SINCE

Stemming Irregular Migration in Northern and Central Ethiopia

SOCIO-ECONOMIC AND VALUE CHAIN

ASSESSMENT OF SELECTED

AREAS OF ETHIOPIA

INCEPTION PHASE REPORT
This report was produced within the framework of the programme SINCE “Stemming Irregular Migration in Northern and Central Ethiopia”, funded by the European Union under the European Union Emergency Trust Fund for Africa.

The programme is implemented in Ethiopia by the Embassy of Italy in Addis Ababa sided by the Italian Agency for Development Cooperation

Report Authors

ILO – International Labour Organization

UNIDO – United Nations Industrial Development Organization

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<th>Acronym</th>
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<td>AACCSA</td>
<td>Addis Ababa Chamber of Commerce and Sectorial Association</td>
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<td>AAMRC</td>
<td>Asela Agricultural Mechanization Research Centre</td>
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<tr>
<td>AAU</td>
<td>Addis Ababa University</td>
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<td>AGOA</td>
<td>African Growth and Opportunity Act</td>
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<td>AICS</td>
<td>Agenzia Italiana per la Cooperazione allo Sviluppo (Italian Development Cooperation)</td>
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<tr>
<td>AIGC</td>
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<td>CAMM</td>
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<td>CDA</td>
<td>Cluster Development Agent</td>
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<td>Common Effluent Treatment Plant</td>
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<td>CIMMYT</td>
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<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
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<td>CMT</td>
<td>Cut, Make, and Trim</td>
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<td>COC</td>
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<td>CSA</td>
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<td>Duty-free and quota free</td>
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<td>DTIS</td>
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<td>Everything But Arms</td>
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<td>EFFORT</td>
<td>Endowment Fund for the Rehabilitation of Tigray</td>
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<td>Ethiopian Horticulture Development Agency</td>
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<td>EHPEA</td>
<td>Ethiopian Horticulture Producers and Exporters Association</td>
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<td>EIAR</td>
<td>Ethiopian Institute of Agricultural Research</td>
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<td>ELIA</td>
<td>Ethiopian Leather Industry Association</td>
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<td>EMPEA</td>
<td>Ethiopian Meat Producers-Exporters Association</td>
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<td>Ethiopian Occupational Standard</td>
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<td>ETB</td>
<td>Ethiopian Birr</td>
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<td>ETGAMA</td>
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<td>EP</td>
<td>Enterprise Partners</td>
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<td>Food and Agriculture Organization</td>
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<td>FFS</td>
<td>Farmers Field Schools</td>
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<td>FDI</td>
<td>Foreign Direct Investment</td>
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<td>FDRE</td>
<td>Federal Democratic Republic of Ethiopia</td>
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<td>FSMMIDA</td>
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<td>Farmers Training Centre</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GHG</td>
<td>Greenhouse Gas</td>
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<td>GIZ</td>
<td>Deutsche Gesellschaft für Internationale Zusammenarbeit (German Development Cooperation)</td>
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<td>GMP</td>
<td>General Manufacturing Practice</td>
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<td>GoE</td>
<td>Government of Ethiopia</td>
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<td>2010-2015 Growth and Transformation Plan</td>
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<td>2015-2020 Growth and Transformation Plan</td>
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<td>GVP</td>
<td>Gross Value of Production</td>
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<td>HACCP</td>
<td>Hazard Analysis and Critical Control Points</td>
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<td>HARC</td>
<td>Holeta Agricultural Research Centre</td>
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<td>HCB</td>
<td>Hollow Concrete Blocks</td>
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<td>HDE</td>
<td>Horticulture Development Enterprise</td>
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<td>IAIP</td>
<td>Integrated Agro-Industrial Park</td>
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<td>ICARDA</td>
<td>International Centre for Agricultural Research in the Dry Areas</td>
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<td>ICT</td>
<td>Information Communication Technology</td>
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<td>Internally Displaced Person</td>
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<td>IHDP</td>
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<td>International Labour Organization</td>
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<td>International Livestock Research Institute</td>
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<td>International Monetary Fund</td>
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<td>IP</td>
<td>Industrial Park</td>
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<td>Integrated Pest Management</td>
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<td>IPPM</td>
<td>Integrated Production and Pest Management</td>
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<td>ISCBP</td>
<td>Institutional Setup and Capacity Building Sub-Programme</td>
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<td>ISCO</td>
<td>International Standard Classification of Occupations</td>
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<td>ISO</td>
<td>International Organization for Standardization</td>
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<td>ISSD</td>
<td>Integrated Seed Sector Development</td>
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ISVCDO Integrated Sustainable Value Chain Development in Oromia
ITC International Trade Centre
JIPR Joint Inception Phase Report
JTT Joint Technical Team
LiDi Leather Industry Development Institute
LMP Livestock Master Plan
LSA Livestock Sector Analysis
MAECI Ministero degli Esteri e della Cooperazione Internazionale
MARC Melkasa Agricultural Research Center
METEC Metal and Engineering Corporation
MFI Micro-Finance Institution
MIDI Metal Industries Development Institute
MIE Mesfin Industrial Engineering
MLC Modjo Leather City
MoA Ministry of Agriculture
MoFEC Ministry of Finance and Economic Cooperation
MoFED Ministry of Finance and Economic Development
MoI Ministry of Industry
MoLaF Ministry of Livestock and Fisheries
MOLSA Ministry of Foreign Affairs, the Ministry of Labour and Social Affairs
MoT Ministry of Trade
MoTR Ministry of Transports
MSE Medium and Small Enterprise
MSMEs Micro, Small and Medium Enterprises
MUDH Ministry of Urban Development and Housing
MUDHCo Ministry of Urban Development, Housing and Construction
NGO Non-Governmental Organization
NSA Non State Actors
OARI Oromia Agricultural Research Institute
OIDA Oromia Irrigation Development Authority
OPRIFS Organization for the Prevention, Rehabilitation and Integration of Female Street Children
OVI Objectively Verifiable Indicators
PASDEP Plan for Accelerated and Sustained Development to End Poverty
PCP Program for Country Partnership
PEPE Private Enterprise Programme for Ethiopia
PES Public Employment Service
PIN People in Need
PP Public-Private
PPCP Public – Private – Community Partnership
PPP Public – Private Partnership
PSC Project Steering Committee
QMS Quality Management System
ReMSEDA Regional Micro and Small Enterprises Development Agency
RHS Raw Hides and Skins
RMG Ready Made Garment
RMMS Regional Mixed Migration Secretary
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<td>ROI</td>
<td>Return on Investment</td>
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<td>Rural Transformation Centre</td>
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<td>South African Development Community</td>
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<td>SARC</td>
<td>Sinana Agricultural Research Centre</td>
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<td>SEA</td>
<td>Socio-Economic Assessment</td>
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<td>SINCE</td>
<td>Stemming Irregular Migration in Northern and Central Ethiopia</td>
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<td>SMS</td>
<td>Short Message Service</td>
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<td>SNPR</td>
<td>Southern Nations, Nationalities, and People Regional State</td>
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<td>SOE</td>
<td>State-owned enterprise</td>
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<td>SNV</td>
<td>Stichting Nederlandse Vrijwilligers</td>
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<td>SSA</td>
<td>Sub-Saharan Africa</td>
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<td>TDA</td>
<td>Top – Down (Pull) Approach</td>
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<td>Training of trainers</td>
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<td>Technical Task Force</td>
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<td>TVET</td>
<td>Technical Vocational Education and Training</td>
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<td>Technical Working Group</td>
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<td>UEUS</td>
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<td>Urban Local Government Development Program</td>
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<td>UNIDO</td>
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<td>United Nation Office for the Coordination of Humanitarian Affairs</td>
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<td>USA</td>
<td>United States of America</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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<tr>
<td>USD</td>
<td>US Dollar</td>
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<td>VA</td>
<td>Value added</td>
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<td>VCA</td>
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<td>Women Entrepreneurship Development Program</td>
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<td>World Farmers’ Organization</td>
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EXECUTIVE SUMMARY

The SINCE project is funded through the EU Trust Fund approved at the Valletta Summit in November 2015, intended to address the root causes of irregular migration and displaced persons in Africa. Delegated by the European Union, The Embassy of Italy, sided by the Italian Agency for Development Cooperation (AICS) are the Implementing Agency for SINCE, with a budget of € 20 million. The project general objective is to contribute to the reduction of irregular migration from Northern and Central Ethiopia. The specific objective is to promote rapid employment creation in selected sectors of the economy, within the most migration prone areas, with a focus on potential migrants, returnees, refugees, youth, and women.

The SINCE project has been conceived in two phases: Inception and Implementation. The Embassy of Italy requested project support for both phases to UNIDO and ILO. This Joint Inception Phase Report (JIPR) was jointly prepared by UNIDO and ILO as the main outcome of the SINCE Inception Phase. In view of the project implementation, the JIPR was intended to: 1) define specific areas of intervention; 2) identify sectors and value chain segments; 3) define project results to achieve the specific objective; 4) suggest possible activities to be undertaken by implementing partners.

As indicated by the TWG, the overall criteria guiding the entire formulation exercise behind the JIPR, was the feasibility to achieve significant results within the project timeframe.

Purposive sampling methods employed by the ILO to select the socio-Economic study participants and to examine the socio economic factors for migration and to come up with recommendations on possible areas of interventions as a result of the findings. Both primary and secondary data sources were collected and used to understand the factors that push and pull migrants at national and international level. The combined methods were also used to identify the existing labour market as primary sources of data collected through key informant interview and Focus group discussion. Field observations were used to triangulate information obtained both in primary and secondary sources.

The socio economic assessment was conducted in five regions, namely Addis Ababa City Administration, Tigray, Amhara, Oromia and South Nations, Nationalities and Peoples Region. The socio economic assessment analyzed basic demographic, social and cultural, economic and political situations in depth in a purposely selected target zones and woredas to look into the root causes for migration. It also examined the existing labour market with emphasis on public employment schemes, the potentials for labour market or employment creations in the target areas.

The Socio-Economic Assessment found that the continuous population growth has put pressure on the available social services and the labour market. The national economically active population has been steadily increasing for the past 10 years (2003-2014) as opposed to the labour markets. The study has shown that the share of economically active female population remained lower than male population. The study has shown that the national level unemployment is 4.5% in 2013.

Agricultural is the major employment sector at the national level. During this period, the sector absorbed 72.7 % of the employment; followed by the service (19.6%), the manufacturing (4.49%) and construction (1.95 %) sectors (CSA, 2013).

Due to limited employment opportunities and livelihood options compounded by peer pressure and family influence, many young people feel the pressure to migrate to urban areas and/or to oil rich Gulf countries (Saudi Arabia, Kuwait, United Arab Emirates/UAE), North and Western Europe, North America and the Republic of South Africa . The assessment has found that the nature of migration is mostly irregular that put young men and women for further risk including death. Due to irregular nature of migration, it is difficult to know the exact number of Ethiopian migrants crossing the border each year.
Ethiopia is the largest refugee hosting country in Africa with more than 793,321 refugees located in 24 refugee camps. South Sudanese refugees constitute majority of the refugee population, 338,823 (42.71%) followed by Somalis, 241,624 (30.46%) and Eritreans 165,252 (20.83%) (UNHCR, December 2016) 

UNIDO undertook a cross-sector analysis employing a value chain approach, and followed an identification methodology of sectors, sub-sectors, and specific value chains through a cascade process. The identification of selection criteria encompassed twenty indicators that were then divided in three groups: A) Coherence of the sector with the GTP II's GoE socio-economic strategy; B) Relevance to target groups; C) Feasibility in relation to the achievement of the specific objective. The selection process of specific sector, sub-sectors, and value chain segments followed four stages:

1. Long-listing of sectors by applying the criteria under group A).
2. Short-listing of sectors by applying criteria under group B).
3. Description of the shortlisted value chains.
4. Selection of sub-sectors or value chains' segments for potential intervention by applying criteria under group C).

The outcome of the analysis was the identification of the following five main sectors as the most suitable to achieve the SINCE objectives: agribusiness, textile and garment, leather, metal works, construction.

Findings of such analysis are summarized by sector here below, with the indication of: 1) why the sector was selected; 2) where to locate prospective interventions; 3) what to be done in specific sub-sectors and value chain segments; 4) how to implement suggested activities.

**The Textile and Garment (T&G) sector** is currently undertaking a rapid expansion driven by strategic interests of both the GoE and key international investors and offers considerable opportunities to create employment of basic operators, middle management staff, low-skilled labour in large factories, as well as medium and small entrepreneurial activities. In particular, the T&G sector is suitable to generate significant employment opportunities for potential migrants and especially for women, as their participation is mainly represented (80%) in T&G factories. The areas holding the most potential for prospective intervention under SINCE are Tigray (Mekelle and surroundings), followed by Addis Ababa and surroundings, Amhara, particularly the areas of BahirDahr and Kombolcha, and finally the SNNPR particularly the area of Awassa. While Mekelle holds the highest potential for expansion in the short to medium term due to the actual concentration of T&G industries in the area and construction of the Mekelle Industrial Park for Textiles and Garments; Addis Ababa and its surroundings is currently the T&G hub where the entirety of the value chain can be found.

The sub-sectors and segments offering more prospects are the following:

1. Segments of the value chain focusing on export, particularly yarn spinning and apparel manufacturing.
2. Garment segment for the domestic and international markets.
3. The handloom segment for the domestic and international markets.

While these segments hold considerable potential for rapid employment creation, the following gaps have been identified:

1. Gaps in technical and soft skills;
2. Gaps in creating an enabling environment.

**The leather sector** is in a good position to achieve the general and specific objectives of the SINCE project, in particular for what concerns: (i) its coherence with the strategic objectives of GTP II, (ii) the
on-going and expected private investments (FDIs and local investors) and, (iii) the presence of already existing initiatives on which the SINCE Project can build upon.

Based on the description and analysis of the value chain, the sub-sectors and segments offering more possibilities to achieve the specific objective of SINCE within the project’s timeframe are the following:

1. Production of footwear.
2. Production of leather garments.
3. Production of leather goods.
4. Production of gloves.

In particular, the SINCE project can create additional opportunities for employment for skilled workers, low and middle management staff. These opportunities will be especially available for potential migrants as well as for youth and women that represent the large majority of the working force employed in the sector. The geographical area where it is recommended to concentrate the activities related to the four above mentioned value chain segments is the Addis Ababa area.

Several problems have been identified for the four selected segments. In consideration of the selected Project Strategy, it is suggested to intervene only on those gaps whose reduction can lead to the achievement of the SINCE objectives, in particular:

1. Availability of labour having both a skill suitable and the attitude to work in production lines.
2. Availability of low and middle management personnel having a proper preparation.

*Agribusiness* has a high potential to absorb a large number of jobless youth and women, however, the majority of farm productions is not well integrated into commercial value chains. The development of Integrated Agro-Industrial Parks (IAIPs) is prioritized in Ethiopia’s national agricultural development strategy and taken as a core component of the GTP II. Taking into account the location of prospective IAIPs and Rural Transformation Centers (RTCs), Bale, Arsi, and West Arsi zones have been selected as the most suitable for intervention. Moreover, the analysis shows that agribusiness in the selected areas offer opportunities to employ a significant number of youth and women.

The sub-sectors and segments offering more prospects in terms of the feasibility to achieve the specific objective of SINCE within the project’s timeframe are identified as follows:

1. The Cereal Industrial Crop Subsector, and specifically the *durum* wheat seed and grain production.
2. The tomato value chain, with a specific reference to the input suppliers, producers, aggregators and processors segments.

While these segments hold considerable potential for rapid employment creation under SINCE, the following major gaps have been identified:

1. Availability of improved seeds and affordable Integrated Production and Pest Management (IPPM) packages or eco-friendly agrochemicals.
2. Poor technical skills in agronomy and poor capacity of extension agents.
3. Lack of market linkages between farmers, industries and large consumers.
4. Lack of affordable medium level technologies and skills for value addition specifically on the tomato value chain.

Based on the gap analysis, the following activities have been suggested for the SINCE project:

1. Developing the capacity of key agricultural researchers to ensure sustainable and quality seed supply and provision of IPPM packages for farmers. Provision of locally available storage technologies for tomato and durum wheat.
2. Supporting target ATVETs and provision of training packages for farmers, cooperative unions, and extension agents.
3. Facilitating sustainable linkages between farmers’ cooperative unions and agro industries through awareness creation, support in quality control and certification, and trainings on business management (e.g. through inclusive business partnerships and contract farming models).
4. Establishing women tomato processors’ cooperatives, provision of training packages and small/medium scale tomato processing units.

The metal work sector offers a partial possibility to generate employment complying with the SINCE criteria. The sector is sustained by a high policy prioritization, since it is considered crucial to promote the growth of other labour intensive industries that drive most of the sector market demand. In terms of possibility to create new employment, the sector is of medium, though positive, relevance. The sector seems particularly attractive for youth, while nowadays women employment in the sector is minor but estimated to be on a growing trend. Metal work is of particular interest for Eritrean refugees that, for several reasons, seem over-represented in the sector, although in informal businesses.

