed to build consensus among government stakeholders</p>

Risks	Mitigating Actions	Evaluation Assessment
		and mobilise resources for the implementation for the policy roadmap.
R6. Lack of strong information management system and availability of comprehensive data	M6. Support will be provided to strengthen capacity in data management in implementation of BRI-SIP information platform.	Support has been rendered to the online platform, but apart from the ESG diagnostic studies there is yet little information sustainable investments relevant for non-IP companies. This is probably awaiting the development of guidelines, best practise dissemination etc.
R7. Weak linkage between federal ministries, sector bureaus and regional governments	M7. The advocacy platforms will be used to promote coordination and harmonization for the success of BRI-SIP initiation.	The issue of weak institutional linkages has been confirmed during the implementation of the project. This could be mitigated through the recommended national ESG body a.o.
R8. Lack of financial resources to further expand the programme beyond the 2-year period.	M8. The BRI-SIP facility will also serve as a platform to advocate for resource mobilization to further expand the programme.	Advocacy has started to mobilize funding for a new project phase, but no funds are yet committed.

Annex 8. Interview checklists

The Ethiopian Investment Commission

1) EIC's assessment of the SIP project achievements:

- Implementation and outcome of the policy dialogue forums
- Implementation and outcome of trainings and study tours
- The online Investment platform – operational status and value added of the SIP support
 - Statistics on visitors and downloads; user feedback and how it is used
- EIC's rationale to focus on pilot companies outside the industrial parks
- EIC's plans for completing the pending SIP activities:
 - BRI-SIP Policy dialogue event in Addis Ababa
 - Best practice guidelines
 - Media campaign, advocacy products
- EIC's response to the ESG policy recommendations and roadmap
 - Establishment of a national ESG body
 - Formulation of a guideline on ESG integration into companies' operation
 - Formulation of national level policy to incentivize companies based on their level of ESG integration/implementation
 - Issuance of certificate or notification for onboarding of assessment agencies and pool of expertise for undertaking due-diligence and compliance at companies
 - Defining monitoring protocols for the enlisting of agencies and experts
 - Developing capacity building curricula and awareness creation system
- Evidence of unintended project results (good or bad), if any
- Evidence of missed opportunities or emerging issues, if any
- Most critical barriers for implementing ESG and the SIP project

2) EIC's assessment of its partnership with UNDP

- What is UNDP's comparative advantage from your perspective?
- Did it add value to the project?
- How did the SIP project adapt to the emerging needs of EIC?

3) EIC and government engagement with other partners on sustainable investment.

- How does it relate to the SIP project, for example UNIDO/GIZ support for ESG in the textile/garment sector?

4) EIC's vision for the future direction of the sustainable investment promotion

- Implementation of the policy recommendations
- Specific focus of export-oriented companies?
- Upcoming stock exchange as entry point for an ESG company rating list?
- Incentives for ESG engagement and partnerships?
- Establishment of a common ESG language (taxonomy) for Ethiopia?
- Amendment of accounting regulations with non-financial/ESG metrics?
- Promotion of investment support/credits based on ESG rating?

5) How can UNDP assist in a new project phase?

- Suggestions and lessons learned
- Management arrangements – should they be improved?

