### **General Information**

	MPTF_00209: UN COVID-19 MPTF								
Title	Sustaining businesses and protecting jobs in the informal economy of Ethiopia								
MPTFO Project									
Id									
Start Date									
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	The COVID-19 crisis is now shedding light on the harsh consequences of an informal economy with growing reports on the economic losses being faced by the workers in the informal economy. According to the findings of the UN's SEIA, the most vulnerable and affected group in Ethiopia so far includes workers, mainly women members in micro and small enterprises (MSEs), especially in the informal sector, and cooperatives. The second most vulnerable group of workers will be the 3.1 million self-employed workers that constitute about 41% of the 7.5 million employed people in urban areas of Ethiopia.  Within this broad context, both the UNCT and the relevant Ethiopian government authorities have agreed that there is an urgent and important need to design and implement interventions that are directly aimed at the informal sector. Consequently, this Concept Note aims for catalytic interventions that are aimed at addressing the gap observed so far in terms of response and recovery initiatives focusing on informal employment and businesses. In relation to the response period, it aims at catalyzing interventions meant to protect the country's workforce in the informal sectors (skills, assets, locational deployment/engagement); prevent a large reduction in employment and output in the informal sectors; and to prevent large scale closure/bankruptcy/collapse of informal businesses and MSEs. In the recovery phase, the effort aims to create a conducive environment for prevention, mitigation and reaction to impacts on women and youth entrepreneurs, and other at-risk groups e.g. informal enterprises in slum or marginalized urban areas.  The interventions proposed in the Concept Note intend to use the limited resources of the programme mainly to quickly assist national authorities and their development partners to better understand the challenge, assist them to design appropriate response and recovery interventions, facilitate resource mobilization, build their capacity to implement and monitor larger interventions.  Overall, this C								
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Programme	Anticipated Start Date	Jun 30, 2021
Duration	Duration (In months)	9
	Anticipated End Date	Mar 30, 2022
Comments	the objectives of the progra of the many agencies invol	ne RBM has been updated, the RBM approach remains strong and well-aligned with amme. The updated budget also seem well-aligned with the roles and responsibilities wed. Some figures do not seem to have been updated since the original submission of ot change the continiued relevance of the programme.

#### **Narratives**

#### Title Text

CN I What is the specific need/problem the intervention seeks to address? Summarize the problem. Apply a gender lens to the analysis and description of the problem. Be explicit on established the need (plans. national authorities. civil society. UN own analysis, or citizens).

#### Background

The world is experiencing a historic economic and social shock triggered by the COVID-19 pandemic. The unique feature of the pandemic is that it represents a financial, social, environmental – in a single, rapid and devastating blow to countries and societies (Triggs and Kharas, 2020). Ethiopia, despite its best efforts, h Ethiopia in early March 2020 and it has altered the political and economic climate due to global travel restrictions, social distancing laws, and partial lockdowns government to postpone general elections scheduled for August 2020 and declare a state of emergency. As of 30 August 2020, there were more than 50,000 re

The negative impact of COVID-19 on Ethiopian economy is mediated by the structure of the economy and pre-existing socio-economic conditions and challenç GDP and employment creation; being mainly informal, it is highly vulnerable to the pandemic. According to the ILO, the pandemic is devastating labour marke population. While it creates a massive public health emergency, the COVID-19 pandemic also constitutes an unprecedented socio-economic challenge which the indigenous people and migrant workers affected disproportionately, concentrated spatially in urban areas, often in the informal economy, although large-scale

The COVID-19 crisis is now shedding light on the harsh consequences of an informal economy cut-off from formal institutional arrangements, regulatory frame Moreover, a large informal economy is usually correlated with poor access to social protection schemes and higher barriers to accessing relief and assistance p as lockdown, while driven by public health considerations, risk worsening the wellbeing and future prospects of millions of already vulnerable workers and their lockdown, the consequences of slowing economic activity, disrupted supply chains and lower consumer confidence (and, thus, consumption), mean that the scathe economic losses being faced by the workers in the informal economy such waste recyclers, street vendors, transport workers, construction workers, domest that were producing for the urban market, contributing to a growing sense of urgent in government for action to stabilise the situation as quickly as possible w

#### National Level Context

In 2003, the 17th International Conference of Labour Statisticians at the ILO defined the concept of informal employment as all remunerative work (i.e. both self existing legal or regulatory frameworks, as well as non-remunerative work undertaken in an income-producing enterprise. Informal workers do not have secure The Central Statistical Agency (CSA) of Ethiopia has defined the informal sector as activities that meet three criteria: no book of accounts, no business license, a employment in Ethiopia, similar to other countries in Sub-Saharan Africa (SSA) and Least Developed Countries (LDCs), is the high degree of informality, engaged in construction, small-scale manufacturing, hospitality and tourism, trading, retail and urban agriculture. Informality also implies a high degree of vuln little or no contractual or social protection, few if any savings and assets to maintain consumption at close to 'normal' levels, precarious housing conditions and the second largest source of employment in Ethiopia; 60% and 25.8% of the total urban labour force of the country in 2003 and 2013, respectively, were employ (EDR), which indicates the share of the dependent population, stood at 149 dependents for each 100 employed persons, suggesting the broader social implicat

As of 2016, the Government of Ethiopia (GoE) reported that it was able to help create more than 7 million permanent and temporary jobs through formally reg years as well, the MSE sector was given due emphasis in view of its strategic importance in minimizing urban unemployment and achieving the vision of being effectively implement the plan and incorporate the urban food security and job creation agenda, the government has reorganized the former federal agency (F Manufacturing Industry Promotion Agency (FeSMMIPA)' was established by Council of Ministers Regulation No.373/2016 and is accountable to the Ministry of (FUJCFoSA)', was established by the Council of Ministers Regulation No.374/2016 and is accountable to the Ministry of Urban Development and Housing. Whil MSMEs) in Ethiopia and the ability to systematically address the needs of the informal sector.