In terms of geographical location, the sector is spread throughout the regional states that are the SINCE project target areas: Tigray, Amhara, Oromia, SNNP Regional States and Addis Ababa.

The most relevant segment of the value chain is the one including the manufacturing of fabricated metal, metal equipment and (simple) machineries. This includes metal work for doors and windows, machineries for construction and food processing, tanks and water reservoirs and trailers. The segment’s main weakness has to do with import dependency of the main raw materials. Nonetheless, the segment holds strengths both on the demand side as well as in terms of possibilities of exploiting existing clusters, PPP agreements and training institutions.

The main problems that can be addressed by SINCE are the following:

1. The need to strengthen forward market linkages, both improving the subcontracting schemes between big and small firms and by improving the entrepreneurs’ capacity of market analysis and business development.
2. The need for a better matching between the skills of workers and the demands of enterprises, including improving the skill levels and the exposure of potential employees to updated technologies.
3. The need for access to adequate financial tools for small and medium firms that aim at entering into clusters, stipulating subcontracting agreements and increasing value addition.
4. The need to improve managerial and organizational capacity for small and medium firms willing to scale-up.

The construction sector offers a partial possibility to achieve the SINCE objectives. It has been a leading sector in the Ethiopian economy over the last two decades, both in terms of contribution to economic growth and in terms of employment generation. Construction is a priority sector for the GTP II, which specifically sets targets for housing and road development. Most of the employees in the construction sector are young; women are a minority in official statistics, but these are likely to underestimate their current presence. Construction is indicated as a relevant sector for (informal) employment of refugees and potential employment for returnees’ reintegration. The more labour intensive sub-sector is housing construction, where the GTP II envisages the creation of 600,000 additional jobs.

Addis Ababa Regional Administration and Amhara Regional State (especially North Wollo) are the most relevant potential areas of intervention.

Based on the description and analysis of the sub-sector, the segments offering more prospects in terms of the feasibility to achieve the specific objective of SINCE are the following:

1. Construction materials, and especially hollow concrete blocks and pre-casted products.
2. Finishing works in housing construction: this sub-sector includes a set of services required in the final part of building construction, i.e. plastering, tiling, painting, electrical installation, sanitary installation, masonry, carpentry.

Both segments are dominated by micro, small and medium enterprises that act as subcontractors of main building contractors.

The main problems emerging from the analysis, that may be addressed though interventions falling within the SINCE borders are:

1. The need to improve working conditions and reduce turnover: skills are a major determinant of wage levels and of the ability to find a new job after a contract expires.
2. The need to support skill development for workers in subcontracting firms.
3. The need to improve managerial and organizational capacity for small and medium firms willing to expand employment.
PART I - Introduction
1. Background

Due to the increasing incidence of irregular migration, the European Union (EU) launched, at the Valletta Summit, an "Emergency Trust Fund for stability and for addressing root causes of irregular migration and displaced persons in Africa", made up of €1.8 billion from EU budget and European Development Fund, combined with contributions from EU Member States and other donors. The Trust Fund is an innovative mechanism under the EU's Financial Regulation used in the field of development cooperation to pool large resources from different donors to enable a swift, common, complementary and flexible response to the different dimensions of an emergency situation. The Trust Fund will benefit a wide range of countries across Africa that encompasses the major African migration routes to Europe. These countries are among the most fragile and those most affected by migration. They will draw the greatest benefit from EU financial assistance.

The Trust Fund aims at tackling root causes of irregular migration and forced displacement in countries of origin and transit, in particular by strengthening the rule of law, creating economic and education opportunities, and building better governance, and the effective sustainable return, readmission and reintegration of irregular migrants not qualifying for protection. This requires a firm commitment to supporting capacity building of third countries in the field of migration and border management, as well as to the stabilization and development of these regions of Africa.

Migration has during the past two years increasingly become an issue of importance for the Government of the Federal Democratic Republic of Ethiopia (GoE). Work has been initiated towards enhancing the framework for legal migration. In June 2015, a proclamation for the prevention and suppression of trafficking in person as well as smuggling of migrants was adopted, giving Ethiopia a tool to help prevent and tackle this increasingly important problem. Furthermore, the EU and Ethiopia have signed a joint Declaration for a Common Agenda on Migration and Mobility (CAMM), reflecting the importance of Ethiopia as a key country of origin, transit and destination of irregular migrants and refugees from the Horn of Africa on the route to Europe. The GoE has been actively supporting the reintegration of returnees and is willing to address migration matters in a comprehensive way. Moreover, the new country strategy outlined in the Growth and Transformation Plan II (GTP II) makes youth and employment a high priority and intends to achieve results in particular through manufacturing development, including through the opening of industrial parks around the country. The goal of these parks is to promote industrial development and FDIs and hence generate employment.

Forced displacement, irregular migration, trafficking in human beings and smuggling of people are transnational challenges that affect Ethiopia to high degree. A country with an estimated population close to 100 million inhabitants, Ethiopia hosts over a million displaced persons, including over 450,000 internally displaced persons (IDPs) and about 730,000 refugees, the largest refugee population in Africa. The geostrategic situation of Ethiopia makes it a source of, a destination for, and a transit region for migration and refugee flows, mostly within the region but also to the Gulf countries and Middle East (Eastern Route), Europe (Northern route) and South Africa (Southern route), as well as of internal displacement. Ethiopia has an open door policy to migrants and refugees fleeing war, famine and hunger. In this context, it is often difficult to clearly distinguish irregular migrants from refugees. The concept of mixed migration has thus appeared to describe these complex population movements including refugees and asylum seekers, unaccompanied minors, victims of trafficking, economic migrants and others often travelling in an irregular manner. Ethiopia is increasingly becoming a transit country for mixed migration flows, mainly from Eritrea and Somalia using primarily the Northern route, as well as a country of departure for migrants mainly using the Eastern route and to a lesser extent the Southern and Northern routes.

According to demographic projections, more than two million young Ethiopians enter the labour market every year. The challenge of their socioeconomic integration is immense. A lack of success in
integrating these young people would be a collective failure and it could risk destabilizing Ethiopia. In addition, Ethiopia is regularly hit by humanitarian crises.

Over the past decade, youth employment has gained significant prominence on the national and global development agendas. Commitments to achieving the internationally agreed target of full and productive employment and decent work have been made a goal on its own under the Sustainable Development Agenda. Youth employment presents a particular challenge to Ethiopia, with 71% of the population being under the age of 30, the country stands to benefit from a potential demographic dividend. However, despite the economic progress achieved in the last decades, it has not been accompanied by sufficient job creation, particularly for young people. The number of unemployed educated youth has increased over the past years, contrary to common perception that higher levels of education would be inevitably correlated with employment and increasing positive labour market outcomes for the current young generation, which has better access to education than ever before. In addition, many young people rarely have a decent job. Very often, they have, no or limited social protection, no voice at work and poor working conditions. The situation is even more so difficult for women, who cannot find job opportunities. With approximately three million young Ethiopians entering the labour force every year, ensuring productive employment opportunities for them poses a challenge in both rural and urban areas. Climate variables, including extreme drought conditions, further compromise the livelihoods of people, making employment in the rural areas even harsher. As a result, growing numbers of Ethiopians look for job opportunities in the capital province or other urban areas, often in the informal economy, which becomes a stepping stone for further migration outside of the country. Although the exact number of Ethiopians who have migrated abroad is not known, due to irregular migration channels and the absence of centralized registrar system, there is evidence that large numbers of Ethiopians migrate to the GCC states, Europe and South Africa seeking employment both regularly and irregularly. Since the banning of regular migration to the Middle East in 2013, the number of migrants using irregular means to cross boarders seems to have increased. For instance in January 2017 only, the number of migrants reaching Yemen was around 5,125, of which 77% were Ethiopians. Overall, in 2016, around 97,000 migrants reached Yemen and 85% of them were Ethiopians. Young people make up the larger proportion of these migrants. According to the UN international Migration data the median age of Ethiopian migrants in 2015 was 22.

Although manifested differently according to local contexts, a complex set of drivers underpins forced displacement and mixed migration in Northern and Central Ethiopia: lack of economic opportunities, marginalisation, natural disasters, and food insecurity are at the roots of the problem. While the country has experienced double-digit positive growth rates during the last decade, the lack of economic opportunities, as well as of participation in economic life, are still very high, adding to a sense of disenfranchisement and constituting an important push factor for displacements. Across the country, population displacement has continued or increased, with returns to places of origin decreasing, and a growing flow of mixed migrants has also moved across the borders, fuelling human trafficking and smuggling of migrants. A culture of migration, amplifying the success stories of those making a good living abroad, spreads throughout the Ethiopian society and constitutes a strong pull factor. Information may also have a key role on migration patterns. At the same time, Ethiopia is also a recipient country for refugees arriving in camps and irregular migrants. They are not allowed to access a regular work permit and, as a result, they survive relying on informal sector activities with no legal status. Insufficient data are available on the subject in Ethiopia.

Women, girls and migrants under the age of 20 are increasingly on the move and they face additional vulnerabilities during their transit or at the point of arrival. Despite the relatively low overall migration rate from Ethiopia if compared to that from other countries, migration rates have been increasing. In fact 86% of migrants from Ethiopia are working migrants, seeking employment and 25%
migrate from rural to urban areas. In Addis Ababa, internal migrants (all those not residing in the community of their birth) represent nearly half of the population, although there is a recent migration favouring smaller rural cities. A majority of migrants are young at the time of departure: the average age of a migrant in Ethiopia is 24 years old. There are also a large number of unaccompanied minors continuously arriving in Ethiopia (particularly from Eritrea) who are at high risk of trafficking and abuse. With more than 8,500 migrant child returnees registered from the total of over 160,000 deportees from the Kingdom of Saudi Arabia in 2013-2014. The issue of migrant children is an important focus for Ethiopia.

Within this framework, the Embassy of Italy developed a project initiative entitled: “Stemming Irregular Migration in Northern & Central Ethiopia (SINCE)” with an objective of addressing the root causes of irregular migration through employment creation, with a particular focus on young people and women. In light of the above, SINCE was favorably endorsed by EU and the first contract within the context of the EU Trust Fund was signed. By this agreement, the European Union delegates to Italy the management of one of the projects financed by the Trust Fund, SINCE, valued at 20 million €EU, to contribute to tackle the root causes of irregular migration and forced displacement in Northern & Central Ethiopia.

2. SINCE Project Overview

SINCE is based on the first objective of the EU Trust Fund, namely to create greater economic and employment opportunities, especially for young people and women, with a focus on vocational trainings and the creation of micro and small enterprises. To address the root causes of irregular migration and the geographical coverage of the action focuses on Addis Ababa, on the four regions of Tigray, Amhara, SNNPR and Oromia and in particular specific zones within those regions showing a high incidence of irregular migration, both origin and transit.

The intervention logic of SINCE is to reduce irregular migration and its negative impact; to foster a more inclusive economic environment across the region; and to create a more conducive environment for potential migrants, reintegration of returnees and refugees. The intervention assumes that the creation of productive value chains, the access to economic stability and the improvement prospects reduce the risk of irregular migration. In particular, SINCE intends to enhance the living conditions of potential migrants and returnees through the on-the-job-training and capacity development of the target population in the main migrant prone woredas and regions of the country and in particular in rural towns and urban areas in North and Central Ethiopia. The main components of SINCE encompass (i) livelihood support, income generating activities and technical vocational training; (ii) support to women and youth entrepreneurship through access to credit and micro-credit.

2.1 Project Objectives

3. The overall objective of SINCE is to contribute to the reduction of irregular migration from Northern and Central Ethiopia by improving the living conditions of the most vulnerable population, including potential migrants and returnees with specific focus on youth and women

4. The specific objective is to establish inclusive economic programs that create employment opportunities for potential migrants, returnees and refugees, especially women and youths, in the most migration prone regions of Ethiopia (Addis Ababa, Amhara, Oromia, SNNPR and Tigray) by strengthening the capacities of local vocational training providers (TVET) and promoting public private partnerships (PPPs) in strategic economic clusters.

2.2 Inception Phase

The Embassy of Italy in Addis Ababa requested UNIDO and ILO to conduct the necessary assessments during the Inception Phase in order to identify potential intervention areas for reducing irregular
migration from Northern and Central Ethiopia through creating greater economic and employment opportunities for young women and men.

In particular, SINCE identified four target regions namely Tigray, Amhara, SNNP, Oromia, with specific zones within those regions. In addition to the four regions, also Addis Ababa city administration was selected because it shows a high incidence of irregular migration, both as origin and transit. The project intervention focuses on socioeconomic empowerment of the beneficiaries in the migration prone regions. As indicated within SINCE, the project inception phase targeted the small cities, rural towns, and Addis Ababa, where the target population (potential migrants, returnees and Eritrean refugees) are located.

Since there is lack of comprehensive data and research about migration and its determinants, in order to formulate specific methodologies of intervention for the SINCE Project, the Embassy of Italy gave ILO the task to undertake comprehensive Socio-Economic Assessment (SEA). The SEA has the goal to increase the knowledge base on migration dynamics, particularly the root causes of migration, and its nexus with lack of decent livelihood and employment opportunities. The said assessment constitutes a SINCE priority action, as its findings provide the basis for developing the Project’s overall strategies and interventions. The SEA focused on “woredas” within four Regional States (Tigray, Amhara, Oromia, and SNNP), as well as the sub-cities of Addis Ababa city administration. The SEA focused its attention on the woredas showing a high incidence of irregular migration. The assessment identified some major migration trends in the target areas and established correlations/co-causations between migration and socio-economic characteristic of individuals.

In parallel with the work of ILO, UNIDO conducted its assessment, identifying sectors that have the capacity to create jobs in an effective manner and in line with the national economic growth strategy (GTP II). In this context and for the project success a deep assessment of the Ethiopian economic structure was conducted. Particularly relevant was the identification of:

- The most important sectors in terms of employment and GDP contribution;
- The sectors with higher income and employment multipliers; and
- The level of economic integration of the national economy in terms of forward and backward linkages.

The development of targeted agro-industries and related sectors goes hand in hand with employment and the new generation of development strategies implemented in various countries as labour-intensity represents one of the key parameters in determining priority sectors.

The overall Inception Phase has been monitored and guided by a Technical Working Group (TWG), composed of technical representatives from EU, the Embassy of Italy in Addis Ababa/AICS, UNIDO and ILO. The TWG regularly met during the overall project Inception Phase.

3. Role of UNIDO and ILO

The areas of intervention set out in the SINCE project document are particularly vast and the target group (migrant, potential migrants and returnees) is diversified. An accurate and wise selection process has been put in place.

In general, and as per indications received by the TWG, an overall criterion that guided the entire formulation exercise was the **feasibility within the limited timeframe** to achieve significant results, in terms of job and economic opportunities.
In order to implement effective interventions with a significant impact on the creation of employment and economic opportunities, the identification of the areas of interventions has considered as a priority that has been undertaken at the beginning of the inception phase of the project.

The main criteria for identifying the areas of interventions, among others, have been listed as follow:

- **Existence of interventions**: focusing on job creation and value chain development, in order to build on previous activities’ achievements;

- **Being part of Government socio-economic development plan**: the areas should be included in on-going strategic development plan of the Government of Ethiopia;

- **Presence of public and private investments**: the areas should be the target of public and/or private investments from which the project can benefit in terms of employment and economic opportunities;

The identification of areas of intervention, sectors and target groups were therefore a priority for the project technical task force and have been undertaken during the project inception phase. The main criteria for identifying the priority sectors, among others, were as follow:

- **Target areas**: areas will be targeted and prioritized based on the employment creation opportunities, migration prone areas and beneficiaries’ needs base.

- **Employment**: employment and wage levels, particularly for youth and women.

- **Size of Sector and its relevance to the target group**: How labour-intensive is the sector? What is the percentage of youth (women and men) and women working or potentially working in the sector? By answering these questions it will be possible to understand whether a sector is relevant for achieving certain employment creation objective.

- **Work upgrading potential**: After assessing the size and relevance of a sector, the general characteristics of the sector should be assessed together with its potential for change towards the objective of decent work.

- **Intervention impacts**: Finally the feasibility of stimulating change in a sector (value-chain) needs to be assessed. Change depends on internal and external factors, namely the capacity of the implementing agency to develop the sector and the capacity of the target sector to develop (which in turn depends on social capital, market demand for the products, etc.).

Based on the above mentioned criteria, the project Inception Phase applied a comprehensive approach, focusing on sectors/value-chains with high potential for the target groups. The selected sectors are supposed to be developed through the implementation of SINCE project by upgrading their value chain and developing the systems into which they are embedded. The aim of the intervention is not only to improve the capacity of the value chain but also to ensure that supporting institutions and mechanisms are developed so that stakeholders will be able to rely on locally available resources in the future.

