



2022 Annual Report

TRAIDE Ethiopia



Outline

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4. Activities for 2023
5. Progress and Planning
6. Organization and Team



01.

About TRAIDE Ethiopia





The TRAIDE foundation identifies local development challenges and works with companies to offer effective, private sector driven solutions.

TRAIDE only works with companies that create business opportunities by addressing local problems



About TRAIDE Ethiopia

Vision

The (Dutch) private sector as driver of development in emerging economies

Mission

To enable (Dutch) companies to do business and make a positive impact on the African continent

What sets TRAIDE apart

 Locally present

 Demand driven

 Business minded

TRAIDE – Increasing sustainable trade and investment between the Netherlands and Africa



How we address development challenges through businesses?

Successfully navigating a rapidly changing and potentially unstable environment requires an adaptive institutional approach. To that end, we regularly consult with the Netherlands Embassy and the Private Sector to determine which actions are most effective in achieving our program's goals.

A close collaboration is crucial for monitoring current trends and adapting to evolving demands, as well as making informed decisions on the relevance of current activities and the necessity of new ones.

Multiple ways to get sustainable trade and investment But activities must be adaptive and contextualised...



How we address development challenges through businesses?

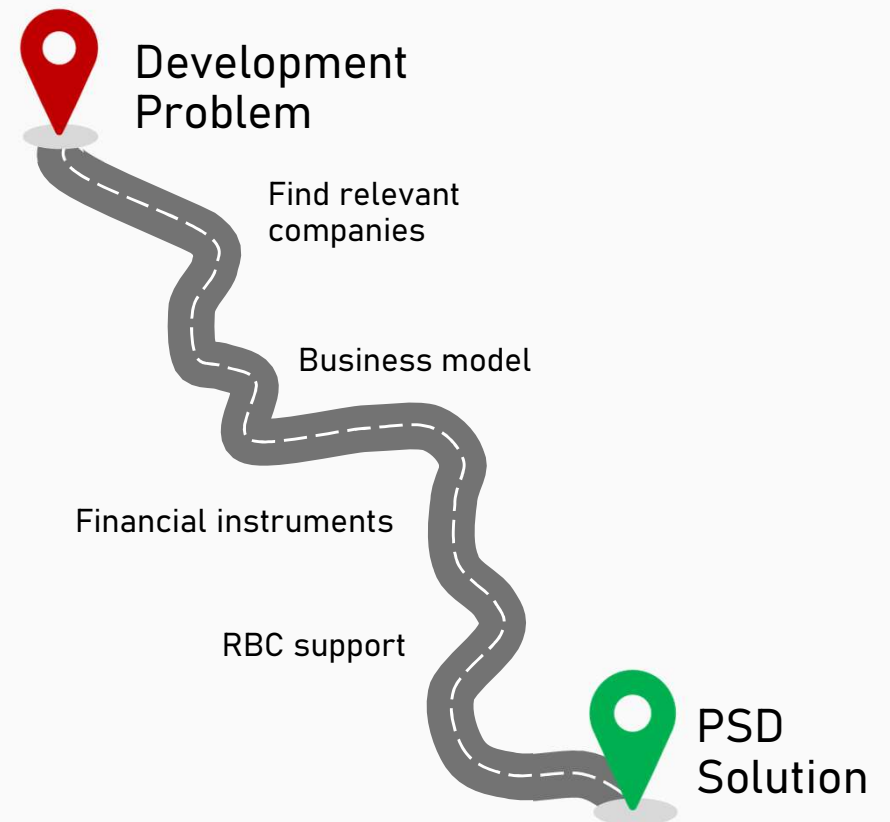
We have observed that sustained effort is necessary for fostering the growth of businesses with local impact. Isolated and one-time initiatives, such as a single trade mission, do not provide adequate follow-through and fail to realize their intended outcomes, i.e., more significant business impact.

TRAIDE has devised several effective strategies to drive impactful business, including:

- Sector scans and business reports
- (Virtual) trade missions
- Business-to-business matchmaking
- Joint business modelling
- Responsible Business Conduct (RBC) assessment support
- Support for business associations
- Provision of front-office services
- Facilitation of public-private partnerships.

Consecutive steps needed to get to new trade and investment

Standalone, one-time activities must be avoided...



Circular Solutions. The Power of Impact-Driven Business Development in Addressing Local Challenges

TRAIDE Ethiopia encountered a challenge in managing organic waste during a visit to a Dutch poultry producer. The company had no viable solution and expressed concerns about potential environmental hazards. We also observed that simultaneously an agricultural producer lacked access to organic fertilizers.

TRAIDE took action by connecting these two companies, developing a sustainable business plan, and connecting them with RVO's financial resources to launch a trial of organic fertilizer production. Currently, we are assisting the shareholders in making an informed investment decision.

This case demonstrates the importance of having a local presence, close collaboration, and sustained business development efforts.



Strategic Collaborations

Embassy of the Kingdom of the Netherlands (EKN)

The TRAIDE foundation serves the economic department of the Netherlands Embassy. The Embassy can request ad-hoc support and received fast-paced follow-up with anything related to the program objectives. This support is crucial for working in a constantly changing (and sometimes volatile) setting.