#### The Problem and Response

According to the UN's Socio-Economic Impact Assessment (SEIA), economic growth is expected to deviate from the base by 1.2%, 2.4 and 4.5% in 2020, respec possible in 2021. Many businesses, particularly in the informal sector, will not be able to stay open and operate if they are not provided adequate and timely su workplace closures and travel bans are triggering a visible drop in output and employment, hitting the self-employed and smaller businesses the hardest, espec The overall deterioration in the economic, business and investment climate has led to firms and small informal businesses taking measures to scale-down or clc fallen as individuals reduce trips to the market and generally reduce their consumption levels and draw down savings and other assets (if available) in the face c with the actions of firms and enterprises, this will mean deferral of spending and investment, slowing growth - quickly.

According to the findings of the UN's SEIA, the most vulnerable and affected group so far includes workers, mainly women members in micro and small enterp vulnerable group of workers will be the 3.1 million self-employed workers that constitute about 41% of the 7.5 million employed people in urban areas of Ethio D.7- 1.57 million of jobs are threatened in the moderate and worst-case scenarios, respectively, mostly in the informal sector. Estimates from the Ethiopian Jobs higher, depending on the severity and duration of the crisis: a 10-15% loss of employment/livelihoods leading to a cumulative loss of perhaps 1.6 - 2.4 million depending on the severity and duration of the crisis. And there is an important gender dimension to the problem: for example, about 80% of the 1.5 million p disproportionately in areas such as small-scale trading and retailing and domestic work. Women are also disadvantaged as entrepreneurs and as workers in the because of pre-existing gender-based inequalities, women are experiencing more difficulty finding new jobs or entrepreneurship opportunities for their econor as consuming less food where women and girls eat last and least. This may lead to health complications including susceptibility to the corona virus. Furthermo exposed to transactional sex for food.[2]

Reducing the impact of the pandemic requires protecting jobs and workers; ensuring decent work; and protecting productive assets, productive units and prod informal sector workers and MSEs across sectors is vital to ensure production of, and access to, food and other essential goods and services. Policy decisions ac services, are needed to avoid disruption and permanent job losses. Supporting income and employment for workers needs to be a core element of stimulus pa would be critical in preventing disruptions in massive employment sectors that would present immediate existential threats to essential services; and hence cou

Recognizing this gap, both the UNCT and the relevant Ethiopian government authorities have agreed that there is an urgent and important need to design and of institutional capacity and systems to quickly design and deliver response packages to the informal sector and business has be identified by the UNCT and the the Ethiopian government and its development partners in this regard. Another contributing factor that has been jointly identified is absence of adequate, crecincluding MSMEs. Given the scale of the challenge, resource limitation has also been identified as a critical challenge.

In view of the above, and based on results of the experiences analyzed by the UN agencies involved in this process and consultations with the relevant governn addressing the gap observed so far in terms of response and recovery initiatives focusing on informal employment and businesses. In relation to the response part the informal sectors (skills, assets, locational deployment/engagement); prevent a large reduction in employment and output in the informal sectors; and to pre recovery phase, the effort aims to create a conducive environment for prevention, mitigation and reaction to impacts on women and youth entrepreneurs, and

The Concept Note is fully within the framework of the Integrated Proposal prepared by the UN to address the socio-economic impact of COVID-19 in Ethiopia [Sustainable Development Cooperation Framework which has just been agreed with the Ethiopian government. In particular, it contributes to Outcome 3 ('All pe one of the targets is mitigating the socioeconomic impact of the pandemic by protecting jobs and ensuring the survival of the enterprises/businesses hit harde to lay the groundwork for rapid recovery over the medium term to raise long-term growth and development potential in a manner that is inclusive, leaving no

- [1] UN Ethiopia (May 2020). Socioeconomic Impact of COVID 19 in Ethiopia, page 16.
- [2] https://www.care-international.org/files/files/Ebola\_Gender\_Analysis\_English\_v2.pdf
- [3] UN-Ethiopia, Proposal for Socio-Economic Response and Recovery in the Aftermath of COVID-19: Sustaining Businesses, Protecting Jobs and Maintaining Humo

P\_I. Immediate Socio-Economic Response to COVID19 and its impact Following the first case reporting of COVID-19 in Ethiopia, UN agencies came together to assess the socio-economic impact of the pandemic mainly on jobs, but protection. The impact assessment led to the formulation of a proposed national response and recovery plan (the 'Integrated Proposal') for consideration by Gobased and gender sensitive interventions and emergency response to lessen the adverse impact of COVID-19 on the private sector to protect jobs and ensure purport the productive base, firm structure (formal/informal) and employment levels in the economy whilst preventing a damaging breakdown between sectors (especi

The following are some of the subsidiary objectives of the Integrated Proposal that related to the current project proposal, differentiated by recovery and respo

#### RESPONSE

- Prevent a large reduction in employment and output in the most impacted sectors/sub-sectors.
- Protect MSMEs in the formal and informal sectors, cooperatives and the social economy especially in urban areas, particularly those critical to value chain and urban economies.
- · Prevent enterprise closure/bankruptcy/collapse on a large-scale.
- Protect the country's workforce in the formal and informal sectors (skills, assets, locational deployment/engagement).
- Prevent and mitigate impacts on women and youth entrepreneurs, and other at-risk groups e.g. informal enterprises in slum or marginalized urban areas, returnees.

#### RECOVERY:

- Create the conditions for rapid recovery of output, employment and exports in the medium-term (by mid- to end-2021).
- Utilise the recovery to accelerate progress towards addressing the macro, sectoral and structural constraints to inclusive, resilient and sustainable growth
- Proposal for Socio-Economic Response and Recovery in the Aftermath of COVID-19
- · Accelerate transformational change in areas where shortfalls have been exposed by the pandemic, especially:

(a) digitalization of the economy and society;

- (b) financial inclusion:
- (c) reduced informality among enterprises and in employment;
- (d) reduced gender inequality in the labour market;
- (e) improved coverage, efficiency and effectiveness of safety nets;
- (f) improved management of remittances (e.g. reduction of transaction costs, scaling-up of digital remittance channels, investment in financial education and av
- (g) accelerated transition to a green economy.

The Integrated Proposal document is attached herewith for reference.

Using its own thinking and the Integrated Proposal as points of reference, the Ministry of Finance (MoF) requested the UN to meet with line ministries/agencies coordinated by UNDP as the technical lead, held three rounds discussions with Government stakeholders – at both Ministerial and technical levels – to develop to implement response and recovery measures to protect jobs and enterprises as well as agriculture and the rural economy.