It has to be noted that UNIDO and ILO worked in synergy as a project technical task force (TTF). In particular, following the above mentioned guidelines, UNIDO and ILO have been responsible for the following activities.
4. Structure of the Joint Inception Phase Report

As per SINCE project document, one final Inception Phase report has been developed by UNIDO and ILO respectively including a final Joint Inception Phase report structured as followed:

- Executive Summary
- Part I: Introduction, Inception Phase and Methodology.
- Part II: Abstracts: Socio-Economic Assessment
- Part III: Abstracts: Thematic sector review
- Part IV: Mapping of relevant existing programs in selected regions in Ethiopia
- Part V: Challenges on Migration, Labour Market and Value Chain (Resume)
- Part VI: Findings and Recommendations (Socio Economic Assessment, Project Implementation Strategy and LOGframe)

5. Methodology

5.1 Background of the Methodology

The joint inception phase report heavily relied on the methodologies employed by two assessments (Socio-Economic Assessment and Value Chain Analysis) conducted by ILO and UNIDO respectively.

ILO has employed purposive study methods to select and to scrutinize the socio economic factors in relation with migration and decent employment creation and to come up with concrete recommendation on possible areas of interventions to address the root causes of migration in Northern and Central Ethiopia. The Socio-Economic Assessment was conducted in five regions, namely Amhara, Oromia, South Nations, Nationalities and Peoples Region, and Tigray Regional States and Addis Ababa City Administration. The SEA analysed basic demographic, social and cultural, economic and political situations in depth in a purposely-selected target zones and woredas to look into the root causes for migration. It also examined the existing labour market with emphasis on public employment schemes, the potentials for labour market or employment creations in the target areas.
To get information on the productivity and market linkages, UNIDO has conducted a value chain analysis. UNIDO has employed a methodology to identify priority sectors and sub-sectors. The identification of suitable sectors, sub-sectors and value chains was crosschecked with the migration prone-areas broadly identified by ILO socio economic assessment.

The inception phase considered equally sub-sectors targeting the promotion and clustering of entrepreneurship schemes – e.g. small enterprises – as well as potential interventions targeting the wage labour market – e.g. in relation to labour turnover and labour conditions. From a methodological perspective, the distinction between wage labour and entrepreneurship development was carefully considered. Employment creation needed necessarily to be differently approached in the two above-mentioned areas.

Another aspect requiring careful consideration was the relationship between public sector and private sector actors, especially in relation to the creation of critical skills, establishing an institutional environment suitable for business development and scale-up, as well as strengthening potential synergies between public and private sector actors. For instance, the Inception Phase specifically looked into activities potentially twinning industry and vocational trainings.

The methodology herewith described takes into account all the JIPR, therefore it is related also to the definition of a project strategy and the LOGframe.

In designing the project activities the Inception Phase followed an approach based on the selected value chains. Where necessary and in order to better achieve the project objectives (e.g. entrepreneurship development), the value chain approach was combined with a demand-driven approach to the identification of business activities.

### 5.2 Selection of the Study Area of SEA

It was agreed to consider the SEA as a major determinant to identify target areas for the project implementation. Based on first recommendation provided by ILO while its Socio-Economic Assessment was ongoing, UNIDO conducted the value chain analysis. The SEA used purposive sampling methods to select target zones and woredas from each region. The study used: a) prior studies on prevalence of migration; b) profile and number of returnees from Kingdom of Saudi Arabia; c) ad hoc data from Regional Bureau of Labour and Social Affairs showing intensity of irregular migration and related socio-economic problems; d) youth unemployment as a proxy indicator to select target zones and woredas from each region. Accordingly, the study selected 12 zones and three sub cities as target areas for the socio economic assessment. The target zones selected and approved by the TWG for the socio economic assessment are presented in the table below.

<table>
<thead>
<tr>
<th>Region</th>
<th>Zone/Sub city</th>
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<tbody>
<tr>
<td>Amhara</td>
<td>North Wollo Zone</td>
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<tr>
<td></td>
<td>South Wollo Zone</td>
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<tr>
<td></td>
<td>Oromia Special Zone</td>
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<tr>
<td>SNNPR</td>
<td>Hadiya Zone</td>
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<td></td>
<td>Silti Zone</td>
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<td></td>
<td>Gurage Zone</td>
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<tr>
<td>Oromia</td>
<td>West Arsi Zone</td>
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<td></td>
<td>Bale Zone</td>
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<td></td>
<td>Jimma Zone</td>
</tr>
<tr>
<td>Tigray</td>
<td>Eastern Zone</td>
</tr>
<tr>
<td></td>
<td>South Zone</td>
</tr>
</tbody>
</table>
During the field assessment the research team in consultation with regional and zonal offices selected 15 woredas on the basis of the magnitude of potential migrants and returnees. One woreda was selected per zone for in depth analysis of socio economic situations and to understand migration dynamics with an assumption that the findings are representative enough to reflect the facts at zonal level.

5.3 Techniques of data collection and sample size

The study used a combination of primary and secondary sources of data to assess socio economic situations and conduct value chain analysis. The combined data collection methods will help to come up with valid data through triangulating information obtained from the one source with another, and to get a full account of the situation to understand the migration dynamics, its impacts and recommended solutions in the target area.

Primary Sources

**Key Informant Interview**: The study employed key informant interview as a major tool to obtain data. It used open ended and semi structured interview methods. In fact, 186 key informants were interviewed at four regions, 12 zones, 3 sub cities and 15 woredas representing government office such as Labour and Social Affairs, Womens’ and Children Affairs, Sport and Youth, Finance and Economic Development, TVET, Micro and Small Enterprise Development, Administration Office, Workers Union, Chamber of Commerce and various CSOs working on migration related programs. Also, KII was made with returns, unemployed youth, potential migrants, community elders.

**Focus Group Discussion (FGD)**: As additional primary source of data, the study used FGD with unemployed youth, returnees and experts from various sectors and potential migrants as an additional source of primary data to substantiate and triangulate the information obtained from secondary sources. A total of 58 FGDs discussions, each group consists of four to nine group members, were
conducted to obtain information on push and pull factors, and the impact of social, cultural, economic and political situation for migration.

Observation: the study used observation as a technique to assess businesses (including SMEs), labour market and productivity of business activities in the target areas. In addition, the team members used interactions with community members as a method to understand and learn more about migration and employment/unemployment issues in selected target areas.

Secondary Sources

Secondary data from different federal and regional sources such as Bureau of Finance and Economic Development (BoFED), Bureau of Labour and Social Affairs (BoLSA), Bureau of Education (BoE), Bureau of Technical & Vocational Enterprise Development (BTVED), Bureau of Women & Children Affairs, Employers Federation, Regional Credit and Saving Institutions (CSI), Central Statistics Agency – Regional Branch Offices, NGOs working on issues of migration and reintegration of returnees, Regional Universities, Regional Agricultural Research Institute, and United Nation’s Food and Agriculture Organization, United Nation Higher Commission for Refugee (UNHCR), Administration of Refugee and Returnees (ARRA). Also, CSA, DHS, BoFED, MoFED, MoLSA, BoLSA, and periodic national and regional labour surveys at different levels were also obtained, analyzed and presented in the study report. The main document used for the analysis is presented as follows:

- policy documents, and relevant legislations, strategies and plans
- review of the literature on migration and employment creation
- survey and various studies report
- reports and project documents
- collection of existing baseline data.

5.4 Method of Data Collection and Analysis for SEA

The data and information for the SEA was collected using conventional scientific methodology. To ensure that all required information are captured and properly addressed, a comprehensive checklist that shows details of the information and their possible sources was developed. Then, the study team selected professional personnel with extensive research experience and established data collection team for each region. All data collectors were trained on the checklist and data collection tools and deployed them to the field. Based on the checklist, five regional research teams conducted the fieldwork in their respective regions and city administration from January 1 to January 21, 2017. All regional teams met the Regional Bureau of Labour and Social Affairs (BoLSA) as entry point for the assessment. BoLSA contact persons in the regions were used as entry points for the fieldwork. The data collection fieldwork was conducted at three levels in each region. All regional teams started their work from the regional level and then proceeded to zonal and woreda levels.

The fieldwork was completed on January 21, 2017 as per the schedule except for the Tigray which completed on January 26, 2017. The slight delay was caused due to the long time needed to secure official support letter from BoLSA as the officials were in a high level meeting for consecutive days.
5.5 Method of Data Collection and Analysis for the Value Chain Assessment

UNIDO has collected data for the value chain analysis primarily through semi-structured interviews driven by three different questionnaires prepared for the local government institutions, union and employer organizations and microfinance institutions. The questionnaires have been included in Volume III. The full list of institutions/persons interviewed and the relevant minutes have been included in Volume III.

The study analyzed the data at three levels: national, regional and woreda levels in order to have a full insight ranging from national level to local level (policy and institutional framework, and the socio-economic and political factors) to clearly identify root causes of migration and come up with plausible recommendations.

The Inception Phase followed an identification methodology of sectors, sub-sectors, and specific value chains through a cascade process in five stages, as described as follows.

- Analysis of policy documents, project reports, and relevant legislations;
- Review of the literature on migration and employment creation;
- Collection of existing baseline data;
- Collection of semi-structured interviews with key stakeholders;
- Group discussion with key stakeholders.

5.6 Identification of priority sectors and sub-sectors of VCA

The identification of suitable sectors, sub-sectors and value chains was cross-checked with the migration prone-areas broadly identified in Map 3.2.

The inception phase considered equally sub-sectors targeting the promotion and clustering of entrepreneurship schemes – e.g. small enterprises – as well as potential interventions targeting the wage labour market – e.g. in relation to labour turnover and labour conditions. From a methodological perspective, the distinction between wage labour and entrepreneurship development was carefully considered. Employment creation needed necessarily to be differently approached in the two above-mentioned areas.

Another aspect requiring careful consideration was the relationship between public sector and private sector actors, especially in relation to the creation of critical skills, establishing an institutional environment suitable for business development and scale-up, as well as strengthening potential synergies between public and private sector actors. For instance, the Inception Phase specifically looked into activities potentially twinning industry and vocational trainings.

In designing the project activities the Inception Phase followed an approach based on the selected value chains. Where necessary and in order to better achieve the project objectives (e.g. entrepreneurship development), the value chain approach was combined with a demand-driven approach for the identification of business activities.

Data were collected primarily through semi-structured interviews driven by three different questionnaires prepared for the local government institutions, union and employer organizations and microfinance institutions. The questionnaires have been included in Annex 5 of Volume III. The full list

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3 For instance, as noted in GTP II, one of the specific challenges for entrepreneurship development is how to scale-up start-up businesses into small and medium enterprises. Conversely, labour turnover and low wages are challenges that specifically pertain to the wage labour market, and that require tailored interventions.
of institutions/persons interviewed and the relevant minutes have been included in Annex 6 of Volume III.

The Inception Phase followed an identification methodology of sectors, sub-sectors, and specific value chains through a cascade process in four stages, as described in the following paragraphs.

5.6.1 Identification of selection criteria of VCA

Identification of a set of selection criteria based on the project ToR, fitting the overall strategic priority defined under GTPII for the next 5 years. Selection criteria were divided into 3 groups:

A) Coherence of each sector and sub-sector with the GoE socio-economic development strategy and existing initiatives:

- Coherence with strategic objectives of GTPI and GTPII;
- Presence of public and/or private investments.
- Presence of already existing initiatives and/or business activities on which prospective intervention can build upon
- Potential for stimulating positive change in each sector, sub-sector and value chain

B) Relevance to target groups and to the specific objective of the SINCE project:

- Labour intensity and possibility to expand employment;
- Creation of decent job opportunities;
- Current presence of women in the sector;
- Current presence of youth in the sector;
- Current presence of returnees in the sector;
- Current presence of refugees in the sector.

C) Feasibility in relation to achievement of the SINCE project specific objective:

- The value chain or segment of the value chain selected encompasses potential interventions that have an impact in the short term and within the timeframe of the SINCE project;
- Ability to build on existing interventions focusing on job creation and value chain development;
- Relevance to current and/or potential market demand;
- Availability of inputs;
- Presence and/or potential development of backward and forward linkages;
- Availability and/or potentiality for building capacity (e.g. skilled labour) and relevant institutional support;
- Potentiality for strengthening existing clusters that include portions of the value chain;
- Potentiality for integrating innovative segment of the value chain to create more jobs;
- Potential for creating or strengthening Public Private Partnerships (PPPs);
- Locations’ proximity to the IAIP (e.g. Agro-value chain).

Indicators 1-20 under the three groups are employed in the description and analysis of the Thematic Sectors Reviews in Chapter 6. The coherence of each sector, sub-sector, and value chain to each indicator was assessed as follows:

- Highly relevant;
- Relevant;
- Partly relevant;
- Not relevant;
- Not applicable.
5.6.2 Long-listing of industrial sectors

A long list of nine industrial sectors was identified based on the criteria under Group A, and mostly following strategic priorities under GTP II. The selection was also based on the analysis of secondary literature, interviews with key informants from public institutions, international organizations, donors, NGOs, and private sector actors. The nine sectors are the following: Textile and Garment; Leather and Leather Products; Metal Engineering; Wood Working; Chemical and Construction; Agro Industry; Food and Beverage; Pharmaceutical industry; Meat and Diary.

5.6.3 Short listing of industrial sectors

Based on the criteria under Group B, as well as further consultations with key informants, the initial nine sectors were shortlisted and grouped in six sectors. The analysis took into consideration the coherence with the development of the Integrated Agro-Industrial Parks, as well as other recent interventions under implementation by the AICS and the EU. The five short-listed sectors are the following:

- Agro-industry;
- Textile and Garment;
- Leather and leather products;
- Construction and construction material;
- Metal Working.

5.6.4 Description and Analysis of the value chains within the selected sectors of VCA

A detailed value chain description and analysis was carried out for each of the five short-listed sectors. This is indicated under paragraph 6 below, ‘Thematic Sectors Reviews’. The analysis of the value chains and segments of value chains was carried out through data collection at Federal level, and then further specified through additional information collected in the Regional and Zonal governmental bodies, private and public sector institutions, and international and local organizations. The list included the following institutions: Regional Small and Medium Enterprise Agency; regional micro-finance institutions; union federations; employer organizations; regional/zone Agricultural Marketing Promotion Agency; Regional Bureau of Labour and Social Affairs; Cooperative Unions and Cooperative Development Branch.

5.6.5 Selection of value chains or segments of value chain for potential intervention

Based on the criteria under Group C, as well as each value chain analysis, specific segments of the value chains were selected for intervention. These are identified in the Thematic Sector Review in paragraph 6 and are then further elaborated through potential suggested intervention in Part III.

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4 The list includes, inter alia, the Ministry of Industry (MoI), the Institutional Setup and Capacity Building Sub-Programme (ISCBP), the International Organization of Migration (IOM), the Federal Medium and Small Enterprise Development Agency (FSMEDA), the Agriculture Transformation Agency (ATA), the Ministry of Foreign Affairs, the Ministry of Labour and Social Affairs (MOLSA), the Women Entrepreneurship Development Program (WEDP), the Food and Agriculture Organization (FAO), Save the Children Ethiopia, and People in Need (PIN).
PART II - Abstracts: Socio-Economic Assessment
1. Abstract of the Socio Economic situation

Ethiopia stands as the second populous country in Sub-Saharan Africa, next to Nigeria, which has an estimated population of above ninety million. The 1995 federal constitution recognized civil and political freedoms and self-determination rights for ethnic groups.

In 2012, Ethiopian economy was the fastest growing economy in the continent. GDP growth since 2003/2004 averaged at about ten per cent. Despite high economic growth, massive expansion of infrastructure and social services sector like primary health care and education, Ethiopia still remains one of the poorest countries in the world. In fact, its subsistence agriculture dominated economy is vulnerable to climate change and seasonal fluctuations in rainfall. The poor economic situation and high youth unemployment propels the Ethiopian rural youth to migrate to urban areas and also internationally.

Ethiopia has been adopting five year country development plans starting from 2002. The first five year plan, the Sustainable Development and Poverty Reduction Program (SDPRP) spanning the period 2002-2005 and the second five year plan, the Plan for Accelerated and Sustained Development to End Poverty (PASDEP) covering 2006-2010 were aligned to the UN Millennium Development Goals (MDGs) and aimed primarily to reduce poverty (MoFED 2002; 2006). This was followed by the Growth and Transformation Plan (GTP I), covering the period 2010/11- 2014/15, which laid greater emphasis on structural transformation of the economy. However, at the end of GTP I, no significant improvement was registered on the share of the industrial sector in the economy of the country. The share of the industrial sector remained at 14 per cent in 2013/14. The GTPII, which covers the period 2015/16 to 2019/20, aims to transform the economy from agrarian to industry led.