TRAIDE meets the economic department at least monthly to:

- Report, discuss progress, reflect, and brainstorm
- Propose and identify activities based on recent developments
- Document agreements through minutes (delivered within 2 days)


TRAIDE – Increasing sustainable trade and investment between the Netherlands and Africa



Ethiopian and Dutch Businesses

TRAIDE continuously engages with Ethio-Dutch companies and relevant private sector institutions through the different program activities to provide support and to identify changing dynamics, challenges and needs.

- **We work with individual companies** and use different Standard Operating Procedures to continuously assess needs and demands.
- **We collaborate with business associations** and relevant organisations (e.g., the ENLBA and EIC) to improve the overall ease of doing business.
- **We have regular economic cluster meetings** with the ENLBA and the Embassy to streamline activities and to identify arising needs.



02.

Activities of 2022



OUR IMPACTS

www.traide.org/Ethiopia/Results

37 Companies with a supported plan to invest, trade or provide services.

156 Business development services provided.

2 Strengthened organisations, serving **77** companies.

57 Sector relevant publications developed and disseminated.

18 Businesses supported to improve their Responsible Business Conduct.

2022 Program Context

2022 has been a challenging year for Ethiopia. The country's volatile nature has become the new normal, and although the situation improved due to the cessation of hostilities, these dynamics have demoralized the private sector and curbed investment appetite. As a result, some targets related to investment promotion have not been met. This does however not present a risk to the program as these targets were initially moved forward.

When the situation improved in mid-Q2, and we received the go-ahead from the EKN, we re-started our business development efforts. Opportunities were identified and promoted in the logistics, water, renewable energy, digitalization, coffee, and cocoa sector. We have provided over 150 business development services to Dutch and Ethiopian companies and several new enterprises and collaborations have been established as a result. The team has exceeded our targets.

Regardless, the business climate has deteriorated significantly, exacerbating risks for the overall private sector. We have therefore provided increased support to companies, partly through the ENLBA. We have also begun exploring how to work with the EIC to more effectively improve the local business climate.

TRAIDE – Increasing sustainable trade and investment between the Netherlands and Africa



2022 Targets and Results

Activities to stimulate new business	2022 Targets	2022 Results
Sector quick scans performed	6 Sector quick scans	4 Sector quick scans
Investment opportunity reports published	5 Investment reports	4 Investment reports
Business cases developed	2 Business cases	4 Business cases
Trade missions (co)organised	2 Trade missions	1 Trade mission
Business to business linkages organised	60 B2B linkages	69 B2B linkages

Activities to stimulate better business	2022 Targets	2022 Results
Private sector associations supported	2 Associations	2 Associations
Public private platforms organised	2 Platform meetings	6 Platform meetings
Front office services provided	30 Front office services	50 Front office services
Investment clusters supported	2 Clusters	2 Clusters, 8 companies
Companies with RBC support	8 Company services	18 Company services

Stimulating New Business in 2022

New sectors and opportunities: In 2022, TRAIDE investigated business opportunities in sectors such as logistics, water, renewable energy, digitalization, waste, coffee, cocoa, climate, and health. The 2022 targets for quick scans and business opportunity reports were not fully met (4 out of 6 scans and 5 out of 6 reports respectively), but this has limited effect on the overall program progress as these targets were initially moved forward.

Webinars and investment attraction: To attract the attention of Dutch investors, we organized webinars on logistics, water, renewable energy, digitalization, and cocoa. In addition, we organized a trade mission on renewable energy.

Proactive matchmaking: In 2022, we provided our matchmaking services to 69 companies active in agriculture, agro-processing, engineering, logistics, manufacturing, renewable energy, services, waste and water. Quarterly check-ins with these companies are done to monitor whether the matchmaking results in increased trade or investment activities. We exceeded out 2022 target of 60 B2B linkages.

Development of new business cases: We provided business case development support to eleven companies on four potential investments (organic fertilizer, insects, waste oil), exceeding our 2022 target. One company set up a new PLC.

2022 Sectors



Logistics



Coffee



Water



Cocoa



Energy



Climate



Digitalisation



Health



Waste

Spark interest. Attracting Businesses in the Ethiopian Renewable Energy Sector

TRAIDE Ethiopia has found a need for improved access to renewable energy in Ethiopia. We organized investment promotion activities to attract companies interested to tap into these opportunities.

These efforts caught the attention of Spark, a company that provides energy to homes and villages through scalable and future-proof off-grid solar systems. Although Spark was interested in the Ethiopian market, they were deterred by difficult local partnerships and payment issues. To help, TRAIDE supported their incoming mission, linked them to relevant parties, and offered proactive guidance on how to overcome local obstacles.

Spark has now established a partnership and is exploring opportunities for expansion. This case highlights the value of providing comprehensive support and going the extra mile to move from interest to actual business.



Spark “We are immensely thankful for the meticulous care and dedication demonstrated by TRAIDE, who actively participated in every stage of the process and facilitated our access to governmental institutions with ease. Utilizing their services may be beneficial if we venture into operations in Ethiopia, to obtain necessary legal counsel or build relationships.”

Stimulating Better Business in 2022

ENLBA support: In 2022, TRAIDE has supported the ENLBA according to the co-designed professionalisation plan. We provided project assistance, coached the coordinator, developed products/services that the association offered to their members, and tried to motivate them to adopt a financially-viable business model. Implementation of this plan has however been slow. The Dutch business association has received a significant amount of support and they have now decided to function independently.