The main objective of the JAP is to help design, implement, monitor and evaluate evidence-based and gender-sensitive measures to maintain the productive based in the formal and informal sectors, whilst preventing a damaging breakdown between sectors (especially agriculture and non-agriculture). Geographical focus aim of extending the reach of measures quite quickly (within 2-3 months) to the most impacted regions.

The estimated resource requirement for the full implementation of the JAP was **USD 444,550,000** out of which USD 36,999,357 was availed by UN agencies thr attached herewith for reference.

One of the four thematic areas of the Action Plan is Thematic area 1: Protecting Jobs and Sustaining Businesses (wage subsidy, grants, workplace safety and her Labor and Social Affairs and Ministry of Trade and Industry). The total budget fo the thematic area was estimated to be USD 347,800,000 of which USD 11,681,C current proposal directly contributes are the folloling:

- Outcome A.1: Operations and Viability of At-Risk MSMEs and Large Enterprises Secured
- Outcome A.3: Foundations for Business Support Services of MSME Strengthened

CN II. Results expected to be achieved and a clear explanation of tangible results or changes that will be achieved through this collaborative programme Describe the results expected to be achieved and how it contributes to the Covid-19 response and the SDGs. Describe programme approaches. methods, and

theory of

change, and

explain why

they are the appropriate response to the problem.

Please

highlight a)

data driven

(especially on population being

how the solution(s) is Discussions in the UNCT on focus areas for the MPTF concept note revealed a focus on informal employment and micro/small/informal enterprises as two of the received less attention and resources so far and have disproportionate collateral impact on households including on gender disparity, poverty and vulnerability is immense compared to the resources that are available. The approach, therefore, is to catalyse more resources from national and regional government as we direct budget support (DBS) received from IFIs for rapid execution whilst ensuring 'quality of spend'. To this end, the intervention intends to use the limited re development partners to better understand the challenge, assist them to design appropriate response and recovery interventions, facilitate resource mobilization.

#### **Expected Results:**

Impact: Reduced vulnerability and improved resilience of urban informal sector workers and enterprises, especially women, female youth and persons with disa

#### Proposed Outcomes (drawn directly from the Integrated Proposal):

- Outcome 8A.1: Operations and Viability of At-Risk MSMEs Secured
- Outcome 8B.1: Informal Sector Workers Protected and Formalisation Encouraged

#### Proposed Outputs and Activities (drawn directly from the Integrated Proposal)

#### Output 1: Deploying measures related to financial instruments including guarantees

Micro and small enterprises in the informal economy need cash to survive as most operate on a cash-flow basis. Several steps can be taken to address this com loans, waiving guarantor or collateral requirements for small and micro enterprises (MSEs) given their great vulnerability and lower access to finance compared to credit, the following thresholds can be proposed: micro enterprises receive loans of USD 500/month for 3 months; and small-size enterprises receive loans of USD 500/month for 3 months;

The response would centre around an 'informal economy assets and jobs protection facility'. A rough estimate suggests that an initial USD 2 million commitme mobilise up to USD 5 million in financing for loan guarantees (from Government, development partners and foundations) to quickly to offer as much as USD 10 higher if the UN can enable access to direct budget support (DBS) from IFIs for the COVID-19 response, as is being planned at the moment. Even at the prosec the incomes of about 100,000 households, or 0.5 million people in total (assuming 5 persons/household which is the average household size in Ethiopia), in the women-dominant sub-sectors and women-led enterprises targeting at least 50-60% of assistance towards this end.

The facility would provide zero interest emergency loans to (micro) entrepreneurs and require registration with the Government. There are at least two options client's standing in other areas (e.g. payment of mobile phone bills or rentals); or collateralized against productive assets (buildings, including rental contracts, vagainst valuation, at pre-crisis price levels, of the business assets. Grants may also be considered, especially to encourage formalisation. To ensure rapid imple disbursement due diligence. Repayment plans in the case of credit would also need to be phased-in progressively over a minimum of 1 year, with first repayme quarterly GDP growth of 4% or more). A requirement for access to the facility would be to formally register enterprises, as a step towards formalisation, on the including policy and regulatory – to encourage rather than discourage registration. Retention of female workers would be a key criterion for access to funding

targeted) b) if and how it employs any innovative approaches; c) if and how it applies a human rightsbased approach and how is it based on the principle of "recover better together" d) if and how the theory of change reflects the Gender Equality Marker score selected in this solution

The facility would work through microfinance institutions (MFIs) but as the latter may be stretched assisting MSMEs, other options may need to be explored inc and civil society organisations. The involvement of informal economy associations, especially in identifying the most vulnerable workers, will be very important.

#### Key Activities:

- Conduct a rapid assessment to identify and establish IE actors/MSEs who should be targeted for financial assistance;
- Create a MSMEs database in collaboration with FeSMMIPA;
- Select sector and/or segment of IE actor/ MSEs to be targeted and determine total financing needs;
- Develop a mechanism for disbursement of funds and conduct a test run, using digital tools as much as possible including tailor-made apps connected to
- Offer business support assistance (business development services/BDS adapted to the needs of the informal sector) e.g. business management and market
- Develop CSO-based independent oversight and redress arrangements to ensure transparency and integrity.

UNDP will coordinate this effort, with support from ILO and UNIDO, at a total cost of USD 0.90 million. UNDP is prepared to match this amount 1:1 (at a minimur

#### Output 2: Informal sector businesses are supported to be formalized and organized into to access business development support

For the informal economy, the major immediate risk to be averted is that informal microentrepreneurs and businesses, in the face of severe revenue losses, are other assets would drive large swathes of the population (deeper) into poverty - and compromise a fast and full recovery. It is also government's intention to u sustain long-term recovery in a way that increases survival rates, boosts productivity, expands employment and connects MSEs (and also MSMEs) to supply cha expand market access.