There are concerns about fair distribution of growth across regions and as well from urban and rural. The larger regions of the country where most of the population of the country dwells and the urban centres tend to enjoy the larger share of development proceeds such as employment creation, infrastructure development and improvements in social services. The peripheral and lowland regions of the country where pastoralism and shifting agriculture constitute major means of livelihood still lag far behind in development indicators (UNDP, 2015).

Over the past decade, youth employment has gained significant prominence on the national and global development agendas. Approximately, three million young Ethiopians enter the labour force every year. However, there is a challenge in ensuring productive employment opportunities in both rural and urban areas. As a result a growing number of Ethiopians look for job opportunities abroad. Migration out of Ethiopia has showed a steady increased trend of 58% between 2000 and 2015. In addition, between these two years the share of male migration stock is relatively higher than the female migration stock. However, this differs from one destination country to another; for instance, in 2009 most migrant stock in Sudan and Saudi Arabia constituted women migrants. The main destinations

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5 The country is structured in to nine Regions and two chartered cities, Addis Ababa the federal capital and Dire Dawa. The nine regions are hierarchically divided into zones, Woreda, special-Woreda and kebele.


8 Ibid

for Ethiopian migrants are mainly Sudan, Israel, Saudi Arabia, South Africa, U.S.A, Canada, Germany, Sweden, Norway, Italy and the UK. However, Ethiopia is also host to the largest refugee population in Africa\textsuperscript{10}. Therefore, currently, Ethiopia has become a country of origin, transit and destination for irregular migrants and refugees from the Horn of Africa.

In a nutshell, migration has become a major socio-economic phenomenon in Ethiopia due to its impact on the political, social and economic developments at national, regional and international levels. This has inevitably created serious socio-economic and political challenges both in Ethiopia as well as in the receiving countries. Youth unemployment and underemployment, lack or no access to land, poverty, peer and family pressure, the desire to be economically successful in a short period of time, availability of perceived economic/job opportunities in the receiving countries and the presence of illegal brokers and traffickers are found to be some of the major factors that drive Ethiopians towards migration mainly through irregular channels.

2. Demography and Social Trends

2.1 Demographic

Studies show that population annual growth rate was 2.6 per cent between 2007 and 2013, and 2.8 per cent between 1984 and 1994 (Central Statistical Agency of Ethiopia, 2008). According to the projections, the total population of the country will reach 94.4 million by 2017. The share of male and female from 2012 to 2016 has been in parity, where the female population share has increased by 0.1% in 2016. However, observing the rural and urban distribution, 80% of the Ethiopian population lives in rural areas but there is an increase of 1.6 percentage points in the number of urban population which shows an internal rural-urban migration within the country. In addition, the 2007 National Census reveals an overwhelmingly young population in rural and urban areas (Figures 1 and 2). The demographic structure represents a challenge for the country in terms of employment and job availability (Broussard, et al., 2012). But on the other hand, the proportion of young population represents a great opportunity, the so-called demographic dividend, as long as it is supported along with better nutrition, better health and sanitation services, better educational opportunities, and better housing.

Figure 2.1a: Population pyramid in rural Ethiopia

Source: Broussard et al (2012)

\textsuperscript{10} UNHCR, March 2016, “Ethiopia, Refugees and Asylum-seekers”.
The demographic trends from the 9 regional states, demonstrate that Oromia regional state has the largest and increasing share of population with 37.04% and 37.50% in 2012 and 2016 respectively due to the vast geographical area occupied by the region. On the contrary between the same timeline i.e. 2012 and 2016, Tigray and Amhara regional states have experienced a reduction in the population share by 1.92% and 2.15% respectively.

In spite of the high absolute population size and, more importantly, high fertility rate in rural areas, the ratio of the rural population does not show a tendency to increase in the regions. In fact, the share of the rural population has slightly decreased in all regions and nationally, or remained constant. This is the result of several factors starting from out-migration from rural areas in almost all regions. The assessment has also shown that a portion of out-migration occurs outside the country in various forms.

### 2.2 Education

#### 2.2.1 Elementary and secondary education

Education, both formal and informal, has paramount importance in determining individuals’ access to job opportunities, income and working conditions and quality of life. It is also one of the cornerstones for national development. Accordingly, the government of Ethiopia has designed an educational policy and strategy that is believed to meet the needs of the economy, the needs of its citizens, and reflect the future socio-economic aspirations of the country.

Based on the data collected from the MoE annual educational abstracts, the national literacy has increased between 1996 and 2011; it increased from 25.8% in 1996 to 46.7% in 2011. The female population has experienced very high literacy growth rate during this period narrowing the gap between male and female literacy rate. In addition, the urban literacy rate has also shown an increasing trend between 1996 and 2011 but the change in percentage is relatively low in the rural area. The highest average literacy rate from the five target groups from 2000 to 2011 is Addis Ababa (78%), while the lowest being the Amhara regional state (30%).

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12 Ibid

13 Ibid
In view of enrolment, both primary and secondary education enrolment has increased at national and regional level within the 2010 – 2015 period. However, the national level enrolment for the period between 2010 and 2015 has shown insignificant increase (39.1% in 2010 and 39.8% in 2015) due to the large number of dropout students who are looking for other opportunities in the urban areas (including Addis Ababa) or abroad.

According to an ILO study, the impact of education on individual decision making regarding migration is significant but its direction slightly differs in rural and urban areas. In rural areas, education tends to promote choice for migration up to a certain level, in fact it is estimated that the probability of migration reaches its maximum at junior high school (grades seven and eight). However, in the urban area an increased level of education or low grades of education does not seem to have a systematic impact on the probability of migration. An inverse relationship between level of education and probability of migration begins to operate beyond the junior secondary school level. Therefore, if education can drive the migratory process, migration itself can cause school drop-outs at a certain turning point.

2.2.2 Technical and Vocational Education and Training (TVET)

The Technical and Vocational Education and Training (TVET) have been given significant emphasis in the national education system in terms of skill development and job creation. TVETs play an important role in the promotion of employment services in the country by fostering a skilled labour force and are also considered the backbone of the MSEs sector as they are the ones giving entrepreneurial and skill based trainings.

The data from the Ministry of Education (MoE) indicates that regions with relatively highest share of population have highest number of TVET enrolment. Taking into account the five target regions, in 2007 Oromia had the highest TVET enrolment with 149,573 students at all levels, while Addis Ababa registered the listed number of students at 17,476. The assessment has found that TVET enrolment is concentrated in the five target regions as they constitute 91.9% of the total TVET students in the country (Tigray 6.9%, Amhara 13.8%, Oromia 42.5%, SNNP 23.7% and Addis Ababa 5.0%)\textsuperscript{14}. Unlike primary and secondary level education, the gross enrolment in TVET programmes showed some decline in the period from 2011 to 2015\textsuperscript{15}.

Currently there are different TVET colleges in the country that contribute to reduce skills gap and also unemployment. TVET colleges and their skills training in the study area are summarized as follows;

In Tigray region there are skills training centers/ colleges such as Wukro Hirshan Polytechnic College, Mekele Polytechnic College, Alamata TVET, Korem TVET, TilahunYigzaw TVET College and Garment College. These trainings include animal feed processing, fruit and vegetable processing, meat and meat product processing, electronics, construction, furniture, ICT and automotive.

Amhara region has also several Polytechnic colleges and TVET centres which have been providing a range of skills training for youth and women. Some of the skills training centres identified in the area include::Kombolcha Polytechnic college, Akesta, Woreeli, Haik, Kemissie, w/t Sihin, Woldia, Mersa and Kobo TVET centres. The colleges and TVET centres are found to be providing both short and regular training in animal production, crop production, textile and garments, metals, machine, energy, water supply system, water work site construction, urban development and construction/building, road construction and road transport, hotel and hospitality.


In Addis Ababa, Winget, Misrak, NifasSilik, Entoto and Tegibared are some of skills training colleges. These colleges are cluster lead and there are several TVET centers under each cluster. The trainings are about: textile and garment, leather products, furniture making, metals and engineering, building construction, hotel and hospitality and beauty care and hair dressing.

In SNNPR, some of the colleges are Hawasa and Hossana Polytechnic colleges, the TVETs of Aleyawondo, HawassaTegibared, Bodity, Halaba, and Worabie. Those centers provide different types of skills training such as textile and garment production, leather technology, metal work, water construction, ICT, Hotel and Tourism.

In Oromia region, the colleges and TVETs of Agaro, Katra, Asendabo College, Sheik College, Limi Genet, Saka, ArsiRobie and, Kenenisa are providing various skills training. Some of the skills training available in the area includes electrical and electronics equipment service, cultural food preparation, bee keeping, hair dressing, road construction, masonry, construction management, carpentry, sanitary installation etc.

The type of training provided (regular, evening and distance learning) and the duration of the training (from one year to three years) depends on the kind of courses that the trainees will be interested to attend. Most skills trainings have levels from I to V. For short term trainings, ranging from one month to three months, as per the newly adopted TVET curriculum, the duration is decided by the instructor (trainer) taking into consideration various factors but mainly trainees competence. TVET curriculum is no more centralized in fact each training institution is accountable for developing its training materials based on the centralized occupational standards. It is facilitated, monitored and evaluated by regional TVET Bureaus.

It is also found that all the skills training provided in formal TVET institutions have occupational standards developed in consensus with the stakeholders. The Ministry of Education has also facilitated the development of occupational standards for vocational trainings provided by the Ministry of Agriculture, Ministry of Health, Ministry of Culture and Tourism, Ministry of Defense, and Road Authority. The performance of trainees is continually assessed using checklists and other techniques developed to evaluate their practical performance. The cost of the training might be different according to the training centre and regions and usually decided by the colleges. The available data was insufficient to calculate the unit cost in the training institutions because the unit cost and the length of training depends on the nature of the training. To get information of the unit cost, it is necessary to conduct a detailed survey.

As per the findings of the Oromia region on the assessment on TVET Curricula, 74.6% of the TVET graduates were incompetent as measured by center of competence (COC) assessment. Weak preparation of teaching learning materials, poor implementation of principles of competency based training, poor TVET teachers training and poor TVET institutions and industry linkage were found as the factors students’ incompetence (Lemma, 2014). The Youth that don’t pass the COC are not able to be employed in the public service. This shows the need to invest on equipping TVET facilities and strengthening the TVET institutions link with the industries in order to enhance the skill and employability of the trainees and to produce demand based labour force to the local market.

### 2.2.3 Higher education

As per the data collected from the MoE annual educational abstracts, there is a steady increase in undergraduate enrolment in regular sub-programs and postgraduate programs both in government and private higher education institution in the period between 2010 and 2015 at the national level\(^\text{16}\). This reflects the increasing level of young graduates entering the employment world.

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2.2.4 Challenges of the education system

The Ethiopian education system has limitations in creating access to job creation and skill development due to several factors including: 1) Low quality training and the trend for “massification” of education: the assessment shows that due to low quality of education provided at higher institutions, the TVETs make graduates less competitive in the labour market both locally and abroad. 2) Mismatch between education/training and labour market demand/requirements: as a result, most graduates do not possess skills demanded by the market and this reduces their competencies in the labour market both nationally and internationally. 3) Lack of integration and coordination between training institutions and the labour market information. The assessment report shows that there is poor coordination among the skills training institutions and the labour market.

2.3 Health

The UN population division data indicates that the national fertility rate is projected to decline from 5.5% in 2000 to 4.6% in 2016 and the national life expectancy at birth would increase from 54 ages in 2000 to 63.3 ages in 2015. When considering the target regions, for the period 2011-2014, Addis Ababa has the lower average fertility rate (1.7) followed by Amhara (3.8). However, it should be noted that from 2000 to 2011 the total fertility rate has declined. One explanation can be the relatively high awareness regarding the reproductive health or the increase in living standards in Ethiopia.

Expansion of health and other social and community services will help reduce the dissatisfaction experienced by youth and women on the available services and will contribute to reduction in poverty and also improve the employability of the young. However, as per the findings of the assessment, there is a gap in fair and equitable distribution of the services across all the regions understudy. This has determined a mismatch in the growth of the economy and an increase in demand for labour force that caused people to choose irregular migration routes.

The regional SEA conducted by Tigray Team has shown the unequal distribution of health services in the region. There are 218 health centers in the region. However, the distribution of these health centers does not reach all Tabias (village level) uniformly, for example in the assessed Woredas there are only five health centres in each of Raya Alamata, AtsbiWenberta and AbiAdi.

3. Growth prospects of the key sectors of the Economy

Ethiopia has experienced solid socio-economic progress in the last decade. The country registered an average annual real growth rate of 9.5% between 2000/01 and 2013/14. Despite strong policy emphasis on agriculture, its contribution to overall growth as well its share in real GDP has significantly decreased. However, the service sector continues to be the main engine of growth of the economy, accounting for 50% of the growth of overall GDP in 2013/14 and expected its share of the GDP to reach 47.3% in 2016. The growth contribution of the manufacturing and other industries has remained minimal. It appears that Ethiopia has become a services-led economy with limited industrial base.

In addition, according to the ILO report "Migration and Forced Labour: an analysis on Ethiopian workers", the breakdown of aggregate demand reveals that the expenditure of private consumption

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17 UNFP, Population and Economic Division. – 2000

18 Interview: Ato Samson Legesse, Health Bureau, Mekelle.

19 Overall growth has declined from 70.1 per cent in 2000/01 to 19.8 per cent in 2013/14 and the share in real GDP has decreased from 56 per cent in 2000/01 to 40 per cent in 2013/14.
accounted for a large share of the demand growth between 2000/01 and 2013/14, but its weight is declining. Similarly, the government expenditure as a share of GDP has decreased substantially, from 10.1% to 7.3% over the same period. Nonetheless, the investment as a share of GDP increased significantly from 9.4% to 40.3% in 2013/14, due to massive investment in infrastructure by the government. Similarly, both exports and imports of goods and services increased. The faster growth of imports widened the external imbalance, which accounted for 18.1% of GDP in 2013/14 and led to an increasing dependence on external sources of financing. The gap between savings and investments has remained high, enlarging the reliance on capital inflows from abroad and the accumulation of external debt.

As per GTP I performance report, the country maintained an 11% economic growth and created large number of employment opportunities and increased income levels. However, the increased employment opportunities are not able to satisfy the current labour market demand and this assessment highlighted the gaps on access to adequate social and economic services. The gaps observed are mainly due to the low enrolment in secondary education (grade 9-12) and poor quality of education, limited access to employment opportunity and access to finance, insufficient and poor quality of housing health as well as other infrastructural developments. To address these obstacles, the government is implementing various programs in relation to MSE Development, housing, health, education and road projects.

4. Labour Market

4.1 Assessment of potential market at the local level

As per the National Labour Force survey conducted in 2005 and 2013, the working-age population increased by 3.9 per cent per year, from 41 million in 2005 to 55.6 million in 2013 and the labour force increased from 33.1 million to 44.4 million, at a growth rate of 3.8 per cent per year. Over the same period, the urban and rural labour force as well as the female and male labour force rose. However, in 2005, about 81 per cent of the working-age population participated in the labour market, and 80 per cent in 2013. In fact, high labour force participation rates are common in developing economies, owing to the absence of social security systems, low wages, and low income (International Labour Organization, 2010); (Broussard, et al., 2012). The number of employed population increased from 31.4 million in 2005 to 42.4 million in 2013, at a lower rate than the labour force growth. The employment rate increased in both urban and rural areas, although differently at the urban context. A plausible reason for the rise in participation and employment rates can be related to the entrance in the labour market of a large number of youth who completed their education.

On the other hand, unemployment rate, according to the National Labour Force survey conducted by CSA, has shown little change between 2005 (5.0%) and 2013 (4.5%). While focusing on the five selected regions, results show decrease of unemployment rate in Oromia (from 4.1% in 2003 to 3.0 in 2013) and Addis Ababa (from 31.2% to 24.3% in 2013). Despite, the decrease of the level of unemployment in Addis Ababa, compared to others, the City Administration has the highest unemployment rate of 24.2% in 2013. A plausible explanation can be high migration towards Addis Ababa of unemployed in search of job opportunities. In addition, it is noted that female unemployment and youth unemployment if higher at the national and regional level both in 2005 and in 2013.

Taking into account the potential of the labour market, according to the 2013 national labour force survey, the agricultural sector is the major employment sector at the national level. During this period, the sector absorbed 72.7% of the employment; followed by the service (19.6%), the manufacturing (4.49%) and construction (1.95 %) sectors. The service sector becomes the major employment source at the urban areas (covering about 61% of the urban employment) followed by agriculture (13.54%), manufacturing (14.4%) and construction (5.52%). In rural areas, 83.1% of employment is in the
agricultural sector while the share of other sectors (service 12.36%, manufacturing 2.73% and construction 0.96%) is limited.