Establishment of a Dutch Hub: Through TRAIDE's efforts, the Dutch Hub in Addis Ababa was established. The Dutch Hub is an exclusive (co)working space for Ethio-Dutch business, where companies can work in a central, professional setting with all necessary facilities, be part of a supportive network and enjoy a soft landing and improve their visibility. Through the Dutch Hub network, TRAIDE also facilitated various B2B linkages among established Dutch business in Ethiopia.

Front Office Services: TRAIDE provided 50 front office services (target 30) to Dutch companies in 2022, covering a large range of sectors. Topics included market information, financial instruments, security, linkages to local business experts, governments and NGOs, visa and work permits, etc.

Lobby activities: Together with the ENBLA we collaborated on various lobby activities. The most important lobby evolved around access to foreign currency. TRAIDE commissioned a study to dive deeper into this business challenge and to generate practical recommendations for Dutch entrant and established companies. The findings formed the basis of the joint forex lobby agenda and of the forex taskforce that will be installed in 2023 and will include members from the Dutch business community, ENBLA, EKN and TRAIDE.

Responsible Business Conduct: TRAIDE provided 18 RBC services (2022 target of 8 services) to 12 companies. The support focused on topics such as company day care provision, sustainable watershed management, Environmental and Social Impact Assessment, living wages, gender equality, community engagement and recruitment of CSR managers. In addition, we developed a new RBC strategy for the EKN and TRAIDE.

The background of the entire slide is a photograph of several women, likely of African descent, working in a lush green field. They are wearing bright orange safety vests over their everyday clothing. One woman in the foreground is looking down at a small white card or piece of paper she is holding. Other women are visible in the background, some looking towards the camera and others focused on their work. The scene is outdoors with tall, thin trees or poles in the distance under a bright sky.

Growing together. Supporting Company Clusters to Improve their Responsible Business Conduct (RBC)

Three cutting companies approached TRAIDE for guidance on how to enhance their collaboration and improve their Responsible Business Conduct (RBC).

With the help of TRAIDE, the companies established a governance structure that facilitated their collaboration, recruited a RBC manager, underwent necessary due diligence processes, developed a prioritized action plan, and improved their external communications.

The companies now work together as a cluster and are involved in initiatives that better support their surrounding communities. This case demonstrates how local dedication and understanding is required to build better businesses.

“[TRAIDE provided] professional and expert support on RBC [...] in a compassionate manner that can enable our cluster to address the needs of the local community”

Want to see more?

TRAIDE is dedicated to show how more and better business can contribute to local development. We publish all open-source material on our website. More activities, videos, and reports can be found on our online channels.



[See all TRAIDE videos](#)



Slide 18

SdR0 @Eyuel - please replace this video with our TRAIDE Ethiopia version.
Sander de Raad, 2023-02-21T22:19:26.543

SdR0 0 And add thumbnails and links to the other videos
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03.

Takeaways from 2021 - 2022



'21-'22 General Takeaways

Ethiopia's conflict dynamics reiterated the need for a flexible program; our plans constantly changed, paused, or rapidly gained momentum. This implies that our business support and development requires adaptivity and continuous reflection. We believe that **TRAIDE Ethiopia has demonstrated how to successfully operate in a volatile context.**

In terms of priorities, our analyses identified new relevant sectors (e.g., cocoa) and dropped activities with limited momentum (e.g., logistics). We have learned to engage in **more intense business case development, include more Ethiopian companies, avoid stand-alone activities but follow-through where there is interest from the Ethio-Dutch private sector.** This implies that we now nudge our generated leads quarterly.

We have learned that **strategic partnerships should be pursued but that quid pro quo incentives need to be introduced and enforced.** As such, we will diversify our private sector support and expand our company database. This reiterates the need for the **adoption of a professional CRM system.** The adoption of such a system has been delayed due to internal discussions about technical (im)possibilities. A new CRM system must be implemented in Q2 2023 as to reap the fruits for the remaining 2,5 years.

An overall shift has been made within our program to **stress that we aspire to solve development challenges through private sector solutions.** For this we must improve our communications, specifically by showing our progress and impacts. The new website and the online impact dashboard are the start of our **efforts to make better use of available online tools.** We aspire to offer 'live' reporting to our partners to continuously show/prove our impacts.

Support provided to the EKN support has been appreciated and should be continued. TRAIDE Ethiopia kept more resources available to quickly jump onto ad hoc requests from the EKN. We moreover engaged in several strategic discussions about how the private sector can become more involved in development cooperation projects. As such, we can **assess how TRAIDE can further support the EKN with their work.**

Overall, we believe that our activities should be continued and scaled in 2023. The **upcoming mid-term evaluation (June 2023)** will be used to reflect and develop our future priorities.

Outputs: reflections and takeaways (1/2)

Reflections

- **Quick scans** have been performed to investigate the business potential of sectors such as climate, health, cocoa, insects, digitalisation, and coffee.
- **Investment opportunity** reports have been written on renewable energy, water, and health.
- **Webinars** on logistics, water, renewable energy, digitalisation, and cocoa, attracted significant interest of Dutch businesses.
- Such activities were followed-up by **proactive B2B matchmaking and linkages**.
- **Business case development** has helped 3 potential investments (i.e. fertiliser, insects, and waste oil), of which 1 set-up a new PLC.
- **Private sector association support** was provided to the ENLBA by co-developing their activity plan, developing tools, support the safety protocol, providing backoffice support, and by coaching their coordinator.

