



# **Connecting Ethiopian Youth and Women Entrepreneur to export market: a case of the AfCFTA single market**

## **Project Completion Report**

(From March 1, 2024 -February 28, 2025)

on implementation of

Connecting Ethiopian Youth and Women Entrepreneur to Export market

### **Supported by**

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## **1. Overview of the project**

Youth and Cultural Development Foundation (YCDF) implemented a project funded by the Australian Embassy in Ethiopia under the Direct Aid Program (DAP). The project is titled "Connecting Ethiopian Women and Youth Entrepreneurs to Export Marketing: a Case of the AfCFTA Single Market". The project aims in building the capacity of 30 women and youth entrepreneurs owned Small and Medium-sized Enterprises (SMEs) towards export marketing. The capacity building enhanced the SMEs export market competency, thereby make them ready to leverage the opportunities provided by the African Continental Free Trade Area(AfCFTA).

The project was implemented into three phases. These are; identification of potential SMEs, delivery of training, and network establishment. This report is a project completion report that mainly shows the achievements and challenges under the three phases of the project implementations, which implemented from March 1, 2024 to February 28, 2025. Accordingly, the report presents the major project achievements, challenges and lesson learned and recommendations.

### **1. Project achievement**

The project is a very successful and impactful project that achieved beyond its plan. Overall, the aim of the project was building the capacity of 30 SMEs, and make them able to trade under the AfCFTA single market. The capacity building consists of activities such as baseline survey conduct, training delivery, and establishment of networking among the SMEs. The SMEs are from the sector of leather, coffee, and vegetable and fruits, where Ethiopia has a potential on the export market. Against this backdrop, the project achieved the following results.

#### **2.1 Result 1: Partnership is established between key stakeholders**

The project is designed for fostering the capacity of SMEs and make them able to trade under the AfCFTA. This project is important because the AfCFTA provided a special privilege for the SMEs in order to export under the initiatives. However, Ethiopian SMEs do not have any idea about the trading under the initiatives as well as they have limited competency on export market. This means the SMEs need a support from different stakeholders for accessing the AfCFTA single market.

The key stakeholders that works with the “AfCFTA for SMEs” should be Ethiopian Chamber of Commerce and Sectorial Association (ECCSA), Ministry of Labor and Skill(MoLS), and Ministry of Trade and Regional Integrations(MoTRI). MoLS is an organization that works closely with Ethiopia SMEs, while ECCSA and MoTRI works with big company’s who already commenced an export or have a big potential to join the export market. For supporting the SMEs, these stakeholders are should do their job a collaborative way rather than separately work. Hence, the first results of this project is that it shows these key stakeholder the advantageous of collaboratives work in supporting Ethiopian SMEs for leveraging the AfCFTA export market opportunities given to SMEs.

## **2.2 Result 2: baseline survey is conducted for identification of potential SMEs**

The baseline survey is used as a tool to identify 30 potential SMEs and their gaps for export market. In order to identify potential SMEs, the activities undertaken are;

- Criteria is established for identifying potential SMEs
- Conducted a desktop review, starting with members of ECCSA, followed by the Ethiopian Enterprise Development (EED) and MoLS for initial identification. A list of 27,000 Ethiopian is found with the desktop review, off which approximately 1,000 list of SMEs is identified. The 1000 list is screened with simple selection process focusing at SMEs working sector. The screened SMEs are from leather, coffee, and fruit and vegetable sectors.
- Pre-screened 60 SMEs from the list of 1,000 SMEs based on the selection criteria.
- Conducted a baseline survey to assess the SMEs' competency.
- Off the 60, 30 SMEs are selected by evaluating the SMEs export market potential as per the baseline survey result
- Key training areas is identified based on the baseline survey SMEs competency gap analysis.

## **2.3 Result 3: 2 exposure visits are undertaken**

The exposure visits aim in enhancing the potential of the SMEs with peer learning through experience sharing. The exposure visits were designed as the 30 SMEs has dynamics that have different level of competency. Some SMEs already commenced export market informally and others have no knowledge at all about export market. The SMEs who commenced the export

market informally have a good knowledge on online documentation system, patenting of their products, international market searching, etc. From the different knowledge the exposure visit selects product patenting and online documentations strategies are selected for exposure visit discussions. The exposure visits discussions and experience sharing focus on;

- Difference between branding, patent, and trademark, its process, and importance
- Online documentations strategies, its starting point as well as updating strategies

#### **1.4 Result 4: 30 Ethiopian youth and women entrepreneurs took a training on export market readiness and AfCFTA agreement**

The training is the main target of the capacity building. Prior to the training, manual is developed in accordance with the SMEs baseline survey identification gap. The baseline survey result shows that the SMEs need a training on export market readiness, international sales of contract, and the AfCFTA agreement. Thus, training manual is developed and provide in these three areas in depths. The training areas are;

##### **Module 1: the AfCFTA agreement**

This module introduced trainees to regional trade integrations and economic growth, with a particular emphasis on African Regional Economic Communities (RECs). It covered the journey of AfCFTA, the treaties that established it, and highlight the Women and Youth Protocols. Additionally, the module addressed Ethiopia's export market priorities and the importance of value-added products.

##### **Module 2: Export Market Readiness and Market Planning**

This module aims in enhancing trainees' competency by providing a practical evaluation of their export readiness. The module covered market planning strategies in the context of export markets, export laws, rules and regulations, and essential documentation for export activities. The main discussion points included are export licensing, rules of origin, import procedures, customs special procedures and declarations, export control, and quality standardization.

##### **Module 3: Contracts for International Sales**

This module focused on the framework of contracts for international sales. Trainees learned about modes of export, Incoterms, customs clearance, freight forwarding, payment methods, and VAT in international business.