**Table 4.1a: Share of employment by economic sector and major occupations (2013)**

<table>
<thead>
<tr>
<th>Major occupational area</th>
<th>% share from the Total Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Urban + Rural</td>
</tr>
<tr>
<td>Agriculture forestry and fishing</td>
<td>72.68</td>
</tr>
<tr>
<td>Mining and quarrying</td>
<td>0.42</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>4.49</td>
</tr>
<tr>
<td>Construction</td>
<td>1.95</td>
</tr>
<tr>
<td>wholesale and retail trade; repair of motor vehicles</td>
<td>5.44</td>
</tr>
<tr>
<td>Transportation and storage</td>
<td>0.83</td>
</tr>
<tr>
<td>Accommodation and food service activities</td>
<td>1.14</td>
</tr>
<tr>
<td>Financial and insurance activities</td>
<td>0.32</td>
</tr>
<tr>
<td>Real estate activities</td>
<td>0.01</td>
</tr>
<tr>
<td>Professional scientific and technical activities</td>
<td>0.33</td>
</tr>
<tr>
<td>Administrative and support service activities</td>
<td>0.34</td>
</tr>
<tr>
<td>Public administration and defense; compulsory social services</td>
<td>0.68</td>
</tr>
<tr>
<td>Education</td>
<td>1.61</td>
</tr>
<tr>
<td>Human health and social work activities</td>
<td>0.59</td>
</tr>
<tr>
<td>Other service activities</td>
<td>1.08</td>
</tr>
<tr>
<td>Activities of households as employers;</td>
<td>0.00</td>
</tr>
<tr>
<td>undifferentiated goods- and services-producing</td>
<td>7.29</td>
</tr>
<tr>
<td>Activities of extraterritorial organizations and bodies</td>
<td>0.05</td>
</tr>
</tbody>
</table>

Source: CSA (2013 B)

According to CSA report from 2010-2015, national urban employment to population ratio has been showing an increasing trend rising from 49.4% in 2010 to 52.6% in 2015. Urban employment to population ratio is higher for males than females during the same period. Male employment is rose from 60.2 % in 2010 to 64.2 in 2015 where as for females it increased from 40 % in 2010 to 42.8 % in 2015. This shows there is gender disparity on employment in the urban areas which shows the need to have policies and programs that would create more employment opportunities for women and girls.

When it comes to employment share of different economic sectors by region from the study area, as shown below, except Addis Ababa, in all regions in the country, agriculture is the major source of employment. Tigray, Amhara, Oromia are among the emerging regions from the study area that agriculture becomes the highest employment sector where as service sector becomes the highest employment sector in Addis Ababa.
When looked at the percentage distribution of employment by main occupations, employment in private enterprises, self-employment and employment in public institutions are the first three main occupations of residents in the city in 2011 and 2015. The three occupations stated above account for more than three-fourth of the employment opportunities in the city (see table 4.1 below).

Table 4.1b: Percentage Distribution of Main Occupations in Addis Ababa: 2011 and 2015

<table>
<thead>
<tr>
<th>Main Occupation</th>
<th>2011</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employed - in private enterprise</td>
<td>34.8</td>
<td>34.8</td>
</tr>
<tr>
<td>Own-Account work(Self Employed)</td>
<td>27.6</td>
<td>32.5</td>
</tr>
<tr>
<td>Employed - in public service</td>
<td>12.6</td>
<td>14.0</td>
</tr>
<tr>
<td>Employed - in public enterprise</td>
<td>4.4</td>
<td>4.1</td>
</tr>
<tr>
<td>Employed in others</td>
<td>3.8</td>
<td>2.3</td>
</tr>
<tr>
<td>Employed - for private Household/person</td>
<td>11.0</td>
<td>8.7</td>
</tr>
<tr>
<td>Unpaid family work</td>
<td>3.0</td>
<td>0.4</td>
</tr>
<tr>
<td>Employer (working employer)</td>
<td>0.5</td>
<td>0.6</td>
</tr>
<tr>
<td>Unpaid/Free service</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Apprentice (un paid)</td>
<td>0.1</td>
<td>0.0</td>
</tr>
<tr>
<td>Member of cooperatives</td>
<td>0.3</td>
<td>0.3</td>
</tr>
<tr>
<td>Others</td>
<td>0.5</td>
<td>1.2</td>
</tr>
<tr>
<td>Not Stated</td>
<td>1.1</td>
<td>1.2</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Number of cases</td>
<td>116,3455</td>
<td>125,5834</td>
</tr>
</tbody>
</table>

Source: Extracted from Poverty level Assessment of Addis Ababa. December 2015
4.2 Policies and Institutional Framework for Labour Market and Employment creation

The Government of Ethiopia has introduced a number of initiatives to address issues related to unemployment. The Labour Market in Ethiopia is governed by a number of proclamations. These include the National Employment Policy and Strategy of Ethiopia, the Labour Proclamation (Proclamation No. 377/2003), the Micro and Small Enterprise strategy and the Right to Employment of Persons with Disability (Proclamation No. 568/2008).

- The National Employment Policy which was adopted in 2016 promotes social welfare through poverty reduction. The policy has an economic objective of accelerating and sustaining growth and development through proper utilization of the country's labor force in a productive manner. The government of Ethiopia and other actors use this policy as a tool to balance the supply and demand side of the labour market towards the creation of productive employment.

- The Labour Proclamation (Proclamation No. 377/2003) adopted in February 2004 is in place to ensure that worker-employer relations are governed by the basic principles of rights and obligations with a view to enable both employers and workers to maintain industrial peace. This proclamation also guarantees the right of workers and employers to form their respective associations and engage, through their lawful elected representatives, in collective bargaining, as well as to lay down the procedures for the expeditious settlement of labour disputes that might arise between workers and employers. The Ministry of Labour and Social Affairs at the regional level and its regional bureaus are responsible to organize, co-ordinate, follow-up on employment services and employment exchange.

- The Right to Employment of Persons with Disability (Proclamation No. 568/2008). The Proclamation adopted in March 2008 is aimed at enhancing the employment relationship between a qualified worker or job-seeker with disability and an employer. While complying with the country policies, the proclamation is enacted to provide equal employment opportunity, reasonable accommodation for people with disabilities to employment and lay down simple procedural rule that enables them to prove before any judicial organ discriminations encountered in employment. As reports show, there is a huge gap to bring people with disability to get appropriate jobs as per their skills.

- The Micro and Small Enterprise strategy of 2011 which is an improved version of the 2004 strategy is in placed to address the challenges of unemployment, economic growth and equity in the country.

5. Migration Dynamics in Ethiopia

5.1 Trends of Migration

Inward Migration stock of Ethiopia has increased from 611,384 in 2000 to 1,072,949 in 2015. The numbers of economically active migrants are higher than children and elderly migrants. In 2000, from the overall 611,384 international migrants to Ethiopia, 465,998 were economically active migrants. In 2015, from the 1,072,949 international migrants, the numbers of economically active migrants were 630,191 (UNDSA, 2015). Significant proportion of inward migrants is refugees. UNHCR reported that there are about 793,321 Refugees in the country (UNHCR, 2016), which makes Ethiopia the largest country to host refugees in Africa. Over 98% of refugees in Ethiopia live in the designated camps throughout the country except some Refugees who are allowed to live in urban areas due to: serious
medical conditions or protection concerns as well as students in tertiary institutions. Minority ethnic groups like Yemeni refugees are also assisted in Addis Ababa. The government of Ethiopia has introduced the “Out of Camp Policy” (OCP) in 2010 to enable Eritrean refugees to live in Addis Ababa, Mekelle and other urban areas. OCP beneficiaries must, have the necessary means to financially support themselves and not have criminal record(s) while being in refugee camp.

The same UNDSA report shows that migration out of Ethiopia has shown an increasing trend between 2000 and 2015. During 2000, the international Ethiopian migration stock was 442,161. This figure has reached 753,492 in 2015. Another report from MoLSA has estimated an increase in annual outmigration rate with an estimation of 20,000-25,000 people irregularly migrate from Ethiopia annually.

Most of migrant leave the country through illegal means by following three main migration routes. Most Migrants from North-East part of the country, particularly from North and South Wollo and Southern Tigray zones, travel to Galafi (border town between Afar region and Djibouti). From there they have to walk for several days through the desert to reach Djibouti town. There they wait for a few days until they get a boat to cross the Red Sea to Yemen, whereas very few of them take the route to Sudan, Egypt or Libya to end up in Europe or Israel.

Migrants from Oromia and Gurage and Silti Zones of SNNP regions follow the same root to migrate to Middle East and Europe. Those who want to migrate to Middle East go to Diredawa-Harar- Jigjiga and then to Togowochale (Somaliland). They travel to Hargessa (Somaliland) and then to Bossasso (Somalia). From Bossasso they proceed to Yemen crossing Red Sea by boat. On the other hand migrants from Jimma took the route, to reach Saudi Arabia.

Significant proportion of migrants from Arsi, Bale, and Wollo migrate to Europe. They travel from their homeland to Metemaworeda in Amhara region and later cross the border to Sudan. Then, they travel to Egypt or Libya to cross the sea to Europe through boat. The third major route, which is popular for migrant from Southern part of the country, is the route from SNNPR to Moyale, Kenya, Kenya, Tanzania and Malawi and making its destination in South Africa.

5.2 Characteristics of Migration

The assessment report have shown that before the ban on regular migration to the Gulf by the Ethiopian government, there was a significant level of regular migration, particularly of women to work as domestic workers in the Gulf States, mainly Saudi Arabia. However, the trend was changed as consequence of the Kingdom of Saudi Arabia (KSA) mass deportation of Ethiopian migrants in 2013. In fact the Ethiopian government banned legal labour migration. It has been reported that the lack of regular migratory channels is pushing people to migrate through irregular channels to different gulf countries. The irregularity of this practice difficult the collection of data, so there are no accurate figures on the numbers of migrants by region.

Characteristics of migrants can be differentiated based on their country of destinations. The SEA assessment finding shows that most people who migrate to Middle East have no or little formal education, they are mostly from rural areas, unemployed and have economical poor family background. This category of migrants migrate to work temporarily in the destination countries with the aim of saving some amount of money that will enable them to start decent work and living in their country. On the other hand, migrant to Europe and other countries are mostly from urban areas, have a better education as compared to those who migrate to Middle East, and are male. Most of them leave their home in pursuit of permanent stay or if possible to get citizenship in the destination countries.

The assessment report has also shown that compared to the regular migration, which is dominated by women, instead of men appear more prone to irregular migration. For instance, out of the 827 registered returnees in Sinana Woreda of the Oromia region, only 90 were females and the remaining
737 of them were males. The Tigray SEA supported this fact that of the total irregular migrants from the region men accounts 2/3 both at woreda and regional levels.

5.3 Socio-Economic Impact of migration on families

The assessment has found that in all five Regions under study, migration has both positive and negative impacts on the family and community. To start with the positive impact, most migrant send money and support the livelihoods of their family and contribute to increase their family standard of living. Besides changing families lives, the money sent by migrants as remittance to the country support the national economy in many terms. A study conduct by ILO(2016) shows that on average a migrant domestic worker from Middle East countries send to Ethiopia set around 66,238.60 ETB (3,335.30 USD) of remittance per year. The remittance money fuels the economy by enhancing the capacity to purchase which will definitely boost the labour market and the economy.

On the other hand, migration has a negative socio economic impact for the country and the family. Most of the migrants follow the irregular routes and end up in various physical, sexual and emotional abuses which affect them in their latter life or to the worst they lose their life. Also, most of the young's are migrating which resulted in increased dependency ratio in rural areas. This has significant impact on the economy. Furthermore, migration is causing negative impact on the social and cultural values of the community for instance Christians who migrate from southern Tigray and Northern Wollo parts to Middle East are forced to change their Christian names into Muslim. Up on their return to home they are excluded from most religious and social ceremonies due to the perceived change of religion by community members. This has made the reintegration of the returnees with the community a bit difficult. In addition the remittance being sent by migrant domestic worker are not being saved or utilized properly to generate incomes. Most of the families send their children or beloved ones by selling available household assets with the hope that the children will work and send the money to replenish the assets. However, only few can manage to payback their families. This has resulted to recycle the poverty within the family.

5.4 Push and Pull factors

Push Factors

There are considerable similarities about the push factors for migration across all the five regions covered in the study in Ethiopia. The major push factor identified as economic reasons and cultural/attitudinal factors. Some of the major push factors that emerged in the regional study reports are:

- Unemployment is one of the often-cited causes of migration in all of the five SEA reports. Indeed, as the CSA 2012 national urban employment and unemployment survey shows, there is a high rate of unemployment in the urban areas. Assessments from all regions show that unemployment rates are closer to the national average, 17.5%.

- Agriculture is not only the dominant employer but also the main economic activity in Ethiopia yet there is a scarcity of farming land. The average landholding has been declining due to higher level of population growth and land degradation. Shortage of land and landlessness are, therefore, major problems that explain unemployment/underemployment in the rural areas.

- The regional study clearly showed low payment (or wage differential) as another push factor. Soaring prices/inflation exacerbates the problem of low income/wages which is compounded by absence of minimum wage for people employed in the private sectors. Many people decide
to migrate due to the difficulty of supporting themselves and their families with the low salary they are receiving.

- Family pressure on young people to migrate on the basis that there are lots of opportunities for youth abroad. The assessment shows that it becomes common for husbands to send their wives to work overseas countries as domestic workers.

- There is widespread belief among potential migrants that the only way to change their life is though moving out of the country. In relation to this, Tigray SEA report found that there is a popular saying among prospective migrants: “Either my body will come in a coffin or I will come with a coffin/bag full of money.”

Pull Factors

The assessment report found that the pull factors are mainly related on the need to meet basic necessities, ranging from decent housing and consumables, to saving and sending home considerable amount of money to families, buying assets. Social networks (with family members and friends abroad) are also found as pull factors. Traffickers are putting migrants at risk through propagating the positive aspects of migration to potential migrants and their families.

5.5 Migration Governance Policies and institutional Frameworks

In Ethiopia, the first legislation enacted to regulate the deployment of workers overseas Migration governance was in 1998, with the aim to regulate private employment agencies and to ensure adequate protection to the Ethiopians deployed overseas. As this law was not sufficient to address the issue of overseas employment, the Government of Ethiopia adopted the Employment Exchange Services Proclamation No. 632/2009 which defined the roles of public and private employment agencies in employment exchange. The proclamation highlighted a set of requirements to be fulfilled by private employment agencies when providing national employments or overseas employment.

Nonetheless, the irregular migration, trafficking and smuggling of migrants has increased over time. This phenomenon has caused grave violations of human rights and suffering of citizens. As a result, Ethiopia promulgated the Prevention and Suppression of Trafficking in Persons and Smuggling of Migrants Proclamation 909/2015, with the objective to provide adequate protection, support, and rehabilitation to victims of trafficking and to impose severe penalties on culprits.

Despite the positive action of Proclamation 909/2015 in curbing the problem of irregular migration, and the support accorded to overseas workers in the Second Growth and Transformation Plan (The Federal Democratic Republic of Ethiopia, 2010, p. 251), the shortcomings were still evident. It is in this context that, to face the dynamism in the labour migration process and with the aim to obtain bilateral agreements and strengthen lawful overseas employment, Ethiopia enacted the Overseas Employment Proclamation No. 923/2016 in February 2016. The principal objective of the newly revised Proclamation No. 923/2016 cover the establishment of bilateral agreements, the fight to human trafficking, and clearly define and regulate the role of the private sector in overseas employment exchange service.

6. Potential challenges: the complex relation between migration and employment creation

It should be noted that in defining the expected results and activities for the SINCE project, it is necessary to be fully aware of the fact that the linkage between the General Objective (contributing to reducing irregular migration) and the Specific Objective (creating greater economic and employment
opportunities) establishes a focus only on one of the major drivers for irregular migration (mainly the lack of employment opportunities). It seems that this approach is based mainly on one of the first theory on migration that was elaborated by Ernest Ravenste in, a German-English geographer. In his work "The Laws of Migration" (1885), he developed a "push-pull" model of migration and he concluded that migration is governed by a "push-pull" system; that is, internal pressures that "push" people out, and favourable conditions in an external location that "pull" them in.

After that, many different theories have been elaborated on the matter that among the drivers of migration recognize not only factors at macro level (like the push-pull system) but also factors at micro level (individual and household). However, even in the framework of the most modern theories on migration, the lack of employment opportunities remains an important driver for migration.

Concerning labour mobility, Ethiopia does not only face a problem of quantity of jobs, but also of their quality. Ethiopia's economic growth has resulted in increasing employment rates, but "many Ethiopians continue to struggle with low wages, unemployment, under-employment, precarious self-employment and unprotected informal jobs" (Carter and Rohwerder, 2016).