Takeaways

- Quickscans have been a cost-effective means to attract more interest for Ethio-Dutch trade and investment. Quickscans should be continued and regularly updated / disseminated.
- These reports are valuable compilations of (sub)sector information. These reports take considerable time / resources and should only be done when compilations are unavailable.
- Webinars are a cost-effective means to attract more interest for Ethio-Dutch trade and investment. Short event series are expected to be an effective means in nudging businesses.
- Matchmaking will be scaled-up as it has pulled many companies into taking the next steps into the country. This appetite indicates that we can explore (focussed) trade missions in 2023.
- Business case development will be scaled-up as this type of co-business development has directly contributed to new investments. We will involve more Ethiopian businesses for all our business development activities.
- Support to the ENLBA could have been more effective if the association showed more intrinsic motivation. Our initial exit strategy – where the ENLBA would take over TRAIDE activities – appears unfeasible. Support to other business associations should be explored. Future support to business associations should be based on a clear willingness to grow and include *quid pro quo* project management.

Outputs: reflections and takeaways (2/2)

Reflections	Takeaways
<ul style="list-style-type: none"> • Public private platforms were stalled due to limited capacity and a crowded activity timeline. 	<ul style="list-style-type: none"> • Public private platforms should be organised in closer collaboration with the EKN. This budget line could be used to support existing platforms (e.g. ENLBA's events).
<ul style="list-style-type: none"> • Front office services were provided to Dutch companies. Implementation of the CRM system has been delayed. 	<ul style="list-style-type: none"> • Front office services are helping businesses, should be scaled-up, but require local capacity. The use of a CRM system is imperative.
<ul style="list-style-type: none"> • The Kunzila investment cluster support has concluded and new investment/impact clusters are under assessment. 	<ul style="list-style-type: none"> • New ways to support firm clusters should be considered. Continuous reflections on roles/responsibilities is key.
<ul style="list-style-type: none"> • RBC support has been provided to several (clustered) companies. A new RBC strategy has been developed for the EKN and for TRAIDE. 	<ul style="list-style-type: none"> • The strategy has led to a clear pathway for a localised RBC agenda. In 2023, more help will be provided to companies that need help with their due diligence processes.
<ul style="list-style-type: none"> • Significant Embassy support has been provided to the Embassy, such as the Africa Business Week video, the quarterly economic 2-pager, and the 'who's who' political analysis 	<ul style="list-style-type: none"> • Support to the EKN has been appreciated and will continue in 2023. We must retain the time and capacity to respond to unexpected requests. At least monthly EKN-TRAIDE meetings are required to streamline collaboration.
<ul style="list-style-type: none"> • The gender action plan, the code of conduct, and other internal systems are implemented. 	<ul style="list-style-type: none"> • Planning and implementation works well and must be continued.
<ul style="list-style-type: none"> • Regional collaboration has become increasingly important in 2022. Dutch companies have been moving to/from Rwanda and G2G exchange could help both EKN's priorities. 	<ul style="list-style-type: none"> • Regional collaboration must be scaled to increase sustainable business between the Netherlands and African countries. Other EKN's should be involved in these initiatives.



04.

2023 Activities



2023 Activities

Although the country's volatile nature is the new normal - and it does curb investment appetite – we have observed significant interest from Dutch companies. 2022 activities should therefore be continued and scaled in 2023. We will consider new activities that could push for Ethio-Dutch business development in close collaboration with the Netherlands Embassy (e.g. trade missions and impact clusters). Regardless, the local business climate has deteriorated significantly in 2022 and this has aggravated risks. Increased attention will therefore be given to find better ways to support existing businesses.

2023 Sectors



Water



Cocoa



Energy



Climate



Digitalisation



Waste



Coffee



Health

2023 Targets

Targets for increasing business

- 3** Sector quickscans performed
- 5** Investment opportunity reports published
- 2** Business cases developed
- 2** Trade missions (co)organised
- 60** Business to business linkages organised

Targets for established business

- 2** Private sector associations supported
- 2** Public private platforms organised
- 30** Front office services provided