## **2.5. Result 5. 3 team are establishment with networking strategies among the SMEs**

Export market request high supply and finance, which challenges SMEs a lot for join the export market. If the SMEs strategies to export as a team they will be able to commence exporting through the AfCFTA initiatives. In line with this fact, three team is established with the sector of coffee, leather, vegetable and fruit exporting. The activities undertaken in networking establishment are;

- Three group is created, the group are from leather, coffee, and vegetable and fruit sector
- The team designed their export strategy through coaching and mentoring
- The team had written a report and work plan through coaching and mentoring
- In accordance with their work plan, they pool some money for expanding their business
- The team initiate a market from Africa, where the coffee team found a market from Egypt, while the leather from Kenya.
- Economic empowerment grant is provided for the team in order to fill their financial gap.

## **2.6. Other activities**

The other main activities include things such as conducting a project end line survey, identification of project scale up strategies, strengthening the key stakeholder partnership approach, and strategize to work with the AfCFTA sectorial office. The project end line survey provided information on the importance of the project and methods for scale up of the project. The partnership strengthening approach is based on working together approach among key stakeholders. For example, MoLS wrote a support letter for SMEs by witness their potential and ability to commence the export market. The support letter provided a consideration to SMEs by MoTRI to be included in the list of export under the AfCFTA.

Furthermore, during the training sessions, training in the area of RoO is provide by an expert from ECCSA and export market readiness training is provided by experts from MoLS. The training sessions by experts strengthen collaborative work from different institute. In addition, the high government officials had done a well-coming speech as a training opening remarks. Hence during the training the high government officials get a space to talk about the key stakeholder partnership importance. Finally, this project provide us an insight on the

collaborative work with AfCFTA sectorial office. To sum it up, the minor activities was focused on the project scale up strategies and key stakeholder partnership strengthening approach.

## **2. Challenges and Lesson Learned**

### **3.1 Challenges of the Project**

The challenges of the project include finance, the SMEs dynamism, and selection of the 30 SMEs. first, the finance challenges us due to the money devaluation by the Ethiopian government and highly economic inflation of the country. The entire project budget is credited to YCDF account prior to the beginning of the project. After five months of the project commencement, Ethiopian money is devaluated, which create a huge gap between the actual project Vs the planned project cost. Secondly, the SMEs are dynamism that have different interest, level of understanding, and competency of export market in their respective business sector.

The SMEs dynamism challenges us much during the first and third phase of project implementations. In the first phase of project implementation, which is identification of potential SMEs is a challenge because selecting 30 SMEs from the list of thousand SMEs are very tough. In addition to the long list of the SMEs, selecting appropriate SMEs in accordance with our criteria is very difficult. On the other hand, for the vegetable and fruit sector, finding a company that have a potential to export processed fruit and vegetable are difficult, as the processing compony at SMEs level is very rare.

During the third phase of project implementation, establishment of networking between the SMEs, SMEs interest difference was very challenging. Some SMEs wants to do too much initial investments, while other restrain from initial investments. Further to the investments, some SMEs needs are on individual exporting, while other need exporting as a team. Moreover, small teams are created from the big team in accordance with the individual needs. Additionally, some SMEs that have a good experience of export market didn't want to support and collaborate with SMEs that have no experience with export market. Some SMEs also expect an economic empowerment grants 7 to 15 times of the actual empowerment grant budget. All in all, team building and strengthening was the major challenges of the project.

### **3.2 Lesson learned**

The following are the major lesson we took from this project implementations.

- It enables us to learn about the SME's gap in case of export market as well as the SMEs dynamism
- It provides opportunity to create networking among themselves within their sector of business as well as across other sector.
- It provides us a lesson on the importance of key stakeholder's collaborative work for making "AfCFTA to SMEs"
- We learn that the SMEs main challenges are market findings and business expansion financial limitation.
- We learn that team building should be part of the training as this shows the importance of team building by minimizing team conflict. Hence, in the future initiative we should include team building topic in the training package.

### **3. Conclusion and Recommendation**

Africa offers a wealth of market opportunities that remain largely untapped by Ethiopian businesses. For instance, according to the baseline survey of 30 SMEs, 12 have already begun exporting indirectly, though in small quantities. Of these, 90% are exporting to destinations such as the USA, Europe, Asia, and Dubai. Even the two SMEs that have started exporting within Africa are focused on South Africa. This highlights the need for increasing attention and effort to explore opportunities in African markets.

The advantages provided to SMEs by AfCFTA present a significant opportunity for Ethiopian SMEs to tap into the African market. However, the SMEs need a support to take the privilege given by SMEs. This project support 30 SMEs with capacity building in three phases: baseline survey, training provision, and networking establishment. The baseline survey shows that the 30 SMEs have the potential to trade within the African single market initiative with some capacity building. The survey results indicate that these SMEs require training on AfCFTA and export market readiness.

Following the training, they required support in establishing and strengthening networks, along with an ongoing coaching and mentoring. Based on the survey analysis, the training topics organized in three modules are recommended along with exposure visit discussions focussed on two major points. This project is a good initiative for governments that frame approach to SMEs capacity building. From this project implementation experience, the following things can be taken as a recommendation.

- Future initiatives must consider the importance of planning the project with key stakeholders so that the key stakeholders feel as they are part of the project and easy to collaborate.
- The project scales up approach required to included Ethiopian Customs Authority, AfCFTA secretary office, and Ethiopian Industry Minster in addition to the pervious key stakeholders.
- The future training programme must include team building topic for minimizing team conflict during network establishment among the SMEs
- The scales up project should consider the importance of exposure visit to industrial parks for SMEs.