#### **Key Activities:**

- . Map and assess operators in the informal economy and the level of impact;
- Support businesses and operators in the informal economy to repurpose their production in response to emerging demand for protective equipment, by
- Identification of associations with linkages to IE MSEs (e.g., focused on existing initiatives such as the clusters developed by UNIDO in collaboration with N
- · Facilitate introduction of Informal Business Registration Centres function in the associations to register informal economy actors;
- · Facilitate the creation of a digital register for IESMEs' operators;
- . Assess the opportunities and gaps in the policy and regulatory space to encourage informal businesses to formal and support them meet set requirement
- Introduce the culture of green business development by using tools and toolkits already developed to support MSEs (such as those by UNEP) and awaren sustainability.

UNIDO will coordinate this output with support from UNDP at a total cost of USD 0.5 million

#### Output 3: Workplace safety and health measures ensured

Protecting the health and safety of retained workers will be an important consideration, focusing on population groups and individuals who are particularly vul workers, workers above the age of 50, those with disabilities and so on. While larger, formal, enterprises are relatively well positioned to create safe working en MSEs in the informal sector to take basic preventive measures.

#### **Key Activities:**

- Conduct regular occupational safety and health (OSH) risk assessments targeting urban informal MSEs; provide support on risk mitigation strategies; deve eventually resumed whilst protecting workers' safety and health;
- Implement gender and disability inclusive COVID-19 awareness-raising initiatives; reorganize work and facilities, provide PPEs (gloves, masks, sanitizer, the
   Implement options developed already at local level to address the challenge posed by open markets in major cities (often located near or close to inform
- Develop training packages and mechanisms for different sizes and categories of firms and production structures to adapt their practices to follow hygiene
- Introduce and scale-up workplace testing capacity including contact tracing systems particularly for industrial parks, horticulture farms and other large-sc
   Put in place emergency preparedness plans and standard operating procedures to deal with cases of COVID-19 in the workplace (including tracking dowr
- Strengthen the capacities of labour inspectors to provide technical information on preventive and control measures to informal enterprises and to enforce

ILO will coordinate this effort, with support from UNIDO, at a total cost of USD 0.5 million.

#### Output 4: Gender Review Team

To ensure systematic attention to gender issues across all stages of assistance – data collection, planning, design, delivery and M&E – a gender review team wo representatives of government and civil society – to monitor follow-through. It will play a 'gate-keeper' role by carrying out quality assurance at each stage and advisory group drawn from women working in the informal sector, to provide it with practical, on-the-ground insight and feedback on the relevance and effect

UN Women will coordinate this effort, with support from other UN agencies, at a total cost of USD 100,000.

#### Institutional arrangements

The implementation modality follows the existing structure and institutional arrangements set by the government. Overall responsibility would lie with the Gov Cabinet. A **National Steering Group (NSG)** co-chaired by the Ministry of Finance (MoF) and Ministry of Trade and Industry (MoTI) bringing together all MSME FeSMMIPA, EIC, IPDC, MoLSA), and principal financial institutions (NBE, DBE and CBE).

The Business Emergency Unit (BEU), managed by the Jobs Creation Commission (JCC), and reporting to the NSG, will guide implementation. The catalytic suffunctions of the BEU would be to:

- plan the overall effort across the 'whole-of-government';
- oversee task management based on directions from the National Steering Group;
- coordinate across the 'whole-of-government';
- liaise with regional governments;
- liaise with the private sector;
- monitor performance (results, activities and inputs);
- troubleshoot to overcome major bottlenecks
- report to the National Steering Group on performance, issues and options for action;
- maintain a major national portal providing information on support available from the GoE, an application window for support, a central database for deliv

ensure effective public and external communication and outreach.

In other words, the BEU would not be an implementation body. It would work through existing institutions/agencies at federal and regional level plus any deve budget support (DBS). These selected institutions would need to set up their own 'implementation teams' to ensure their work is properly planned, managed a

The success of the BEU will depend on having the right structure, skills, systems and tools. The Team would need to be staffed by carefully vetted and rigorous and operational planning, data collection and analysis, coordination, and rapid decision-making. Systems and tools will include technology-enhanced data col making, with a battle rhythm to coordinate and command crisis response and recovery efforts. The systems and tools will also require frequent and regular con sector.

and regional level

# Structure Create a structure aligned with the objectives of government for support to businesses affected by the COVID-19 crisis Include all institutions involved in the service-delivery to ensure an effective and timely support Ensure real-time information flow and engagement platform between federal

An **independent public complaints and grievance review mechanism**, perhaps hosted by the Office of the Attorney-General or the Office of the Ombudsma any violations of public rules and regulations and report any abuse of services. Such a mechanism would be a breakthrough for Ethiopia's public services and s

Skills

■ Have high-

Leverage e

Systems & routines

from instit Ensure right mix of seni

Governmental bodies and/or independent contractors – such as CSOs, NGOs and audit firms - for **verification** that the right target groups (the most impacted, the quality, speed, reliability and transparency of service provision, and the occurrence of any 'leakages'. A **gender and human rights audit** would be a priorit **impacts** of the different interventions implemented by the IE actors/MSEs would be another action.

The Programme Management Team (PMT) will consist of staff from ILO, UNDP and UNIDO as well as the RCO, who will be responsible for the project implement

#### a) how the solution(s) is data driven (especially on population being targeted)

The note is based on the UN's data-rich Socio-Economic Impact Assessment which has, in turn, informed the Integrated Proposal which has been the source of Assessment that is relevant to this concept note is annexed.

#### b) if and how it employs any innovative approaches;

The note proposes several innovations: co-financing by another UN agency; using MPTF and agency funds as challenge grants to unlock additional resources, i Emergency Unit (BEU) in government to help advance a 'whole-of-government' approach; keeping an eye on the future, with emphasis of creation of database encourage formalization of informal enterprises; and an explicit commitment to gender-responsive actions, monitored and enforced through a gender review t environgmental impact assessment of interventions.

#### c) if and how it applies a human rights-based approach and how is it based on the principle of "recover better together"

As stated clearly in the Impact Assessment and embedded in the Integrated Proposal:

Looking ahead, the policy response to COVID-19 needs to distinguish between two distinct but overlapping phases: response (or management of immediate h immediate priority to save lives and livelihoods. The front-line policy measures for response are emergency support for overwhelmed health systems and for th being hit hard. Its duration can vary but anywhere between the first 3-6 months from the outbreak of the pandemic is a reasonable assumption. Recovery is es advantage of large-scale policy measures to tackle systemic risks and development shortfalls exposed by the pandemic rather than simply return to business-as anywhere between 12-18 months from the outbreak of the pandemic.