Targets for cross-cutting activities

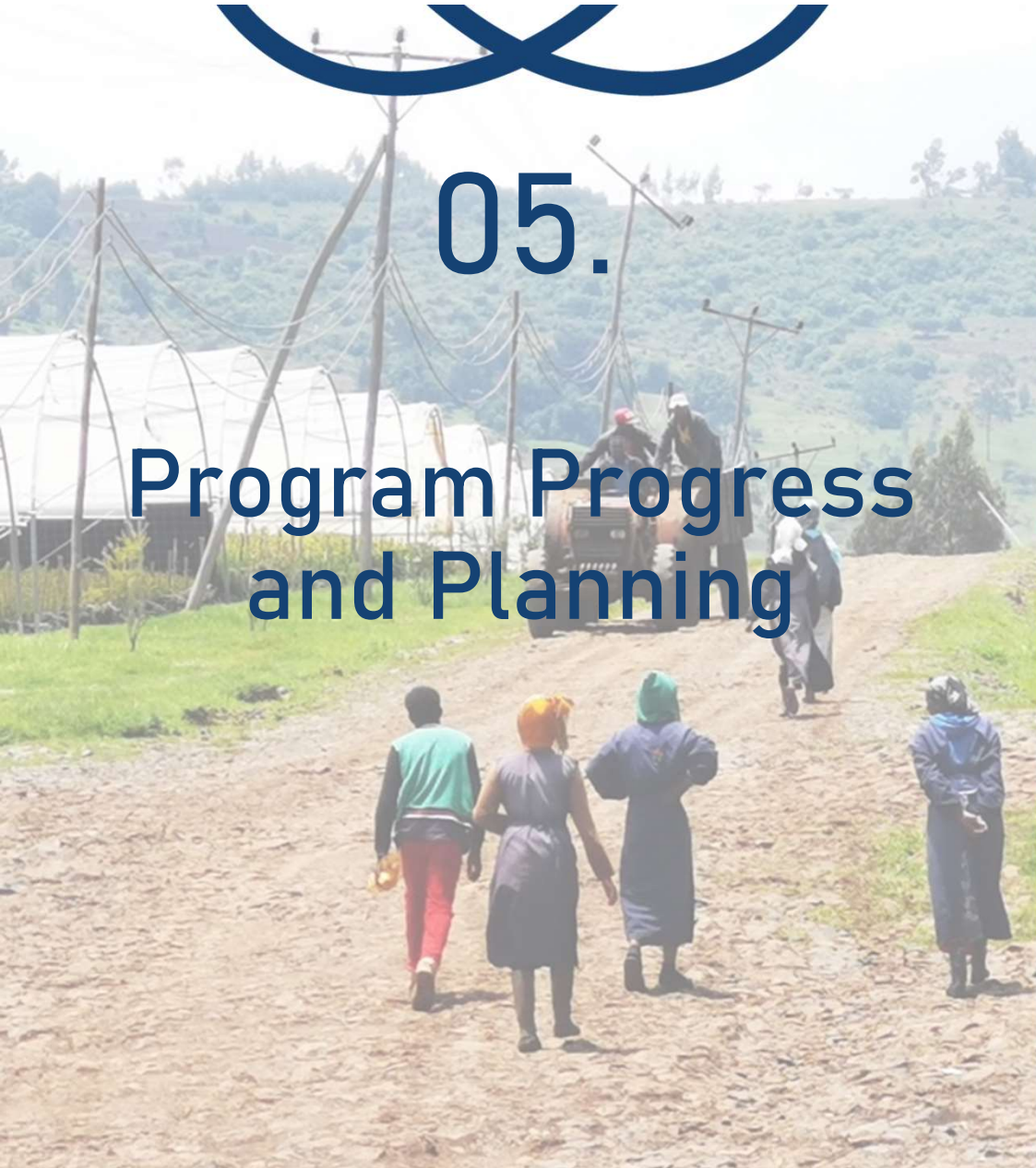
- 1** Investment cluster supported
- 8** companies with RBC support

'23 Activity Planning

Activities	J	F	M	A	M	J	J	A	S	O	N	D
Increasing Dutch business												
Quickscans: climate, circular waste, agroforestry												
Investment Opportunity Reports: health, climate, waste, agroforestry												
Business cases: digitalisation, cocoa, other												
B2b linkages												
Trade missions: coffee, other												
Supporting established Dutch business												
Private sector association support												
Public private platforms												
Front office services												
Cross-cutting												
Embassy support												
New style investment clusters												
RBC support												
Explore regional collaborations												
Other												
Mid-term review												

05.