UNDP

- Most critical evaluation issues from UNDP's perspective
- UNDP and Delivering as One approach
- Key value added of SIP from UNDP's perspective – expectations, outcomes
- Reflections on the project design
 - Which critical assumptions is the intervention logic based on? Are they valid, sustained?
 - Replication mechanisms per design – did they work?
 - Gender and human rights – There are no gender or HR specific indicators.
 - Which strategies guided UNDP design and interventions? Were women and vulnerable groups consulted on the project design for equal influence and access to project benefits?
 - How does UNDP rate and monitor gender data in SIP?
- Progress and early results – go through the log frame and risk mitigation matrix in annex 3+4 to align understanding and discuss information gaps
- Likelihood of ESG policy framework recommendations being implemented? Status?
- Risk mitigation, go through comments in Annex 4
 - critical issues pertaining staff turnovers, funding, limited outreach, ESG perception
- Gender/vulnerable groups – did UNDP through SIP advocate for the principles of equality and inclusive development, considering disability issues, empowering and addressing the needs of the most disadvantaged groups?
- Ongoing and pending activities
 - More support for EIC online platform
 - Pilot policy and de-risking advice – five sectors, ten companies
 - BRI-SIP Policy dialogue event
 - Best practise guidelines
 - Media campaign, advocacy products
 - Concept note –SSC/TriC Assistance Fund – content, SIP coherence and status? (Mentioned in progress report, Sept 2021)
- Exit strategy and relevance of a new phase? Partner needs and duration. What is done to mobilise new SIP funds?
- Relevant pilot BRI countries you refer to, get inspiration from?
- Missed and emerging issues
- Partnership strategy - formal/informal partnerships apart from BRI-SIP; with government, public institutions, business associations, pilot companies, CSOs, international development partners - backing and critical issues on the sustainable investment approach, ESG framework development
- Linkage with the Capacity Strengthening for Industrial Development project
- SIP should “complement ongoing discussions that are also addressing sustainable investment promotion in Ethiopia, such as Private Sector SDG platform or the Partnership for Investment and Growth in Africa”. status?
- Coherence with BRI policy guidelines, BRI partnership framework
- Donor coordination. How is it practised in industrial development/sustainable investments?
 - How does SIP complement other donor programmes – UN, multi-, bilateral support? UAE and EU Global Gateway?
 - Are synergies and complementarities fully exploited? Any overlaps?
- Other donors' perspective on BRI and the BRI-SIP partnership
- Project management – resource envelope and arrangements
 - Is the resource envelope being adequate, allocated expediently, are resources spread thinly due to high demand, inappropriate priority settings etc.
 - Were project interventions coherent with – and supported by timely contributions from - government and other program partners?
 - project board – did it convene, was it operational, who participated

- PIM content
- Technical task force – was it implemented
- Lessons learned in general
- Suggestions, improvements

Government stakeholders

- SIP stakeholders' attitude and support towards sustainable investments and ESG in government, in manufacturing sectors
- How do you address challenges and bottle necks for sustainable investments in Ethiopia?
- SIP interventions value added for gov priorities? Linkage to Ten Year Perspective Plan, Homegrown Economic Reform Agenda, Ethiopia's Climate Resilient Green Economy Strategy
- UNDP comparative advantage from your perspective?
- Early results achieved related to platform, policies and pilots. Interrelations between these early results
 - Investment platform – status, is it operational,
 - Service selection, Organisation and staff, Quality Assurance measures, FAQ
 - Feedback from users, is it relevant to them, functional
 - Status on proposal for a national ESG body
 - Status on the policy recommendations
 - Is the ESG framework approach (going to be) incorporated into regulatory frameworks (e.g., non-financial accounting standards)? Mandatory and voluntary aspects?
 - Status/plans for pending activities – advocacy, good practise guidelines, forum...
- Pilot companies – how can they inform your policies, framework
- BRI alliance – is it sustained?
- Silk road award for young entrepreneurs - has it been implemented?
- Gender equality attention – do women and men can equal influence and access to project benefits
- Vulnerable groups – consultations and level of attention in project interventions
- Unintended good or bad results
- Missed and emerging opportunities, sectors, partners
- Government vision for sustaining SIP and the ESG approach (policy, legislation, capacity development, funding, partnerships)
- How are SIP Program results aligned and harmonised with the government roadmap on industrial development, and to which extent have resources have been allocated to sustain the early SIP results
- EIC absorption capacity to implement and sustain SIP results - policy backing, capacity and resource, turnovers
- External constraining factors – adverse impact and how they were dealt with
 - Covid 19 mitigation
 - Political and armed unrest
 - Humanitarian crisis
 - Buy in from government, regional authorities, investment bureaus, sectors
- How did the SIP project adapt to the emerging needs of EIC?
- Study tour outcomes – good and bad, evidence of applied learning, future needs
- How does SIP complement other development programmes – UN, multi-, bilateral support? UAE and EU Global Gateway?
- Programme outreach
 - How well does SIP capture relevant stakeholders? Are all relevant stakeholders linked with and engaged?
 - Evidence of bias towards Chinese investors?