Refugees and returnees are also target groups of the SINCE project. Concerning returnees, according to Kuschminder (2014) lack of sound employment opportunities is a major challenge experienced by women who returned from the Arab Peninsula: over 60% of returnees were unemployed upon return and, of those that were employed, nearly half reported being underemployed. According to Carter and Rohwerder (2016), the impossibility to find stable employment opportunities is a major factor of secondary migration among refugees: refugees are not allowed to access regular work permits, relying instead on informal sector activities. Since August 2010, the Ethiopian authorities have allowed Eritrean refugees to reside outside camps, provided they are self-sufficient, as part of their 'Out of Camps' policy. The possibility to issue work permits has been recently put forward and the Administration for Refugee and Returnee Affairs (ARRA) is working in that direction. From interviews with key informants (including ARRA and the representatives of the about 17,600 Eritrean refugees settled in Addis Ababa), it emerges that a new regulation allowing Eritrean refugees to obtain regular work permits is expected to be issued in the course of 2017.

The most evident impact of migration is the flow of remittances: since 2006, remittances are the second source of Foreign Currency Inflows for African countries after FDI. Remittances flowing to Ethiopia are worth USD 3-3.5 billion (IMF data, 2014/2015) and are estimated at 7.4% of GDP; this figure has to be compared with USD 3.8 billion in official development assistance received by Ethiopia in 2013 (Carter and Rohwerder, 2016). Remittances play multiple roles for the household and the community of origin. Rural households most often use remittances for debt repayment and for investments in housing and land, while urban households most frequently use remittances for daily needs, and secondarily for ceremonies, education and savings (Andersson, 2014).

As acknowledged by several sources (e.g. UNECA, 2016) the choice of migration is rarely individual but is rather collective, namely at household level. Main reasons are related to the search for mechanisms of income stabilization that migration as a risk diversification strategy satisfies through remittances (Gubert, 2002). This points out that the decision to migrate is aimed not only at gaining additional earning, but also at stabilizing the household income: long-term employment, a secure flow of earnings, and the presence of income stabilizers may thus be important factors in the picture.

A final challenge is about the drivers of irregular migration. It is hard to prove that there are drivers that are specific to irregular migration, as opposed to regular migration. Rather, there are some drivers of migration that confront themselves with the possibilities of legal migration set by destination countries. According to IOM officials, where there are good resettlement programs, refugees on average are willing to wait and also to sustain the costs of these channels, instead of resorting to irregular channels. This supports the view that among the main causes of irregular migration there is the lack of legal options to migrate (Carter and Rohwerder, 2016). As it is stated by UNECA (2016),
“excessive border controls and immigration restrictions increase the costs and risks of migration and often come in conflict between individual motivation to migrate and state restrictions on mobility. In turn, “this conflict facilitates the demand for private and non-state entrepreneurs, including smugglers, to facilitate movement, often with disastrous consequences” (UNECA 2016, p. 7).
PART III - ABSTRACTS: THEMATIC SECTOR REVIEW
1. Textile and Garment Value Chain Abstracts

The T&G sector offers ideal conditions to achieve the general and specific objectives of the SINCE project. The sector is currently undertaking a rapid expansion driven by strategic interests of both, the GoE and key international investors, and offers considerable opportunities to create employment of basic operators, and middle management staff, labour in large factories, as well as medium and small entrepreneurial activities. In particular, the T&G sector is suitable to generate significant employment opportunities for potential migrants and is naturally inclined to attract a significant number of women and youth.

As highlighted in paragraph 2.8, the areas holding the most potential for prospective intervention under SINCE are Tigray (Mekelle and surroundings), followed by Addis Ababa and surroundings, Amhara, particularly the areas of BahirDahr and Kombolcha, and finally the SNNPR. Mekelle holds the highest potential for expansion in the short to medium term.

Based on the description and analysis of the value chain, the sub-sectors and segments offering more prospects are the following:

- Segments of the value chain focusing on export, particularly yarn spinning and apparel manufacturing.

- Garment segment for the domestic and international markets.

- The handloom segment for the domestic and international markets.

While these segments hold considerable potential for rapid employment creation, the following gaps have been identified:

- Gaps in technical and soft skills;

- Gaps in creating an enabling environment.

Based on the gap analysis, the following activities have been identified for the SINCE project:

- PPPs on skills development, e.g. through the establishment of public-private platforms representing the main stakeholders in the sector, and strengthening backward and forward linkages [Tigray, Addis Ababa].

- TVETs human and technological capacity upgrading, e.g. ToT, Pilot Production Centres, Twinning arrangements between foreign local stakeholders/training centers.

- Twinning of medium and small enterprises with emerging large factories, e.g. Ready Made Garment, and production of accessories [Addis Ababa, Mekelle];

- Clustering of existing medium and small enterprises on apparel manufacturing [Addis Ababa, Tigray, Amhara, SNNP];

- Clustering within the handloom sub-sector for the local and international markets (Addis Ababa, Tigray, Amhara, and SNNP).
2. Leather Value Chain Abstracts

The Leather sector is in a good position to achieve the general and specific objectives of the SINCE project, in particular for what concerns: (i) its coherence with the strategic objectives of GTP II, (ii) the on-going and expected private investments (FDIs and local investors) and, (iii) the presence of already existing initiatives on which the SINCE Project can build upon.

Based on the description and analysis of the value chain, the sub-sectors and segments offering more possibilities to achieve the specific objective of SINCE within the project’s timeframe are the following:

1. Production of footwear.
2. Production of leather garments.
3. Production of leather goods.
4. Production of gloves.

In particular, the SINCE project can create additional opportunities for employment for skilled workers, low and middle management staff. These opportunities will be especially available for potential migrants as well as for youth and women that represent the large majority of the working force employed in the sector.

The geographical area where it is recommended to concentrate the activities related to the four above mentioned value chain segments is the Addis Ababa area.

Several problems have been identified for the four selected segments, as described in paragraph 3.4. In consideration of the selected Project Strategy, it has been decided to intervene only on those gaps whose reduction can lead to the achievement of the SINCE objectives, in particular:

1. Availability of labour having both a skill suitable and the attitude to work in production lines.
2. Availability of low and middle management personnel having a proper preparation.

Based on the problem analysis, the following main interventions have been identified:

1. Interventions on selected leading public and private TVETs. These interventions will be aimed to increase the TVET capacity to produce personnel properly trained and suitable for the employment offer. The interventions will include also support to the TVET to establish PPPs arrangements that can allow to have a large part of on-the-job training and to ensure a high possibility of after-training employment.
2. Interventions on selected clusters where is possible to have additional employment opportunities.

3. Agri-Business and Agro-Value Chain Abstracts

Agribusiness has a high potential to absorb a large number of jobless youth and women, however, the majority of farm productions is not well integrated into commercial value chains. The development of IAIPs is prioritized in Ethiopia’s national agricultural development strategy and taken as a core component of the GTP II. Taking into account the location of prospective IAIPs and RTCs, as well as the areas identified in the SINCE project document as the most prone to migration, Bale, Arsi and West Arsi Zones were selected as the most suitable for intervention. Moreover, the analysis shows that.
agribusiness in the selected areas offer opportunities to employ a significant number of youth and women.

Based on the description and analysis of the agro-value chain, the sub-sectors and segments offering more prospects in terms of the feasibility to achieve the specific objective of SINCE within the project’s timeframe are identified as follows:

1. The Cereal Industrial Crop Subsector, and specifically the durum wheat seed and grain production.
2. The Tomato value chain, with a specific reference to the input suppliers, producers, aggregators and processors segments.

While these segments hold considerable potential for rapid employment creation under SINCE, the following major gaps have been identified:

1. Availability of improved seeds and affordable IPPM or eco-friendly agrochemicals.
2. Poor technical skills in agronomy and poor capacity of extension agents.
3. Lack of market linkage between farmers, industries and large consumers.
4. Lack of affordable medium level technologies and skills for value addition specifically on the tomato value chain.

Based on the gap analysis, the following activities have been suggested for the SINCE project:

1. Developing the capacity of key agricultural researchers to ensure sustainable and quality seed supply, and provision of IPPM packages for farmers. Provision of locally available storage technologies for tomato and durum wheat.
2. Supporting target ATVETs and provision of training packages for farmers, cooperative unions, and extension agents.
3. Facilitating sustainable linkages between farmers’ cooperative unions and agro industries through awareness creation, support in quality control and certification, and trainings on business management (e.g. through inclusive business partnerships and contract farming models).
4. Establishing women tomato processors’ cooperatives, provision of training packages and small/medium scale tomato processing units.

4. Metal Work Sector Analysis Abstracts

The metal work sector offers a partial possibility to generate employment complying with the SINCE criteria. The sector is sustained by a high policy prioritization, since it is considered crucial to promote the growth of other labour intensive industries: these are those who drive most of its market demand. In terms of possibility to create new employment, the sector is relevant. The sector seems particularly attractive for youth, while nowadays women employment in the sector is minor; it is nevertheless estimated to be on a growing trend. Metal work is of particular interest for Eritrean refugees that, for several reasons, seem over-represented in the sector, although in informal businesses.

In terms of geographical location, the sector is spread throughout the regional states that are the SINCE project target areas: Tigray, Amhara, Oromia, SNNP, and Addis Ababa Regional States.
The most relevant segment of the value chain is the one including the manufacturing of fabricated metal, metal equipment and (simple) machineries. This includes metal work for doors and windows, machineries for construction and food processing, tanks and water reservoirs and trailers. The segment’s main weakness has to do with import dependency of main raw materials. Nonetheless, the segment holds strengths both on the demand side, and in terms of possibilities to exploit existing clusters, PPPs agreements and training institutions.

The main problems that can be addressed by SINCE are the following:

1. The need to strengthen forward market linkages, both improving the subcontracting schemes between big and small firms and by improving the entrepreneurs’ capacity of market analysis and business development.

2. The need for a better matching between the skills of workers and the demands of enterprises, including improving the skill levels and the exposure of potential employees to updated technologies.

3. The need for access to adequate financial tools for small and medium firms that aim at entering into clusters, stipulating subcontracting agreements and increasing value addition.

4. The need to improve managerial and organizational capacity for small and medium firms willing to scale-up.

Based on the gap analysis, the following activities have been identified for the SINCE project:

1. Supporting access to finance and managerial skills for potential subcontractors of larger companies within existing clusters [especially in the Mekelle cluster and in Addis Ababa].

2. Supporting “flexible workshops” in terms of building capacity for business development, updating of existing technical skills, entrepreneurial capabilities and forward market linkages [Tigray, Amhara, Oromia, SNNP and Addis Ababa].

3. Strengthening PPPs in workers’ skill development, e.g. through the establishment of public-private platforms involving the main stakeholders in the sector, and by strengthening the TVETs in providing additional courses tailored to the needs of the private sector [especially in the Mekelle cluster and in Addis Ababa, but also applies to flexible workshops].

4. Legal and organizational support in strengthening the contractual relationships between main contractors and sub-contractors [especially in the Mekelle cluster and in Addis Ababa, but also applies to flexible workshops]

5. Construction Sector Analysis Abstracts

The construction sector offers a partial possibility to achieve the SINCE objectives. It has been a leading sector in the Ethiopian economy over the last two decades, both in terms of contribution to economic growth and in terms of employment generation. Construction is a priority sector for the GTP II, which specifically sets targets for housing and road development. Most of the employees in the construction sector are young; women are a minority in official statistics, but these are likely to underestimate their current presence. Construction is indicated as a relevant sector for (informal) employment of refugees and potential employment for returnees’ reintegration. The more labour intensive sub-sector is housing construction, where the GTP II envisages the creation of 600,000 additional jobs.
Addis Ababa Regional Administration and Amhara Regional State (especially North Wollo) are the most relevant potential areas of intervention.

Based on the description and analysis of the sub-sector, the segments offering more prospects in terms of the feasibility to achieve the specific objective of SINCE are the following:

1. Construction materials, and especially hollow concrete blocks and pre-casted products.

2. Finishing works in housing construction: this sub-sector includes a set of services required in the final part of building construction, i.e. plastering, tiling, painting, electrical installation, sanitary installation, masonry, carpentry.

Both segments are dominated by micro, small and medium enterprises that act as subcontractors of main building contractors.

The main problems emerging from the analysis, that may be addressed though interventions falling within the SINCE borders are:

1. The need to improve working conditions and reduce turnover: skills are a major determinant of wage levels and of the ability to find a new job after a contract expires.

2. The need to support skill development for workers in subcontracting firms.

3. The need to improve managerial and organizational capacity for small and medium firms willing to expand employment.

Based on the gap analysis, three main activities have been identified for the SINCE project:

1. Strengthening PPPs in workers’ skill development for start-up companies engaged in the production of hollow blocks and pre-casted products, e.g. through strengthening TVETs in providing additional courses tailored to the needs of the sector [with a focus on hollow block production in Amhara and both on hollow block production and pre-casted products in Addis Ababa].

2. Promoting access to managerial skills and organizational capacities for the sub-contracting firms in both construction materials and finishing works, e.g. through the strengthening of public private platforms involving TVETs and business support service providers [both in Addis Ababa and Amhara].
PART IV – MAPPING OF RELEVANT EXISTING PROGRAMMES IN SINCE FOCUS AREAS
1. Foreword

To better inform the SINCE programme on the possible partnership, the ILO’s socio economic assessment identified existing programs on employment creations in the study regions as follows:

Overall, Ministry of Labour and Social Affairs (MOLSA) and Bureau of Labour and Social Affairs Office (BOLSA) at Federal and Regional level respectively are given the mandate to coordinate labour and social related affairs, including labour migration and employment related issues. The Federal and Regional Micro and Small Enterprises Development Agency (F/ReMSEDA) and Financial institutions works on facilitating access to finance for returnees and local vulnerable community members through creating linkages with micro-finance institutions (MFIs) and Savings and Credit Cooperatives (SACCOs). These institutions organize the beneficiaries into cooperatives and collaborate with Regional Cooperative bureaus, non-state actors and women's organizations that are relevant for financial access.

Bureau of Social and Labour affairs Office (BoLSA) complemented by MSE, TVET, and BoWCA, Bureau of Youth and Sport (BoYS), provides Public Employment Service (PES) across regions by registering the unemployed. Public Employment Services at the regional levels i.e. Bureau of labour and social affairs are engaged in registering compiling and documenting labour market information and disseminating them by consistently publishing Labour Market Information (LMI) bulletins at the regional level. However, the assessment found that there is a lot to be improved to create decent employment opportunities for the unemployed.

The promotion of micro and small enterprises (MSE) has been a center piece of the Ethiopian government's strategy to alleviate urban unemployment among the youth since 2004. The Ethiopian government has long recognized MSEs’ potential as sources of employment and incubators of light manufacturing technologies and as eventual seedbeds of industrial transformation (e.g., the National Employment Policy and Strategy of (MOLSA, 2009) and the Micro and Small Enterprise Development Strategies of 1997 and 2011 (FDRE, 2009, 2011). In this regard, the government has adopted twin strategies of creating a business environment conducive to start and operate MSE’s while at the same time actively triggering the establishment of new MSEs. In addition, Cooperative Promotion and Controlling Departments are set up as part of the MSEs development strategy to help organize young unemployed individuals into cooperatives in areas of business that are considered more labor intensive.20

Recently, at the Federal level employment creation initiatives worth mentioning includes the recently budgeted 10 billion birr youth revolving fund aiming at better credit access for the youth who are the most vulnerable when unemployment in urban centers. This funding may close the budget gap of youth offices to mobilize, train and ensure the youth gets a significant share of the growth dividend. The revolving fund is expected to bridge a major gap impinging youth beneficiaries from accessing credit from MFIs- the 20% prior saving and the complex collateral demands.

Additional projects aiming at enhancing livelihoods through improved employment are the Women Entrepreneurship Development Project (WEDEP) of the World Bank and credit free loan initiative for poor women under the Global Fund. The WEDEP aims at financial and training support for women entrepreneurs and started operation since 2012. It aims at improved access to loans with reasonable collateral provided for women who are already in business and in need of further support. At the end of 2015, more than 3,000 women entrepreneurs received loans and over 4,500 participated in business trainings. These enterprises are expected to create 6,000 new jobs by 2017. Global fund

20 Under the MSEs development strategy priority sectors are agro-processing, wood and metal working, leather and leather products, textile and garment, food-processing, construction, and urban municipal activities (MSE Development Strategy, 2011).
provides interest free loans to women who are found at the margins and mostly engaged in petit trades by depositing revolving funds with MFIs.

There are also a number of NGOs implementing specific projects on various aspects of youth development. The ones currently actively working with the Youth and Sport Bureau include; Ethiopian Orthodox Church and Family Affairs Organization, World Wide Orphans, Doras Aid Ethiopia and CCF. They have different projects to assist the already existing effort of empowering the Youth through trainings, scholarships and provision of seed money for businesses. The existing programs per region in the study area are as follows:

2. Addis Ababa

In Addis Ababa, employment services are mainly provided by the government and 263 private employment agencies. Employment services from the government side are mainly provided by the Bureau of Labour and Social Affairs (BoLSA) at the city administration level which also has offices at the sub-city and woreda levels. While conducting its employment service tasks BoLSA works in collaboration with Bureau of Women and Children Affairs (BoWCA), Bureau of Youth and Sports (BoYs), Micro and Small Enterprises (MSE) and Technical and Vocational Training (TVET) Bureau. The first three Bureaus have offices at the sub-city and woreda levels while TVET Bureau is only found at the Sub-city level.