Program Progress and Planning

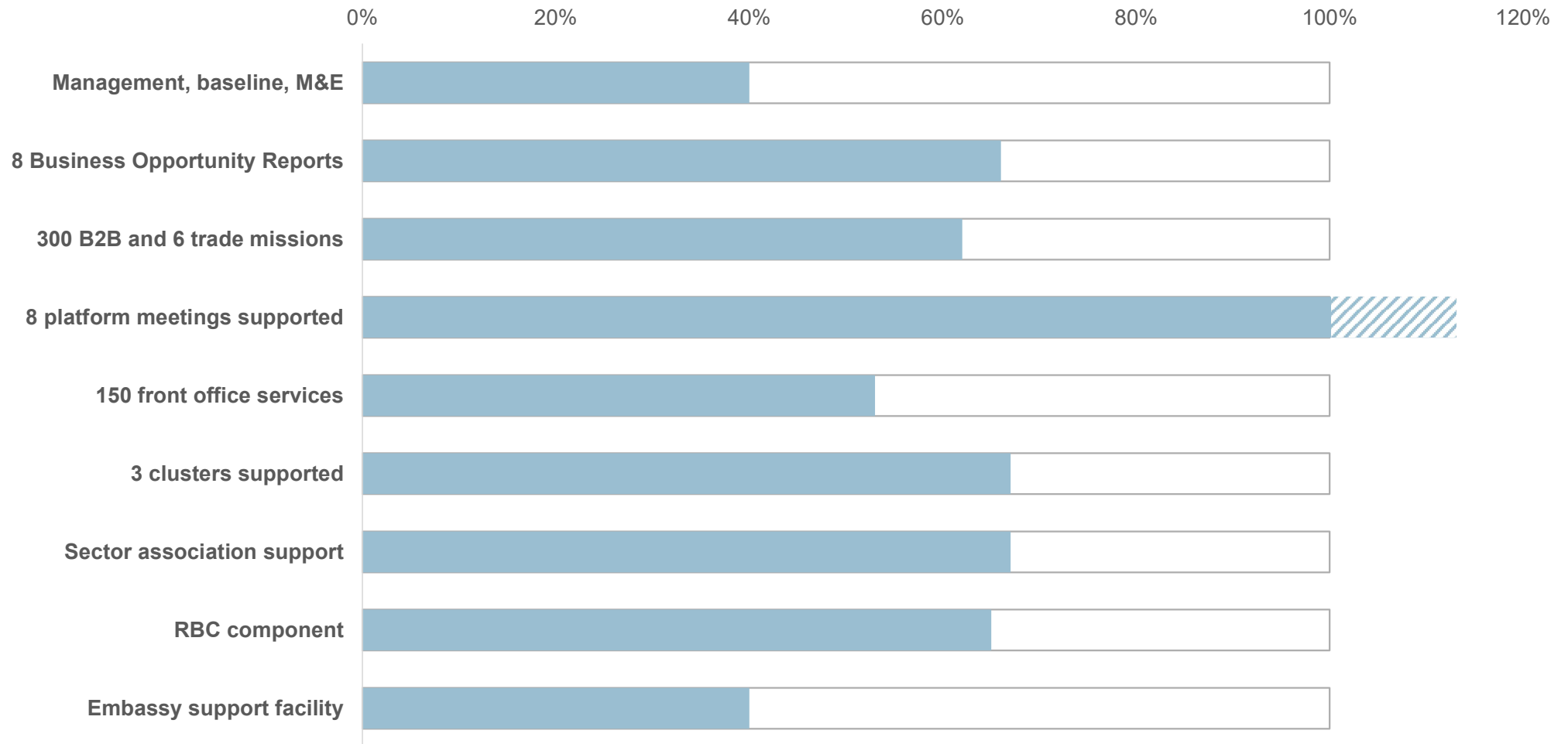


5-Year Program Targets and Results

Promised targets for more business	2021 Results	2022 Results	Current results and targets
10 Sector quick scans performed	3 Sector quick scans	4 Sector quick scans	7/10 Sector quick scans
8 Investment opportunity reports published	1 Investment reports	4 Investment reports	5/8 Investment reports
5 Business cases developed	1 Business case	4 Business cases	5/5 Business cases
6 Trade missions (co)organised	0 Trade mission	1 Trade mission	1/6 Trade missions
300 Business to business linkages organised	±30 B2B linkages	69 B2B linkages	99/300 B2B linkages

Promised targets for better business	2021 Results	2022 Results	Current results and targets
3 Private sector associations supported	1 Association	2 Associations	2/3 Association
8 Public private platforms organised	3 Platform meetings	6 Platform meetings	9/8 Platform meetings
150 Front office services provided	±30 Front office services	50 Front office services	80/150 Front office services
3 Investment clusters supported	1 cluster, 5 companies	2 clusters, 8 companies	2/3 Investment clusters
40 companies with RBC support	7 Companies	12 Companies	25/40 Companies

Progress 5-year outputs



2022 expenditure

The expenditure for the project in 2022 has been considerably higher than the initial estimates, but it is in line with the achieved results. We are actually going through the program faster than anticipated. To accomplish these results, more people were hired temporarily in Ethiopia and the Netherlands than anticipated. As a result, the core teams have reached full capacity, and some staff members and consultants have already left or will do so soon, **significantly reducing future costs.**

However, **there are some areas where the project has incurred over-expenditure.** For instance, the cost of **Management, M&E, and Reporting** is still high due to the small roles almost all staff members play in reporting, which consumes a lot of time and resources. Moreover, Monitoring and Evaluation is a crucial part of the project, which requires more time and resources than originally estimated. However, we expect these costs to decrease considerably with establishing a new CRM and M&E platform. On the budget line of **BORs**, we have observed considerable over-expenditure, which was expected, as the work has been done backward in time and is almost completed.

On the other hand, **some areas have incurred under-expenditure.** For example, we have started spending on budget lines for **Trade Missions, Public Private Platforms, and Embassy Support**, but we are still behind our targets. Although the results have not been significantly affected, the activities have been cheaper than anticipated. We expect to spend more in the coming years to achieve better results. Additionally, part of the allocated time and resources were utilized for other critical tasks, which impacted the under-expenditure.

In conclusion, while the expenditure for the project in 2022 was higher than expected, it is in line with the achieved results. The project has incurred over-expenditure in some areas, but measures are in place to reduce them. Similarly, under-expenditure has been observed in some areas, which will be addressed in the coming years to achieve better results. For next year, we expect budget lines to balance out better.