- Management arrangements – are they adequate?
- Lessons learned and recommendations for future interventions, funds mobilisation

BRI alliance partners

- Your assessment of sustainable investment in Ethiopia – what is needed?
- How is the attitude towards sustainable investment and the ESG framework approach in your sector (s)?
- SIP contributions to sustainable investment – achievements and non-achievements
- UNDP comparative advantage from your perspective?
- Your links with and benefits from the SIP project
- Gender equality attention – do women and men can equal influence and access to project benefits
- Vulnerable groups – consultations and level of attention in project interventions
- SIP Investment platform – feedback on service selection delivery, is it relevant and operational
- Study tour outcomes – good and bad, evidence of applied learning, future needs
- Outreach – are all relevant stakeholders linked with and engaged?
 - Evidence of bias towards Chinese investors?
 - Federal sector authorities, regional authorities, investment bureaus,
- Lessons learned in general
- Suggestions, improvements, missed and emerging opportunities

ESG pilot companies

- How did you work with sustainability before SIP support? ESG experience?
- Which are the key drivers behind you interest in sustainable investments and application for SIP support? (investors/de-risking, consumers, domestic and international regulations, value chain demands/relations, data management and strategy development, risk analysis)
- How is the attitude towards sustainable investment and the ESG framework approach in your sector?
- What are the bottlenecks for sustainable investments in Ethiopia – see investment forum 2019
- How can SIP mitigate these bottlenecks
- SIP Investment platform – feedback on service selection delivery, is it relevant and operational
- What are your own expectations for SIP support?
- What has been achieved so far
- Gender equality attention – do women and men can equal influence and access to project benefits
- Vulnerable groups – consultations and level of attention in project interventions
- Study tour outcomes – good and bad, evidence of applied learning, future needs
- Lessons learned in general
- Suggestions, improvements, missed and emerging opportunities

ESG consultants

- Interventions and bottlenecks – overall and sector specific
- progress and early results – intended and unintended
- ESG ownership, resistance, comprehension
- change management approach
- Attention to gender and human rights in ESG approach – progress, bottlenecks
- Covid mitigation – did online support work?
- Suggestions, improvements, missed or emerging opportunities

Development partners

- How do you engage in sustainable investment?
- How is donor coordination practised?

- Do you engage with the SIP Project? What are the outcomes?
- Are synergies and complementarities fully exploited? Any overlaps, competing strategies?
- Lessons learned in general
- Suggestions to improve the SIP project?

Annex 9. Project partners and stakeholders

A current, non-exhaustive overview of SIP Project partners and stakeholders:

Partners and Stakeholders
United Nations
UNDP Ethiopia UNDP China UNDESA In addition, the following UN commissions and agencies are mentioned, if not yet involved in the SIP Project: UNCTAD, UNECA, UNIDO, ILO and UNCDF (UNEP?)
Government of China
Ministry of Foreign Affairs Embassy of China, Addis Ababa (incl. Economic and Commercial Counsellor's Office)
Government of Ethiopia
Ethiopian Investment Commission (EIC) Ministry of Finance and Economic Cooperation (MoFEC) (Public Private Partnership Directorate) Environment, Forest and Climate Change Commission (EFCCC), Industrial Park Development Corporation (IPDC) Ministry of Labour and Social Affairs (MoLSA)
Agencies and chambers in Ethiopia
Ethiopian Chamber of Commerce and Sectoral Association (ECCSA) Trade Unions CSOs <u>Target sectors:</u> <i>Textile and garment sector</i> <ul style="list-style-type: none"> • Ethiopian Cotton Producers, Ginners and Exporters Association (ECPGA) • Ethiopian Textile Industry Development Institute (ETIDI) • Ethiopian Textile and Garment Manufacturers Association (ETGMA) • Ethiopian Ministry of Agriculture (especially for cotton production and related services) • Ethiopian Institute of Textile and Fashion Technology (EITFT) • Ethiopian Industrial Inputs Development Enterprise (EIIDE) <i>The leather industry</i> <ul style="list-style-type: none"> • Ethiopian Leather Industries Association (ELIA) • Ethiopian Tanners Association (ETA) • Ethiopian Leather Industry Development Institute (LIDI) • Ethiopian Industrial Inputs Development Enterprise (EIIDE) Ceramic sector <i>The ceramic industry</i> <ul style="list-style-type: none"> • Part of the non-mineral metal industry and with no dedicated ceramic association yet • Local and international manufacturers • Importer of specialized ceramic products play significant role in the market <i>Energy</i> <i>Agro-products</i>
Pilot companies – post ESG studies
<i>Ceramic sector</i> - Tabor Ceramics SC <i>Leather and leather products</i> - Houdao Chen Tannery, Zhang Jianxin Tannery, Anbessa Shoe <i>Textile and garment</i> - NUOYA textile, Kanoria Textile <i>Horticulture</i> - Flowerama, Hansa Flower <i>Agro-processing</i> - Metahara Sugar Factory and FAFA Food Share Company