AA BoLSA is tasked with multifaceted acts of employment services. It has the mandate to coordinate the labour administration system at the city administration level. The responsibility for facilitating the match between labour supply and demand as well as organizing, coordinating and monitoring of the labour administration system also lies with the bureau. Furthermore, the bureau is tasked with the occupational safety and health measures, labour inspection and industrial relations and labour statistics.

AA BoLSA provides Public Employment Services (PES) from the City to Woreda levels. They register the unemployed as well as vacancies at the One Stop Service Centres in Woredas. PESs provide limited services to the unemployed as their role in actual placement is scanty. AA BoLSA publishes LMI booklet annually, though it is not undertaken regularly and their data storage needs to make use of improved technology. Central Statistics Agency (CSA) has better organized labour market information as it conducts Urban Employment-Unemployment Survey annually and Labour Market Survey every five years- though not done consistently.

BoWCA and BoYS are responsible to ensure that Women and Youth benefit from employment opportunities and their rights are protected in workplaces. The MSE bureau is responsible to facilitate the formation of enterprises/cooperatives while the TVET bureau is primarily in charge of availing skill training opportunities. Non-state actors such as CETU, EEF and Addis Ababa Chamber of Commerce play a role in representing the interests of employees and employers.

MSEs which are at the centre of active labour market programs are linked to government mega projects such as light train, 20/80 and 40/60 housing projects as well as others run by Ethio-telecom and Water and Sewerage Authority. Additional opportunities are envisaged to be created through the Industrial Parks initiative as potential employers of the widely unemployed youth in Addis Ababa given better employment conditions such as augmented pay are in place. According to the Investment Agency website, there is currently one operational Industrial Park in Addis Ababa, “Bole Lemi I Industrial Park” which employs 10,000 people. There is also an upcoming one to be constructed on 186 ha of land, Bole Lemi II, as an extension of the current Industrial Park.

According to Addis Ababa Micro and Small Enterprises Development Bureau (2016) in the past five years the total number of jobs created are; 114,455 in the manufacturing sector, 392,708 in the construction sector, 115,515 in the service sector, 62,635 in urban agriculture sector and 45,589 in
trade. Nevertheless, there are obstacles of weak market linkages, lack of sufficient credit facilities and unavailability of work premises inhibiting MSEs from achieving their intended goals.

TVET is another aspect of active labour market program in Addis Ababa, with the objective of providing demand-driven high quality technical and vocational education and training. Youth of Addis Ababa are benefiting from the TVET scheme. However, it is challenged by issues with inefficient practical skill because of weak linkages with industries as well as the trainings not necessarily being demand driven as it lacks evidence gathered through studies conducted to assess exiting demands.

Initiatives by NGOs and International Organizations complement the existing efforts in augmenting the labour market situation. For instance,

- Geneva Global embarked on projects to rehabilitate the livelihood situations of returnees in Arada and Addis Ketema Sub-cities in the past.

- Organization for the Prevention, Rehabilitation and Integration of Female Street Children (OPRIFS) gave training to support returnees in hairdressing and food preparation skills in Addis Ketema, in the past year. Upon completion of the trainings, returnees received 6,000 Birr as a grant so that it can serve them as seed money.

- Nolawi services operating in Ethiopia trained returnees in Kirkos Sub-city to enable them create self-employment. They received seed money of 5,000 Birr which they used to start small businesses such as baking and selling injera.

- Women Entrepreneurship Development Project (WEDP) of the World Bank and credit free loan initiative for poor women under the Global Fund are among International Organization initiatives. The WEDP undertook financial and training support for women entrepreneurs and started operation since 2012. It improved access to loans with reasonable collateral provided for women who are already in business and in need of further support. At the end of 2015, more than 3,000 women entrepreneurs received loans and over 4,500 participated in business trainings. These enterprises are expected to create 6,000 new jobs by 2017. Global fund provides interest free loans to women who are found at the margins and mostly engaged in petit trades by depositing revolving funds with MFIs.

There are also a number other NGOs implementing specific projects on various aspects of youth development. These include; Ethiopian Orthodox Church and Family Affairs Organization, World Wide Orphans, Dorcas Aid Ethiopia and CCF. They have different projects assisting the already existing effort of empowering the youth through trainings, scholarships and provision of seed money for businesses.

3. Tigray

The main actors in employment programs are Bureau of labour and social affairs (BoLSAs), Bureau of Women and Children Affairs (BoWCA), Bureau of Youth and Sports (BoYs), Micro and Small Enterprises (MSE) and Technical and Vocational Training (TVET), the Agriculture and Natural Resources and the Urban Development, Trade and Industry Offices (on identification of sector and working space). In this regard, most activities are conducted at Woreda level. All Woredas conduct a scan of the labour market ideally, every year. This scan is made by an expert assigned per Kushet, and one coordinator per Tabia. However if this does not happen, Woreda’s largely rely on information gathered by Tabia Council and Administrators, and send the compiled figures to the region. Based on this, the Bureau of Labour and Social Affairs and the Youth and Sport Affairs Bureaus plan their annual activities in regards to job creation. The region also takes the opportunity of large-scale employers
(such as industry parks under construction and the Welkayt Sugar Industry) and work towards preparing the required workforce before the schemes become operational.

In this regard, public employment services (PESs) register the unemployed per their respective Woreda's Labour and Social Affairs Office wherein the registered acquire a yellow ID signifying their status as unemployed. This ID card guarantees the unemployed priority considerations if the holder applies for a position in the civil service. Furthermore, the Card is mandatory to be part of an MSE. Public employment services do not provide counselling or job placements. Moreover, the services are restricted to opportunities closely controlled by the regional government, be it recruitment into the civil service and/or joining/establishing an MSE.

MSEs are established in five sectors in Tigray namely manufacturing, construction, urban agriculture, service, and trade. Most new MSEs and jobs are created in the service and trade sectors, with the attendant possibility of increase in temporary jobs. The scope of profitability of new MSEs is reduced by lack of effective demand at Woreda level and poor integration to the regional (national) economy. To solve this bottleneck, this report recommends that the establishment and running of MSEs (and other related activities, such as trainings) be conducted in a manner which is cognizant of the agricultural commodity cluster which the Woreda is part of, and the industrialization plans of the regional and federal governments. Sustainable economic growth and improvement in productivity, at regional/federal as well as MSE levels, depends on the success of industrialization plans.

With regards to non-governmental programmes, according to the region’s Planning and Finance Bureau, a total of 15 NGOs implementing 19 (active or inactive) projects are engaged in projects related to income generation and indirectly contributing to stemming irregular migration. It was found that only two NGOs are engaged in projects directly related to migration. These NGOs are the Ethiopian Catholic Church’s Social and Development Organization and Comitato Collabrazione Medica.

The Endowment Fund for the Rehabilitation of Tigray (EFFORT) is also a significant player in job creation and technology transfer. For instance, EFFORT has partnered with the region’s government to establish a machinery leasing company to support competent small and medium enterprises whilst DECSI is practically the only financial institution which is catering for the needs of MSE operators. In addition, REST is a local NGO in Tigray engaged in providing direct financial support for youth engaged in income generating activities through funds received from USAID and OCHA. REST also is the only local NGO engaged in the productive safety net scheme through funds received from USAID intended to benefit the landless youth.

4. Amhara

In Amhara Region, BoLSA and its local structures are entrusted with a mandate under proclamation 230/2008, to collect information on the labour force in collaboration with relevant bodies, to document the number of job seekers and to ensure their employment. The Amhara region BoLSA, has also issued directive in relation to placement of workers based on proclamation 377/2003 and proclamation 632/2001. However, the regional officials revealed that BoLSA i.e. employment service provision structure does not exist in many woredas. In this regard, it was assessed that TVETs have the job creation mandate at lower administrative levels than LSAs offices. TVETs have one-stop centers at sub-city’s or kebeles whom conduct door-to-door registration of job seekers once or twice a year. LSA offices are not represented well at lower levels and sharing of the employment service information is

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21 Various Interviews: particularly Ato Assefa Tegegn (BoLSA, Mekelle) and Ato Muez Tewolde (Labour and Social Affairs Office, AtsbiWenbera)
the only area of collaboration between the LSA and TVETS at zonal or woreda level. Accordingly, this has created overlaps in mandates between TVETS and BoLSAs.

The official mandate of job creation is entrusted to TVETs in collaboration with other stakeholders. Accordingly, a task force of nine members has been established which include:

- Regional president office (chair)
- TVET Bureau head (vice chair)
- Youth and Sports Bureau head (members)
- Agriculture Bureau head (members)
- Urban development Bureau head (member)
- ACSI head (member)
- Rural land children Affair Bureau head (members)
- Worsen and children Affairs b Bureau head (member)
- Animal Agency head (member)

At Zone level, the taskforce is represented by the above listed 9 members as at the regional level. At woreda level, the committee has 11 members wherein 2 additional offices are added which are the head of youth and women Associations and/or head of youth and women leagues and head of cooperative association. At the kebele level, the same 11 institutions as in the zonal levels are represented plus head Meseretawi Hibret wherein the number of members in total comes down to 12. In this regard, TVET, Bureau of Women and Children Affairs and Bureau of Youth and Sports are entrusted with registration of job seekers. As it can be seen, BOLSA is not represented in the task force at all level, wherein ACSI is a member of the task force even though it is not an officially recognized government agency.

MSEs were among the programs the GoE has recognized and paid due attention to address the challenges of unemployment and expedite economic growth across the country. It was assessed that many unemployed youth in various towns and cities of Ethiopia are said to currently benefiting from the MSE sector, which are said to have significant employment contribution and are operating successfully in small towns, where large and medium enterprises cannot. According to a 2008 report of TVET, 84,890 MSEs were formed by the unemployed youth in the region and a total of 835,563 (578,163 male and 257,400 females) have been employed. Number of employed youth shown a relative increase compared to the preceding years even though the number of the unemployed youth have increased correspondingly over the years.

However, it was assessed that MSEs do not grow or jobs created do not match the number of Job seekers. One of the major challenges is that the unemployed youth do not get sufficient support and follow up in terms of providing them with entrepreneurship and skill training, working space or land, loans and other relevant technological inputs. It is common that after they get organized and commenced work, no one looks after them. Interview with key informants and FGD discussants noted

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22 Tewabeyilak (2016) Assessment of the national employment services provision and labour market information collection and utilization in Ethiopia, International labour organization
that it is common that members of established enterprises are dispersed out of frustration after waiting for support for unreasonable time.

With regards to active governmental labour market programmes, there are mega projects in all the three research woredas. These are mainly high way road constructions by Chinese companies and the rail road construction crossing through or nearby the woredas. In relation to this, key informants spoke positively about the contributions of these projects in terms of addressing youth unemployment in the locality. However, FGD participants in Raya Kobo woreda in particular, were complaining that the rail road project has not benefitted the local youth. Instead people coming from the neighboring region are taking advantage of it.

Another noteworthy active job creation intervention in the 3 assessed woredas is employment in farm investments and large factories that are capable of absorbing large number of unemployed people. The three woredas are located in fertile lowland areas with the potential to attract many farm investors contributing to the creation of many jobs to the youth. According to key informants and FGDs, these sector recruits significant number of employees even though most of the vacancies are temporary.

With regards to non-governmental programmes, according the Regional Bureau of Finance and Economic Development (BoFED), there are 203 NGOs currently active in the region and implementing 566 projects with a total fund of 9.9 billion birr. The projects created access for a total population of 17.5 million scattered in 169 woredas. More than 60% of these are working on women and children, as well as education and health.

Multi-lateral organizations including UNICEF, UNFBA, ILO, WB, and bilateral organizations such as DFID, SIDA CID, GIZ, JICA, Finish and Austrian governments’ development agencies provides support to the regional initiatives in various aspects. However, only few non-state actors (NSA) are working on migration, youth empowerment and livelihood, apart from IOM and ILO. Bilateral projects have a yearly budget of more than 5 Billion ETB.

At woreda level, there are a few NGOs implementing projects focused on livelihood related to migration and youth empowerment. These NGOS include,

- **PADET** a local NGO is working in five woredas in North Wollo zone and targeting only one kebele in Raya Kobo woreda. It started in 2002 EC and is funded by SCI and Oak Foundation. The organization focuses on issues related to women and children, reproductive health and HIV/AIDS. It also covers migration issues by targeting potential migrants and returnees, and through its Youth in Action Project, it has supported vulnerable youth through the provision of training on specific business skills which fills technical gaps of the youth. The skills include scientific ways of bee keeping, poultry, sheep and goat fattening, etc. Youths, who received training are also provided with seed money of up to 5000 ETB and then are linked to private sectors, government agencies for sustainability issues. As a result, a number of young potential migrants are generating income engaging in various activities such as selling tea and coffee in the service sector, metal and wood work etc.

- **GENEVA GLOBAL**: provides grants to organizations working on migration all over Ethiopia. It has been operational in Amhara region with projects running from since 2015-2018 with a total fund of 25 million ETB. Implementing partner organizations include FSCE, PADET, Emanuel Development Association, Beza Posterity, Netsebrak, and MahibereHiwot for Social Development. It adopts a “hot spot” approach where it focuses on areas within 30-kilometre radius of Dessie town which is a hot spot area in South Wollo Zone. Hence, the projects implemented by Geneva Global and its partners include basic employment training including Arabic language lessons, rights and responsibilities of employees, including basic household
skills. They are also involved in strengthening the taskforce established to work on migration issues so that laws and policies are implemented effectively.

- Following the deportation of about 170,000 Ethiopian migrants in 2013/2014 from the kingdom of Saudi Arabia (KSA), the International Labour Organization (ILO) has launched a three year program (2015-2017) entitled “Support to the Reintegration of Returnees in Ethiopia” with 10 Million EURO through European Union financial support. The project aimed at improving labour migration governance in Ethiopia and provides comprehensive support to returnees that includes: psycho-social support, economic reintegration support, awareness raising and institutional development. Accordingly, in Amhara region the project has been implemented in close collaboration with key partners including the Regional Bureau of Labour and Social Affairs, Regional Bureau of Women, Youth and Children Affairs, Technical and Vocational Training Colleges, Regional Micro and Small Enterprise Development Agencies, Micro Finance’s and various civil society organizations.

- The assessment has also found that projects aiming at enhancing livelihoods through improved employment initiated by the Women Entrepreneurship Development Project (WEDP) of the World Bank and credit free loan initiative for poor women under the Global Fund. The WEDP aims at financial and training support for women entrepreneurs and started operation since 2012.

5. Oromia

In Oromia region, the most important government institutions that are involved in the provision of employment services are BoLSA and MSE offices. While BoLSA is mainly concerned with the facilitation of job placement on existing job positions, MSE office is primarily concerned with the creation of self-employment opportunities. Proclamation no. 923/2016, proclamation no. 932/2009 and the labour law are the basic legal frameworks within which the regional labour market is regulated. On the other hand, the MSE office uses micro and small enterprises development strategy (2011) to regulate the MSEs Creation and sustainability.

BoLSA has been giving public employment services and that is serving as labour market information. The office collects data coming from the woredas and prepares annual report on employment. It also sends annual report to MoLSA. However, the labour market information function of the employment services provided by the office is limited because many people do not know the office and its services. Furthermore the office does not have a means to disseminate the limited labour market information it produces like CSA and other offices do. BoLSA also provides various public employment services. One of the services is registration of jobseekers and issuance of jobseeker identification card. Both BoLSA office and legally registered private agencies register jobseekers for job placement.

TVETs serve important employment services because they prepare their trainees for employment in the labour market and/or mainly for self-employment. TVETS are considered as the backbone of the MSEs because they are the ones giving entrepreneurial and skill based trainings. TVETs are considered as important institutions to provide the industry with skilled labour force. There are many TVET colleges in Oromia region and many students have already been graduated.

MSEs are considered as important vehicles of job and wealth creation for large number of people in Ethiopia in general and in Oromia region in particular. For this, potential areas of job creation are identified both in urban and rural areas of the region. The key potential job creation areas identified in urban areas are manufacturing, construction, trade, agriculture (vegetables, poultry and dairy) and the service sectors. On the other hand, agricultural activities like irrigation are the main potential areas identified in rural areas.
MSEs also provide self-employment services for the unemployed people. This is done through the kebele structure to identify unemployed people and organize them into MSEs. It also requests the government offices and sectors to notify the available job creation opportunities present to organize MSEs. The MSEs use the MSE package (i.e. training, loan, place of work and machine) to operate their businesses.