In terms of the policy implications of the pandemic, this assessment argues that response and recovery and the humanitarian, health and socio-economic dime be tackled effectively on their own without taking action on the other(s), recognising the inter-dependencies between them.

Response and recovery will also have a higher likelihood of success if they:

- promote measures that put people at the centre and protect them and their rights whilst also conserving vital economic and financial assets and systems;
- recognise and target those sectors and groups that are most severely impacted and are either already or likely to be left behind;
- avoid distortions in policy and investments that turn temporary measures into permanent 'giveaways' unless deliberately designed as incentives connecte
- seize the opportunity to boost longer-term goals tied to the SDGs that foster a fairer and more resilient, productive, greener and sustainable future for Et

#### d) if and how the theory of change reflects the Gender Equality Marker score selected in this solution

The theory of change in the Integrated Proposal clearly reflects gender equality markers. The Proposal has identified structural gender inequality and discrimina identified women as being at the centre of the COVID-19 pandemic just like any disease outbreak - and outbreaks affect women and men differently. Health en of their care responsibilities, access to health care services (e.g. SRH and HIV services), livelihood, food security, and jobs protection. Pandemics, including COV abuse and domestic violence, regression in development gains for women and girls and exacerbate deep rooted gender-based discrimination and violence. In forms of gender-based violence including sexual exploitation, abuse and harmful practices. Women and girls in the informal sector such as domestic workers at them to high risks of infection.

Due to the underlying and long- standing disparities between women and men in Ethiopia, women and girls' access to adequate and correct information on CC sector, migrants, women with disabilities and those in hard to reach settings such as refugees and IDPs. Literacy is highly gendered in Ethiopia where only 44% on COVID-19. In addition, low media access, insufficient internet penetration and language barriers and poorly targeted messages limit communities' access to newspapers on a weekly basis. Provision of education and access to information on main health problems and methods of preventing and controlling them is a

Women in Ethiopia often face different and more basic economic constraints than men, including lower access to credit and markets. Scarcity of food resulting especially female headed households, forcing them to engage in negative coping mechanisms. Moreover, such a situation has a tendency of pushing women to Attention also needs to be paid to the longer-term effects on the balance between professional and personal life and on women's economic independence. The the inequality and poverty levels, especially affecting women heads of households, as well as female workers in the informal economy, domestic workers, rural v

CN\_III. Catalytic impact and nexus Describe how the intervention is catalytic by mobilizing or augmenting other financial or nonfinancial resources including from IFIs, foundations. the private sector. Describe how the proposed intervention supports medium to long-term recovery for example by enabling other actors to engage, generates an enabling environment for longerterm development.

This concept note is based on the findings of the SEIA and a much broader response and recovery plan (the Integrated Proposal). The Integrated Proposal, with government (Ministry of Finance). The UNCT, with UNDP as the technical lead working closely with the RCO, is undertaking a series of consultations with line m round table meeting is planned to be held in September 2020 under the leadership of Ethiopian government and the UN – and possibly the co-sponsorship of donors, IFIs, non-traditional development partners and others. This Concept Note can be considered as part of this process of mobilizing attention, action and as highlighted above, key elements of the proposed intervention are to create enabling conditions and mechanisms to catalyze significantly more resource tow likelihood of a high rate of return (ROI) from an investment through the MPTF.

CN\_IV. Who will deliver this solution List what Recipient Organizations (no less than 2 per concept note) and partners will implement this project and describe their capacities to do so. Include expertise, staff deployed, as well as oversight mechanisms that determine the monitoring and evaluation (M&E) arrangements and responsibilities. Use hyperlinks to relevant sites and the current portfolios of RUNOs so the text is short and to the

The UN agencies under this concept note are ILO, UNDP and UNIDO, with key roles as well for UN Women and WHO

The unique advantage of **ILO** lies in its tripartite structure - it is the only tripartite UN agency with government, employer and worker representatives, which hel effectiveness of labour market laws, policies, institutions and programmes. Thus, it has direct access to the world of work issues. The ILO's Decent Work Agenda employment opportunities, enhance social protection and strengthen dialogue on work-related issues. Moreover, ILO has considerable experience in informal guidance and advice to countries in crisis and has worked in countries in Africa, Asia and the Americas in projects and solutions designed to minimiser risks associated sits integrated strategies and programmes, the ILO has assisted governments in implementing phased interventions at country level to assist in business develop can be used to guide national programme in formalization of informal SMEs. The ILO also provides recommendations to create an enabling environment for buand has dedicated tools and knowledge products for SMEs to use which will assist them tremendously in mitigating some of the health risks associated with CC

Furthermore, ILO had developed and successfully applied many tool kits to support SMEs and start-ups and women entrepreneurs. Among these, the most use services, B) Start and Improve your Business (SIYB), which has trained and certified SIYB trainers in many countries who went on to train more than 15 million pc. The Sustaining Competitive and Responsible Enterprises (SCORE) toolkit, which has also trained, and certified trainers is another ILO global programme that imp. The ILO works closely with employers and workers organization for better coordination and implementation and will bring this expertise in the project design a

**UNDP** is the lead technical agency in the UNCT for the response to the socio-economic impact of COVID-19, enabling the completion of the Impact Assessmer Government. UNDP is partnering with key government entities such as jobs creation commission, ministry of trade and industry, ministry of urban developmen been working on entrepreneurship development and set up a flagship program called entrepreneurship development center that has trained more than 90,000 them to become formal. It has a full team working on business development (supporting MSMEs and jobs), expertise in inclusive and innovative finance (reinflow within the broader UN framework and repurposed/raised resources if about USD 8 million+ on response measures focused on protecting MSMEs and jobs, pro investment in business continuity in 30 federal and regional institutions, and innovation to meet the challenge of the pandemic. As part of this offer, UNDP is w COVID response and recovery. Funding from MPTF will, thus, follow the same path but help to increasing scale and outreach (mainly to address the needs in the support and monitor progress and report accordingly.

