Norads grant schemes for PSD

DCED meeting Vienna June 2019
Mehraz Rafat
Key messages

• Norad has different grant schemes – both for individual enterprises and for whole sectors
• Value chain approach ensuring right focus on all relevant bottle necks in a value chain
• Requires close interaction among players
• A number of strategic partnership pilots approved and in process
• A number of strategic partnerships approved/in approval process for Ethiopia (Honey, TVET, ICT, Agriculture)
Examples of activities that can be supported-
Enterprise development for jobs

- Feasibility study (prior to an investment decision)
- Partner search
- Pilot production
- Support for certain types of local infrastructure
- Training of employees (company-specific)
- Strengthening of subcontractors
- Other activities that can increase the chance of a positive investment decision

As a main rule, the scheme can support up to 50% of the costs associated with an activity.
New grant scheme – strategic partnerships

• Scheme to improve conditions for a whole sector
• Examples of relevant framework conditions for the private sector in this call are:
  • well-functioning and open markets,
  • access to finance for SMEs (not microfinance),
  • access to relevant skilled labor,
  • technology and infrastructure (e.g. incubators)
• Partnerships between commercial and non-commercial players
Example of strategic partnership – GrowthAfrica & Antler –

Incubation and acceleration program for entrepreneurs in Ethiopia and other countries in Africa aiming at creating winning ICT companies and attracting foreign investments.
Example of strategic partnerships – TVET in Ethiopia

Technical Vocational School in Afar province, training 700 youth for skills demanded by companies in region
Strategic partnership in agro value chain bottleneck mapping – Ethiopia example

- **Farm**
- **Harvesting**
- **Primary processing**
- **Secondary processing**
- **Packaging and distribution**
- **Retailing and exports**

**Bottleneck 1**: Quality improvement and certification – improve potential among high potential players

**Bottleneck 2**: Skill improvement and improved marketing – Dedicated effort towards companies and suppliers in incubators and accelerators

**Bottleneck 3**: Access to finance - Growth enterprises need working capital – Seek to improve access to finance in value chain through innovative finance

**Bottleneck 4**: Establish market access – seek radical improvement in export sales through strategic partnerships and alliances with key importers in developed markets
Total value chain approach – Honey example

Norad support –
Financial support, coordination, advise

Project support to enterprise
- Through ATA accelerator (Gates, GIZ, Norad)
- Around 15 companies supported
- In collaboration with Honningcentralen

Support to sector specific framework conditions
- Training of several thousand small scale producers to improve yield and quality
- In collaboration with U-fondet, Ethio Wetlands Assocation and ATA

Involvement of multi-players
- IFC conducting Agribusiness leadership program focused at cooperatives and company management

Collaboration with other parts of value chain
- Access to finance – through leasing and MFI
- Possible collaboration on lab-testing and with academia