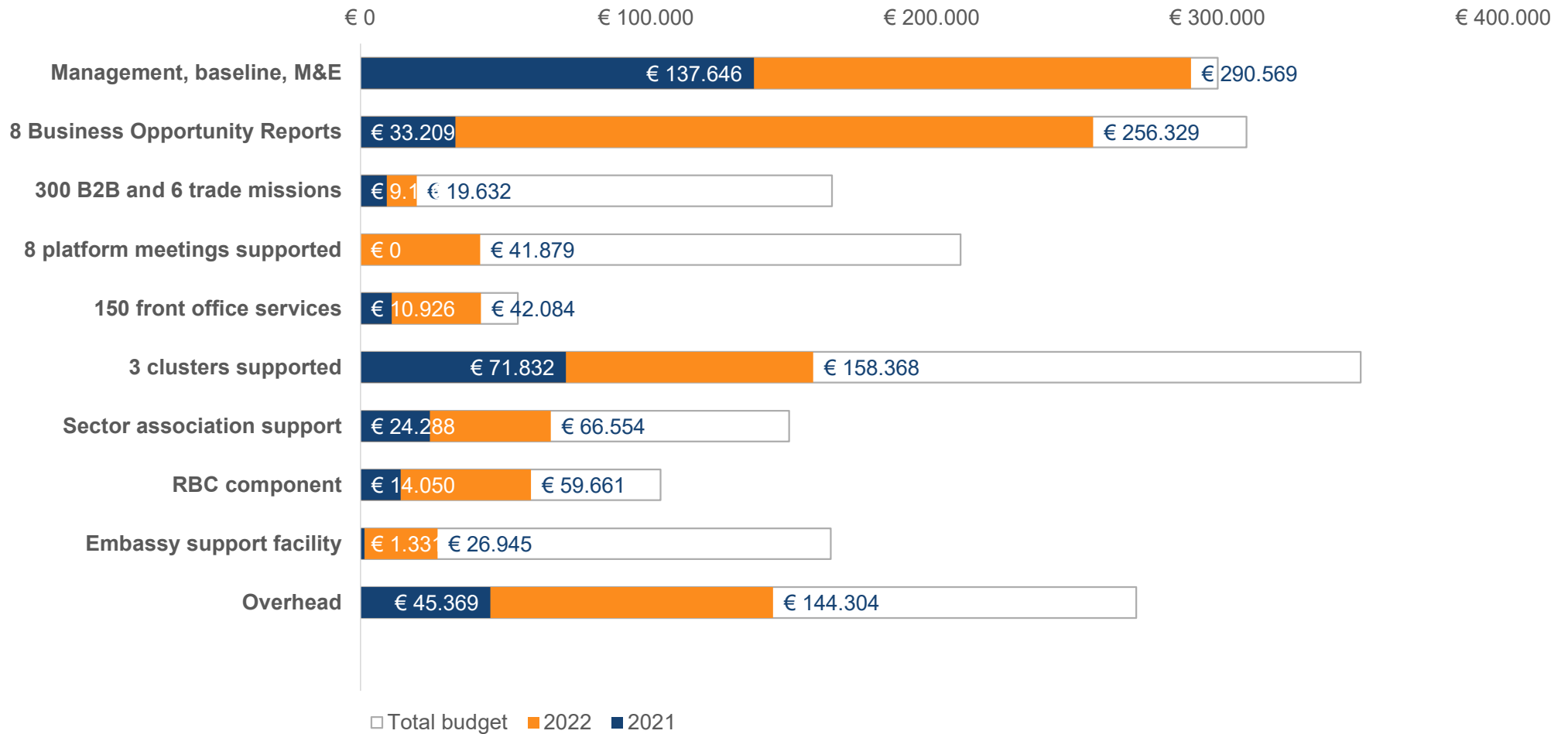
2023 budget

The expectations for 2023 are in line with the original budget. We expect we will be able to over-deliver on the program for 2023 without adding additional cost, hence achieving the goals for € 452 238,- in 2023. Some special cases for 2023 may be:

- Increased expenses on M&E and Management due to the external midterm review;
- Reduced expenses for Investment Clusters due to limited Kunzila activities and limited agreement on alternative projects up to date.




Progress 5-year budget



Notes to the financial overview

- In order to ensure consistency across our ongoing projects for the Dutch government, we have introduced an hourly labor fee based on actual overhead costs, rather than a blanket 15% overhead fee on all expenses. This change did not have a significant impact on the cost of the project.
- Overhead costs are now incorporated into the individual budget lines in the expenses overview, rather than being added at the end. This means that over-expenditure (and under-expenditure) on a budget line appears to be lower than it actually is. We plan to submit a request to reallocate funds between budget lines accordingly.
- To account for our increased productivity and reduced project duration, we have decreased the project cost by 55,000 Euros, ensuring that we will not make a profit on the project after factoring in the discount.





06.