**UNIDO** has been actively involved in similar projects with projects covering a wide range of technical assistance interventions, such as vocational training, clust and technology services, has been supporting governments and other institution in technological capacity-building initiatives, offering strategies aimed at supp practices to promote MSMEs/private sector development in manufacturing industries, with particular emphasis on improving the competitiveness of enterprise technologies. UNIDO can rely on its large experience in supporting the development of Sub-Saharan African industry (e.g. agro-industries, leather and leather through the implementation of the Regional Programmes. Specifically, the case of the Ethiopian cluster development program can be considered as an importa

P\_V. Target population

point.

All the project activities are planned to be implemented in Addis Ababa for several reasons. The first it the fact that this is a relatively small catalytic project whi geographical areas. Secondly, given the high level of political uncertainties across the country and insecurity in parts of the country, and the speed required to stable operating environment and would facilitate quick implementation of activities. Thirdly, given political sensitivities that could arise with implementing par are not, it is much less sensitive to implement the project in the federal capital city. Fourth, geographical dispersing project activities would lead to substantial i city generating close to one third of the national GDP is also host to disproportionately very large number of SMSE and informal business.

In terms of the target population within the planned location of the project, at least 2,636 MSMEs are planned to directly benefit from project activities. With t beneficiaries of the project activities are estimated to be about 7,908 persons. Out of these, about 2000 MSMEs would be provided with grants and (small) inter gender mainstreaming related activities are expected to benefit all the direct beneficiaries of the project. Capacity building activities under Output 2 will ensure in accessing capacity development training. The project will also provide training to at least 150 Labour Inspectors/OSH Officers (30%) working in MoLSA/BoLS/ potential impact of the project also include the protection of health and safety of the workers in the beneficiary enterprises by application of good OSH practic in absenteeism and increased job retention. Labour inspection system in the enterprises will also be strengthened to enforce minimum labour standards and we

#### **SDG Targets**

Target	Description								
Main Goals	Main Goals								
Goal 1. End povert	y in all its forms everywhere								
TARGET_1.4	1.4 By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance								
Goal 8. Promote se	ustained, inclusive and sustainable economic growth, full and productive employment and decent work for all								
TARGET_8.3	8.3 Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services								
TARGET_8.5	8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value								
TARGET_8.8	8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment								
Contributing G	ioals								
Goal 9. Build resili	ent infrastructure, promote inclusive and sustainable industrialization and foster innovation								
TARGET_9.3	9.3 Increase the access of small-scale industrial and other enterprises, in particular in developing countries, to financial services, including affordable credit, and their integration into value chains and markets								

#### **SDG Indicators**

Indicator Code	Description	
No data avai	ilable.	

#### Contribution to SDGs

Participating Organization	% TARGET_9.3	% TARGET_8.3	% TARGET_1.4	% TARGET_8.5	% TARGET_8.8	% Total
UNDP	70	0	30	0	0	100
UNWOMEN	0	0	50	50	0	100
ILO	0	0	30	0	70	100
UNIDO	0	67	0	33	0	100
Total contribution by target	70	67	110	83	70	
Project contribution to SDG by target	17.5	16.75	27.5	20.75	17.5	100

## List of documents

Document	Document Type	Document Source	Document Abstract	Modified By	Modified On
7. Ethiopia Score Card - Assessment of Proposals by WFP_KY.xlsx	Other Docs	Concept	Scorecard WFP	romina.woldemariam@wfp.org	Sep 09, 2020
Annex- Analysis of the Situation Pre-COVID- 19.docx	Other Docs	Concept	Annex: Analysis of the Situation Pre- COVID-19: Enterprises, Employment, Agriculture and the Rural Economy, Social Wellbeing	zinabu.samaro@one.un.org	Aug 31, 2020
AWP for Socio- Economic Response and Recovery in Ethiopia in the Aftermath of COVID- 19.pdf	Other Docs	Project Narrative	Joint Action Plan (JAP), guided by the MoF, to enable national partners to implement response and recovery measures to protect jobs and enterprises as well as agriculture and the rural economy.	zinabu.rekiso@un.org	Jun 24, 2021
Secr_ETHIOPI A.xlsx	Other Docs	Concept Narrative		olga.aleshina@undp.org	Sep 11, 2020
UN Socio- Economic Impact Response+Re covery - Integrated Proposal - FINAL - 28Jun20.pdf	Other Docs	Project Narrative	Integrated Proposal containing the national response and recovery plan (the 'Integrated Proposal') aimed to address the socioeconomic impacts of COVID-19 in Ethiopia	zinabu.rekiso@un.org	Jun 24, 2021
UNCTAD_PG_ Ethiopia_Sust aining businesses informal economy.xlsx	Other Docs	Concept Narrative		patrick.goettner@unctad.org	Sep 09, 2020

# **Project Results**

Outcome	Output	Description
Outcome 1		Operations and viability of at-risk MSMEs secured; informal sector workers protected, jobs therein protected and formalisation encouraged
	Output 1	Deploying measures related to financial instruments including guarantees (Enable rapid restoration and reestablishment of MSMEs and bring back the jobs therein (primarily targeting most impacted women and youth MSMEs) in key sectors/sub-sectors using the successful model employed to address the S-E impact of COVID-19 (assessment of impact, needs identification, define support package and set up financial mechanism disbursement of grants, BDS support, where possible, follow-up)