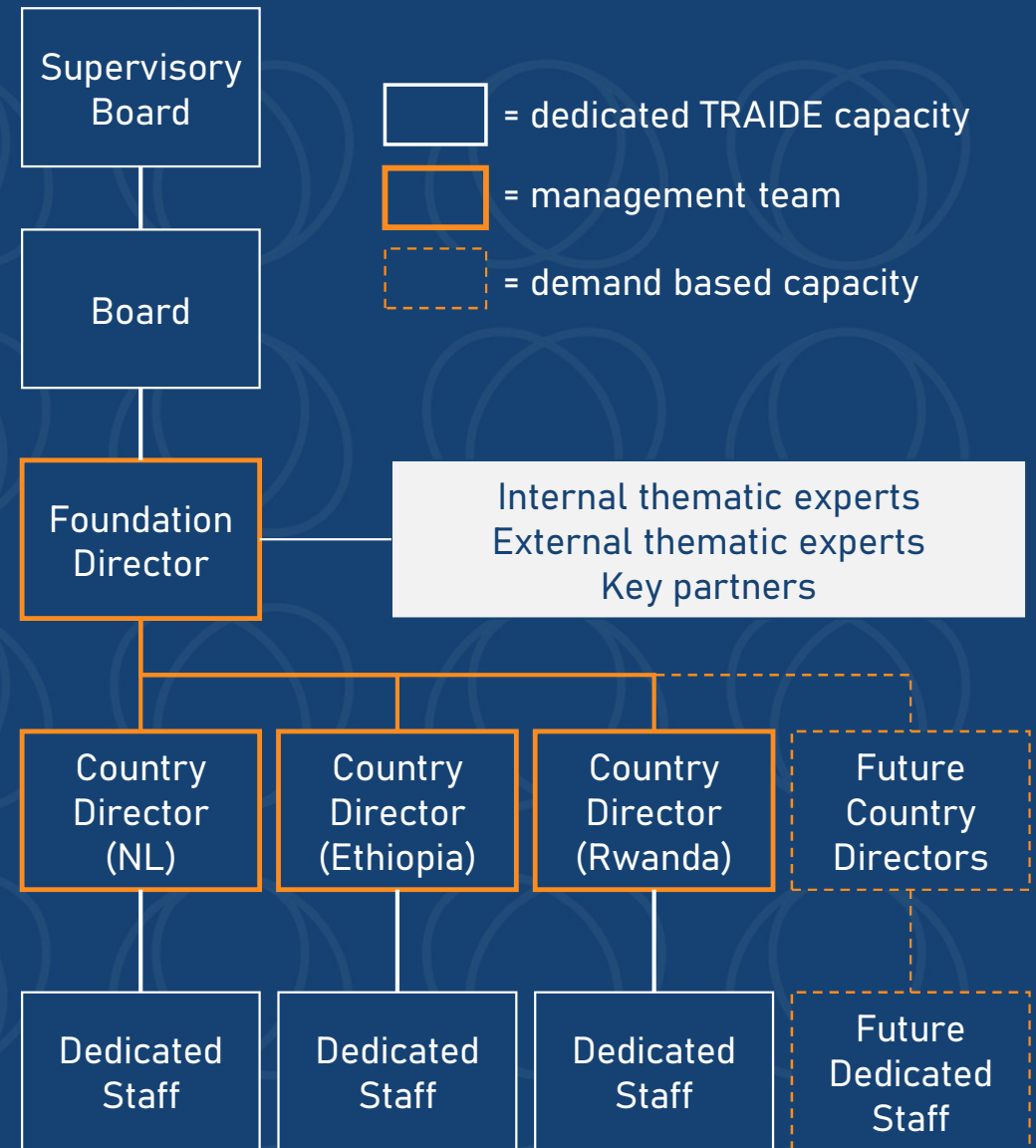
Organization and Team



Multiple offices, working together



TRAIDE – Increasing sustainable trade and investment between the Netherlands and Africa



Ethiopia team



Sander de Raad
Country Director



Anniek Elemans
Program Officer



Elham Mohammed
Project Officer



Fasika Yalew
RBC Project Officer



Hemen Sirahbizu
Project Officer



Hiwot Tadesse
Project Officer



Eyuel Seyoum
Communications

The Netherlands team



Gertjan Becx
Global Director



Thijs Rutgers
Country Director



Saya Berzinji
Project Officer



Mauro Jeldres
Project Officer



Corneliën Smit
Project Officer



Susanna Cocchini
Project Officer

Rwanda team



Josephine Damstra
Country Director



Marie Fidele
Project Officer



Yanna in 't Veld
Project Officer



Gretta Ishyaka
Project Officer



Evelien Lambooj
Project Officer



Titus van Boekel
Project Officer

2023 Team

Ethiopia team

- Consider video editor
- Consider project officer to dedicate him/herself to Dutch companies' doing business challenges
- Add a third expat to support Sander with day-to-day tasks and activities

The Netherlands team

- Expanding team and more work in Rwanda, thereby increasing the efficiency of the work and reducing costs for TRAIDE Ethiopia



Program Targets and PSD indicators

Activities	Output Targets	Projected Outcome	Indicator
Investment Opportunity reports	10 sector quickscans 8 BORS 5 business cases	Local /Dutch companies capitalize on opportunities	PSD 1a
B2B matchmaking and Trade Missions	300 B2B linkages 6 missions	Increased Dutch investments and trade in Ethiopia	PSD 1a, 2d, 5c
Public Private Platforms	8 Platforms supported	Improved enabling environment and business climate	PSD 5c, 5d
Front office support	150 front office services	Easier doing business for Dutch companies	PSD 1a, 2d, 5c
Investment cluster support	3 clusters supported	Multiple investment clusters with Aid & Trade policy model	PSD 1a/b, 2a/d, 5c
Private Sector Association support	5 types of assistance provided	Easier doing business for Dutch companies	PSD 1a, 2d, 5c
RBC support	40 supported companies 3 supported private sector associations	Context / conflict sensitive, stable, and sustainable investments	PSD 1b, 2a, 5c
EKN support	Upon request	More effective PSD assistance by the EKN	

Program 5-year planning

Activities	2021		2022	2023		2024		2025	
Inception phase									
Increasing Dutch business									
Sector quickscans									
Investment opportunity reports									
Business cases									
Trade missions									
B2b linkages									
Supporting established Dutch business									
Private sector association support									
Public private platforms									
Front office services									
Cross-cutting									
Investment clusters									
RBC support									
Regional collaboration									
Mid-term review									
Program closure									



Increasing Sustainable Business
between Ethiopia and The Netherlands

More information:
www.traide.org/ethiopia



Kingdom of the Netherlands