Outcome	Output	Description			
	Activities				
	Title	Description	Lead Participating Organization	Participating Organization	Other Organizations
	Activity 1.1	Conduct assessment (spot checks) to identify most impacted MSMEs and jobs in the target area	UNDP - UNDP(MDTF/PUNO only).	ILO - International Labour Organisat UNIDO - UN Industrial Development Orga UNWOMEN - UNWOMEN	JCC/FeSMIA and Addis Ababa SME agency
	Activity: 1:2	Stakeholders Workshop to identify financial package and its operational framework (Financial institutions, BOLSA, JCC, etc.)	UNDP - UNDP(MDTF/PUNO only).	ILO - International Labour Organisat UNIDO - UN Industrial Development Orga UNWOMEN - UNWOMEN	JCC/FeSMIA and Addis Ababa SME agency
	Activity 1.3	Establish a grant funding mechanism targeting formal and informal sector with emphasis on micro and small enterprises	UNDP - UNDP(MDTF/PUNO only).	ILO - International Labour Organisat UNIDO - UN Industrial Development Orga UNWOMEN - UNWOMEN	JCC/FeSMIA and Addis Ababa SME agency
	Activity 1:4:	Strengthen the operational and management capacity of the implementing partner to implement and manage the financial stimulus package including grant fund	UNDP - UNDP(MDTF/PUNO only).	ILO - International Labour Organisat UNIDO - UN Industrial Development Orga UNWOMEN - UNWOMEN	JCC/FeSMIA and Addis Ababa SME agency
	Activity 1.5	Strengthen the operational and management capacity of one stop service providers in the Woredas in the form of training and provision of materials	UNDP - UNDP(MDTF/PUNO only).	ILO - International Labour Organisat UNIDO - UN Industrial Development Orga UNIWOMEN - UNWOMEN	JCC/FeSMIA and Addis Ababa SME agency
	Activity 1.6	Strengthen business emergency unit at JCC and in the regions to in turn provide technical support and BDS service to impacted MSMEs	UNDP - UNDP(MDTF/PUNO only).	ILO - International Labour Organisat UNIDO - UN Industrial Development Orga UNWOMEN - UNWOMEN	
	Output 2	Informal sector businesses are supported to development support. For the informal econ informal microentrepreneurs and businesse productive assets to make ends meet. A fire swathes of the population (deeper) into porgovernment's intention to use support to elin order to sustain long-term recovery in a vexpands employment and connects MSEs (a and global supply chains that boost value a	nomy, the major imme- s, in the face of severe c-sale of productive and verty - and compromise nable and encourage in way that increases surv and also MSMEs) to sup	diate risk to be averted revenue losses, are for d other assets would de e a fast and full recove of ormal businesses to lival rates, boosts produpply chains connected	d is that reed to sell their lrive large ry. It is also become formal uctivity,

Outcome	Output	Output Description								
	Activities	•								
	Title	Description	Lead Participating Organization	Participating Organization	Other Organizations					
	Activity 2.1	Map and assess operators in the informal economy and the level of impact	UNIDO - UN Industrial Development Orga	ILO - International Labour Organisat     UNWOMEN - UNWOMEN     UNDP - UNDP (MDTF/PUNO only).	MoTI/FeSSMIPA /EIFFCOS					
	Activity 2.2	Providing capacity building to government officials/institutions in the area of cluster development, BDS and financial products	UNIDO - UN Industrial Development Orga	ILO - International Labour Organisat     UNWOMEN - UNWOMEN     UNDP - UNDP - UNDP(MDTF/PUNO only).	MoTI/FeSSMIP /EIFFCOS					
	Activity 2.3	Repurpose production of clustered SMEs to produce PPE and Ethiopia (including technical support and marketing support)	UNIDO - UN Industrial Development Orga	ILO - International Labour Organisat     UNWOMEN - UNWOMEN     UNDP - UNDP (MDTF/PUNO only).	MoTI/FeSSMIPA /EIFFCOS					
	Activity 2.4	Provide technical equipment for the establishment of a common production unit to address the quality upscaling	UNIDO - UN Industrial Development Orga	ILO - International Labour Organisat     UNWOMEN - UNWOMEN     UNDP - UNDP (MDTF/PUNO only).	MoTI/FeSSMIPA /EIFFCOS					
	Activity 2.5	Provide support to Women owned enterprises provided support with technical, BDS, raw material and technology transfer support	UNIDO - UN Industrial Development Orga	ILO - International Labour Organisat     UNWOMEN - UNWOMEN     UNDP - UNDP(MDTF/PUNO only).	MoTI/FeSSMIPA /EIFFCOS					
	Output 3:	By the end of 2022, MSE sector benefit workers (Description: Strengthened heal safe working environments under pande preventive measures and develop capac	th and safety mea emic conditions for	sures for workers in the MSE r the MSEs in informal sector	sector; Create to take basic					

Outcome	Output	Output Description								
	Activities	i								
	Title	Description	Lead Participating Organization	Participating Organization	Other Organizations					
	Activity 3.1	In coordination with MoLSA and BoLSAs, conduct regular occupational safety and health (OSH) risk assessments targeting urban informal MSEs; provide support on risk mitigation strategies; develop an OSH protocol at enterprise level to ensure that activities are carried on or eventually resumed whilst protecting workers' safety and health	ILO - International Labour Organisat	UNIDO - UN Industrial Development Orga	MoLSA/FeSMIPA and its regional affiliate agencies on MSMEs, BoLSA					
	Activity 3.2	Develop training packages and facilitate implementation of gender and disability inclusive OSH, COVID-19, Business Continuity Plan (BCP) awareness-raising initiatives, provision of provide PPEs (gloves, masks, sanitizer and thermal scanners) and disinfect workplaces to protect worker safety.	ILO - International Labour Organisat	UNIDO - UN Industrial Development Orga	MoLSA/BoLSA/FeSMIP, and its regional affiliate agencies on MSMEs, BoLSA					
	Activity 3.3	Introduce and scale-up OSH management system, Business Continuity Plan (BCP) and workplace testing capacity including contact tracing systems particularly for MSEs and put in place emergency preparedness plans and standard operating procedures to deal with cases of COVID-19 in the workplace (including tracking downworkers that have been in close contact with the infected worker(s);	ILO - International Labour Organisat	UNIDO - UN Industrial Development Orga	MoLSA/FeSMIPA and regional BoLSA					
	Activity 3.4	Strengthen the technical and material capacities of labour inspectors to provide technical information on preventive and control measures to informal enterprises and to enforce OSH legal provisions to prevent workplace COVID-19 outbreaks. Labour inspection information management system will be strengthened in the target region/woreda to facilitate labour and OSH inspections focusing on MSEs.	ILO - International Labour Organisat	UNIDO - UN Industrial Development Orga	MoLSA/MoLSA/BoLSA and its regional BoLSA					
	Output 4	Enhanced capacity of gender review te intervention	am to mainstrea	Enhanced capacity of gender review team to mainstream gender issues across identified intervention						

Outcome	Output	Description				
	Activities	5				
	Title	Description	Lead Participating Organization	Participating Organization	Other Organizations Ministry of Women and Youth; Ministry of Labour and Social Affairs	
	Activity 4.1	Policy dialogue platform on gender and emerging issues including COVID- 19 , conflict, etc. regularized	UNWOMEN - UNWOMEN	ILO - International Labour Organisat UNIDO - UN Industrial Development Orga UNDP - UNDP (MDTF/PUNO only).		
	Activity 4.2	Gender audit for selected UN Agencies conducted and widely disseminated	UNWOMEN - UNWOMEN	ILO - International Labour Organisat UNIDO - UN Industrial Development Orga UNDP - UNDP (MDTF/PUNO only).		
	Activity 4.3	Enhanced capacity of women in the informal sector and SMEs to say no to violence and discrimination	UNWOMEN - UNWOMEN	ILO - International Labour Organisat     UNIDO - UN Industrial     Development Orga     UNDP - UNDP (MDTF/PUNO only).	Ministry of Women and Youth; Ministry of Labour and Social Affairs	
	Activity 4.4	Capacitated UNCT gender focal persons to monitor progress from a gender perspective	UNWOMEN - UNWOMEN	ILO - International Labour Organisat     UNIDO - UN Industrial     Development Orga     UNDP - UNDP (MDTF/PUNO only).		

## **Signature Indicators**

Indicator	Componen	Descrip	Categ	Cy	Value	Baseline	Baseline	Target	Target	Linked Outcome /
Title	t Title	tion	ory	cle	Type	Value	Year	Value	Year	Output
No sign	nature ind	icators	availa	ble.						

## Imported Fund Outcome / Output Indicators

Indicator	Componen	Descrip	Categ	Cy		Value	Baseline	Baseline	Target	Target	Linked Outcome /
Title	t Title	tion	ory	cle		Type	Value	Year	Value	Year	Output
No fund indicators available.											

# **Project Indicators**

Indicato r Title	C o m p o n e n t T i t I e	Description	Category	Cycle	Scope	Value Type	Baseli ne Value	Base line Year	Target Value	Targ et Year	Linked Outcome / Output
Output Indicator 1		Number of MSMEs (targeting the most impacted women and young men) supported financially and technically to recover from the negative impacts of COVID	Beneficiaries	At dosure	Country	Number ra	0	2021	2400	2022	Outcome: Outcome 1 Output: Output 1

Indicato r Title	o m p o n e n t t T i t t l e Description	Category	Cycle	Scope	Value Type	Baseli ne Value	Base line Year	Target Value	Targ et Year	Linked Outcome / Output
Output	Number of		At			0		600		Outcome: Outcome
Indicator 3	MSEs (targeting the most impacted women and young men and operating in the informal sector) capacitated to introduce OSH practices to reduce negative impacts of COVID	Beneficiaries	closure	Country	Number ra		2021		2022	1 Output: Output 3:
	No compor	nents avail	able.							
Outcome Indicator 1	Number of at-risk MSMEs in the informal sector that remained operational and viable and the number of jobs protected	Beneficiaries	At closure	Country	Number ra	0	2021	2636	2022	Outcome: Outcome
	No compor	nents avail	able.							
Output Indicator 4:	Number of women benefiting from the different interventions of the project with skills and knowledge to compete in the labor market and also to recover from covid 19	Beneficiaries	At closure	Country	Number ra	0	2021	2000	2022	
	No compor	nents avail	able.							
Output Indicator 2	Number of MSMEs (targeting the most impacted women and young men) supported financially and technically to recover from the negative impacts of COVID-19	Beneficiaries	At closure	Country	Number ra	90 SMEs (30 women owned SMEs and 60 men owned SMEs)	2021	1,765 SMES (1000 Women owned and 765 Men owned SMEs)	2022	

#### Risks

Event	Category	Level	Likelihood	Impact	Mitigating Measures	Risk Owner
Potential violence in the aftermath of the already happened election in June and the 2nd phase planned for September 2021	Political	Medium	Likely	Moderate	Plan ahead	turhan.saleh@undp.org
2. 3rd wave of COVID and the resulting restriction in movement and travel	Social and Environmental	Medium	Possible	Mo derate	Launch remote working modalities and online system	zinabu.rekiso@un.org
3. UN agencies unable to plan and work together to deliver interventions as planned within the intended duration	Organizational	Medium	Unlikely	Minor	Have common platform to plan, implement and assess performance and progress	zinabu.rekiso@un.org
4. Failure to reach the most impacted groups and resource might	Strategic	High	Possible	Mo derate	Have clear outreach mechanism and plan to reach the most vulnerable groups	turhan.saleh@undp.org
5. Allocated resource is limited or low compared to the high demand in a country with 110 m population	Financial	Low	Likely	Mo derate	Plan along/in alignment with other program and mobilize more resources to reach more people	turhan.saleh@undp.org

# **Budget by UNSDG Categories**

Budget Lines	Description	ILO (7%)	UNIDO (7%)	UNWOMEN (7%)	UNDP (7%)	Total
Staff and other personnel		35,000	45,000	0	0	80,000
2. Supplies, Commodities, Materials		50,000	222,000	55,500	45,000	372,500
3. Equipment, Vehicles, and Furniture, incl. Depreciation		10,000	10,000	3,000	0	23,000
4. Contractual services		210,000	50,000	20,000	48,500	328,500
5. Travel		10,000	10,000	10,000	50,000	80,000
6. Transfers and Grants to Counterparts		62,000	40,000	0	511,450	613,450
7. General Operating and other Direct Costs		15,000	15,000	0	60,000	90,000
Sub Total Project Costs		392,000	392,000	88,500	714,950	1,587,450
8. Indirect Support Costs		27,440	27,440	6,195	50,047	111,122
Total		419,440	419,440	94,695	764,997	1,698,572

# **Country: Ethiopia**

# Programme Title: Sustaining businesses and protecting jobs in the

informal economy of Ethiopia

# Signature Page

UN Resident and Humanitarian Coordinator:	Sign
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	Date: 29 June 2021
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