However, there are lots of problems associated with the operation of the MSEs such as corrupt practices in the way people are screened and organized, land and places of work are given, etc. lack of entrepreneurship culture, bureaucracy, lack of inputs, competition with Investors, lack of proper monitoring and evaluation of MSEs in the region, limited Implementation capacity, lack of materials and services provision, lack of Market Linkage and attitude problem among the Unemployed: etc.

With regards to non-governmental programmes, there are only few NGOs operating in the study area are such as an international Italian NGO COOPI and a local NGO, HUNDE. There are also institutions that can influence business development in the region. These are:

- Madda Walabu University that has a huge capacity and potential as a big market for local enterprises.
- Sinana state farm can also be used positively as a potential local business provider.
- There are also non-governmental Micro Finances such as PEACE, Busa Gonofa in addition to OSCA.
- There are also a number of private and state owned banks.

Moreover, as per the findings of the assessment report, the regional government has allocated ETB 6.6 Billion pooling resources from the federal revolve fund and other various sources to support the efforts addressing youth unemployment.

6. SNNPR

The regional BoLSA is responsible for registering job seekers, locating vacant positions, planning employment creation and predicting future demands of labour in urban and rural areas. These activities among many others are particularly run by the BoLSAs of Employment Process Coordinator. This structure goes down to the Woreda levels and carries out similar functions across the region, Zones and Woredas. In many respects however the lower administrative hierarchies are less equipped by trained personnel and resources. For instance, in 2015/16 fiscal year the regional agency has planned to register 50,000 job seekers (Men 35,000, Women, 15,000) and managed to cover around 90% of the plan. In the same vein the agency also attempts to create and often match job seekers with the available jobs at various schemes of self-employment schemes (through credit provisions and other means) and in public sectors. In this regard the Agency has matched about 15,500 permanent and contract (short term) employment opportunities to job seekers (BoLSA, 2009). Moreover, the agency has also matched more than 61000 seasonal works (sugarcane plantations, etc) during 2015/16 fiscal year.

Some of the active labour market programs include training schemes intended to help the unemployed improve their vocational skills and increase their employability. One very good example of such efforts in SNNPR is efforts to organize short term skills training in domestic service, care giving in the TVET system. This undoubtedly allows unemployed youth to develop skills highly needed in the world of work and adds immensely to the employability of the youth.
In regards to non-governmental programs, the assessment found that IOM, ILO and the World Bank are engaged in providing funds, giving trainings, facilitating awareness creation/sensitization training and workshops at Zonal and Woreda level in matters related to migration, reintegration of returnees and employment creation efforts. Most importantly they also are the sources of capital for provision of credit for organized youth qualified to benefit from the credit made available through OMO Microfinance. There are also several Civil Society Organizations engaged in various socio-economic and development initiatives such as farming, water development, education and health, among others.
PART V - Challenges on Migration, Labour Market and Value Chain (Resume)
1. Challenges on Migration in the Assessment Areas

As per the findings of the SEA, the major challenges on migration are relatively similar across to all regions in the study area. However, there are also specific challenges per regions. So, the challenges are the following:

A) There is a high unemployment rate among men and women in all the regions of the study areas.

B) The landholding average is declining due to the higher level of population growth.

C) Many people decide to migrate being difficult to support themselves and their families by the wages/salaries that they receive from their employers.

D) Family and peer pressures are major push factors for youth and women to migrate irregularly.

E) There is widespread opinion that youths could change their lives by moving out of the country.

F) In Tigray the culture of migration is so pervasive that many youths do not see their future here in Ethiopia. Some go to the extent of “praying that they do not pass the 10th grade national examination.” (Focus Group Discussion with Returnees in Raya Alamata Woreda)

G) Lack of job opportunities coupled with urban poverty pushes people to migrate irregularly being this the only option in the selected Sub-cities of Addis Ababa.

H) There is a strong network of irregular migration brokers who are promoting irregular migration.

2. Challenges of Labour Market in the Assessment Areas

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<thead>
<tr>
<th>No.</th>
<th>Region</th>
<th>Challenges</th>
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</table>
| 1.  | Addis Ababa | A) Significant proportion of the youth in Addis Ababa which is worsened by an ever growing number of youth in the city- some of whom migrate from rural areas of Ethiopia in search of better opportunities  
B) Deficiency in quality and demand oriented skills training, being unable to achieve to have more students with the capacity to implement their knowledge from school at work  
C) Some TVET institutions have teachers with poor quality and as a result unable to deliver the required level of skills of operating technologies and equipment  
D) BoLSA, CSA, BoE, Bureau of Public Services and Human Resource, MSE Bureau, CETU, and Ethiopian Employers’ Federation participated in collecting Labour Market information (LMI) in the region. However, there is limited coordination among these actors in the preparation and utilization of LMI  
E) Strengthening labour market institutions, Improving Labour Administration and Labour Market services |
| 2.  | Tigray | A) Difficulty to get a loan and high interest rate on loans and difficulty to access sustainable markets.  
B) In most cases, as per the FGD participants of the study, vacancies do not get advertised publicly in the region, this is also a case in other regions. Support should be provided to the public employment unit for disseminating labour market information on time.  
C) Lack detailed information on labour market trends in the Woredas. Based on available information, the extent of job creation is very low compared to the active labour skills in the Woreda’s  
D) A greater proportion of the jobs created by in woredas are temporary and... |
secured by men

E) Rural to urban migration push a high pressure on the available jobs in the region mainly in the case of AbiAdi Woreda.
F) Honey and sheep production has high potential in job creation in Atsbi Woreda major urban centers, but there is no agro-processing plant with in the Woreda.

3. **Amhara**

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<tbody>
<tr>
<td>A)</td>
<td>In both rural and urban areas, the youth are not efficiently equipped with relevant skill and knowledge in order to be successful.</td>
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<td>B)</td>
<td>Unemployed youth do not get sufficient support and follow up in terms of providing them with entrepreneurship and skill training, working space or land, loans and other relevant technological inputs</td>
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<td>C)</td>
<td>The majority of the youth despises menial jobs that are available locally. Only few struggle to start from smaller jobs. For instance, cobble stone and poultry are not popular and are perceived as inappropriate for the urban and/or educated youth.</td>
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<tr>
<td>D)</td>
<td>There is also problem in relation to formation of youth groups. Not all youth are willing to be organized into groups. Even those who have formed groups do not use them to actively participate and protect their interest. They only want it as a short cut to grab a piece of land or free money.</td>
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<td>E)</td>
<td>Most of the jobs created at the moment are temporary and fail to address the problem of unemployment in the woreda or region effectively.</td>
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<td>F)</td>
<td>Lack adequate information on the labour market situation.</td>
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<td>G)</td>
<td>Available financial supports do not match the demand and it more bureaucratic. It is even much harder for rural youth to access land and relevant technological inputs. ACSI (Amhara Credit and saving institution), the major source of finance for youth in the region. However, almost all FGD participants complain about the high interest rate and believe that ACSI is not concerned about the youth rather on its profits.</td>
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4. **Oromia**

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<td>A)</td>
<td>Lack of adequate skills and technology for quality production, harvest and postharvest management.</td>
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<td>B)</td>
<td>Access to finance is the most formidable challenge for MSEs in the region. In Muslim dominated areas of the region, people do not want to take interest bearing loan for religious reasons. It is also the Muslim dominated areas in Oromia region that are mostly affected by youth migration to the Middle East.</td>
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<tr>
<td>C)</td>
<td>Bureaucracies involved in registration and licensing of the MSEs is time and resource consuming. MSEs from the woredas in the region are required to register and have their MSEs names confirmed at the regional level in Addis Ababa</td>
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<td>D)</td>
<td>Limited access to Market linkages</td>
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<td>E)</td>
<td>Lack access to basic Services and Infrastructures</td>
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<td>F)</td>
<td>Insufficient Monitoring and Evaluation in the woredas</td>
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<td>G)</td>
<td>The labour market information function of the employment services provided by the office is limited because many people do not know the office and its services</td>
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5. **SNNP**

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<td>A)</td>
<td>Incompatibility between the economic growth and a fast growing number of job seeking youth. There is a need to engage the unemployed youth and women improve their vocational skills and increase their employability</td>
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<td>B)</td>
<td>Labour market information dissemination and creating linkage between jobs and workers is not adequate</td>
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<td>C)</td>
<td>Access to finance limited in many respects for self-employment. This is</td>
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compounded by complex bureaucracies to access to credit facilities. Credit provision guideline should be revisited so as to bring about a substantive change in the area of job creation.

D) Apart from regional capital, the expansion and development of big investment that could to absorb the unemployed is not adequate. Business linkage to the

3. Challenges of Value Chains in the Assessment Areas

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<th>No.</th>
<th>Region</th>
<th>Value chains</th>
<th>Challenges</th>
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<tbody>
<tr>
<td>1.</td>
<td>Addis Ababa</td>
<td>1.1 Textile &amp; Garment</td>
<td>A) Lack of adequate technical and vocational training (TVET) capacity</td>
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<td></td>
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<td>B) Lack of sufficient on the job training</td>
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<td>C) High turnover and absenteeism</td>
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<td>D) Lack of middle management capacity and supervisors</td>
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<td>E) Resistance to change and lack of soft skills</td>
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<td>F) Lack of a market-driven approach</td>
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<td>G) Problems in fulfilling adequate quality standards requested by the market</td>
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<td>H) Sourcing of inputs</td>
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<td></td>
<td>I) Lack of integration and limits to value addition</td>
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<td>J) Institutional capacity and sector coordination</td>
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<td>K) Access to finance</td>
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<td>L) Upgrading of machineries</td>
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<td>M) Limited awareness on how to exploit preferential export markets</td>
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<td>N) Lack of trade promotion capacity</td>
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<td>1.2</td>
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<td>1.2 Metal Work</td>
<td>A) Need to strengthen forward market linkages, both improving the subcontracting schemes between big and small firms and by improving the entrepreneurs’ capacity of market analysis and business development.</td>
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<td></td>
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<td></td>
<td>B) Need for a better matching between the skills of workers and the demands of enterprises.</td>
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<td>C) Need for access to adequate financial tools for small and medium firms that aim at entering into clusters.</td>
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<td>D) Need to improve managerial and organizational capacity for small and medium firms willing to scale-up.</td>
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<td></td>
<td>E) Need to support the existing “flexible workshops”, especially with respect to market linkages, but also to skill development.</td>
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<tr>
<td>1.3</td>
<td>Leather</td>
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<td>The main challenges of the integrated leather value chain are:</td>
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<td>To increase the quantity and quality of raw hides and</td>
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skins through improvements at husbandry, slaughtering and trading levels.
- To upgrade the finishing capacity of the tanneries.
- To overcome the general shortage (for all the segments of the value chain) of adequately trained manpower and qualified personnel, including at the various levels of management.
- To upgrade the capacity of the TVETs to produce the required quality of manpower for the sector.
- To translate greater production and productivity into export growth also through an increased capacity to meet the standards and quality expectations of importers and consumers abroad.

The sub-sectors and segments offering (due also to their labour intensity and high youth and women employment rate) more possibilities to achieve the specific objective of SINCE within the project's timeframe are the following:

1. Production of footwear.
2. Production of leather garments.
3. Production of leather goods.
4. Production of gloves.

The highest concentration of the footwear, leather garments and leather goods production is in Addis Ababa also new investments for production of gloves are expected in Addis Ababa. The majority of leather clusters is located in Addis Ababa.

Among the challenges identified for the four selected segments there are the following:

A) Availability of labour having both a skill suitable and the attitude to work in production lines.
B) Availability of low and middle management personnel having a proper preparation.

1.4 Construction

A) Need to improve working conditions and reduce turnover.
B) Need to support skill development for workers in subcontracting firms.
C) Need to improve managerial and organizational capacity for small and medium firms willing to expand employment.

1.5 Manufacturing

A) Need to accelerate private sector development for employment creation and ensure effective and efficient public sector employment.
B) Need to develop guidelines on skill developments, access to working premises, access to finance, establishment of associations and ensuring decent work conditions.
C) Need to improve financial, training, and work premises support among enterprises
D) Need to support in Business development services including market linkage.

2. Tigray

2.1 Textile & Garment

A) Lack of adequate technical and vocational training (TVET) capacity
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<tbody>
<tr>
<td><strong>B)</strong> Lack of sufficient on the job training</td>
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<tr>
<td><strong>C)</strong> High turnover and absenteeism</td>
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<tr>
<td><strong>D)</strong> Lack of middle management capacity and supervisors</td>
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<tr>
<td><strong>E)</strong> Resistance to change and lack of soft skills</td>
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<tr>
<td><strong>F)</strong> Lack of a market-driven approach</td>
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<tr>
<td><strong>G)</strong> Problems in fulfilling adequate quality standards requested by the market</td>
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<tr>
<td><strong>H)</strong> Sourcing of inputs</td>
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<tr>
<td><strong>I)</strong> Lack of integration and limits to value addition</td>
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<tr>
<td><strong>J)</strong> Institutional capacity and sector coordination</td>
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<tr>
<td><strong>K)</strong> Access to finance</td>
<td></td>
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<tr>
<td><strong>L)</strong> Upgrading of machineries</td>
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<tr>
<td><strong>M)</strong> Limited awareness on how to exploit preferential export markets</td>
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<tr>
<td><strong>N)</strong> Lack of trade promotion capacity</td>
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<tr>
<td><strong>2.2 Metal Work</strong></td>
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<tr>
<td><strong>A)</strong> Need to strengthen forward market linkages, both improving the subcontracting schemes between big and small firms and by improving the entrepreneurs’ capacity of market analysis and business development.</td>
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<tr>
<td><strong>B)</strong> Need for a better matching between the skills of workers and the demands of enterprises.</td>
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<tr>
<td><strong>C)</strong> Need for access to adequate financial tools for small and medium firms that aim at entering into clusters.</td>
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<td><strong>D)</strong> Need to improve managerial and organizational capacity for small and medium firms willing to scale-up.</td>
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<td><strong>E)</strong> Need to support the existing “flexible workshops”, especially with respect to market linkages, but also to skill development.</td>
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<tr>
<td><strong>2.3 Fattening</strong></td>
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<tr>
<td><strong>A)</strong> Cattle have a low turnover rate and high costs.</td>
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<tr>
<td><strong>B)</strong> Feed is among the most serious limiting factors to the sector’s productivity and death is the main exit for cattle in particular but also for sheep and goats. Attempts to promote fattening should be accompanied by resolving serious bottlenecks in the feed sector and availing veterinary services.</td>
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<tr>
<td><strong>C)</strong> Fattening of cattle is better to be handled by men, as cattle become aggressive. But women can engage with fattening of shoats.</td>
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<td><strong>2.4 Beekeeping</strong></td>
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<tr>
<td><strong>A)</strong> Only two honey processing factories in the region are functioning significantly below their capacity, mainly due to challenges to get supplied honey of the desired quality and quantity.</td>
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<tr>
<td><strong>B)</strong> The major challenges in honey production are: high cost of inputs, shortage of forage, swarming and skill/knowledge gap, lack of market as well as</td>
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extension service and credit access.

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<tr>
<th>2.5 Dairy Farming</th>
<th>There is unmet market need in dairy farming in the region. For example, only milk processing plant in Mekelle is running at 5% capacity (from an installed capacity of 6,000 to 8,000 litres per day)</th>
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<tbody>
<tr>
<td>3. Amhara</td>
<td>4.1 Metal Work                                                                                       A) Need to strengthen forward market linkages, both improving the subcontracting schemes between big and small firms and by improving the entrepreneurs’ capacity of market analysis and business development. B) The need for improving the skill levels and the exposure of potential employees to updated technologies. C) The need to improve managerial and organizational capacity for “flexible workshops” willing to scale-up.</td>
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<tr>
<td>3.2 Construction</td>
<td>A) Need to improve working conditions and reduce turnover. B) Need to support skill development for workers in subcontracting firms. C) Need to improve managerial and organizational capacity for small and medium firms willing to expand employment</td>
</tr>
<tr>
<td>4. Oromia</td>
<td>4.1 Agro-Business                                                                                     A) Lack of adequate skills and technology for quality production, harvest and postharvest management. B) Lack of adequate skilled labour in the food processing technology. C) Limited capacity of TVETs for generating qualified technicians that fit for the growing food industries demand. D) Limited capacity of Agricultural Research Centers to support farmers and industries through provision of quality seed and technical trainings, and conducting field inspections to guarantee quality and quantity of agricultural produces. E) Lack of transparent internal monitoring systems for food safety (HACCP, GMP, etc.,) F) Lack of available technologies for small scale tomato processors G) Lack of access for IPPM packages for crop protection and improved seeds and other inputs. This is driven by the poor coordination and implementation via a holistic approach between development organizations (NGOs). H) Lack of functioning tools to communicate and translate</td>
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the market intelligence.
I) Lack of fast financial transactions systems that encourage farmers to be committed for high quality production and supply.
J) Limited capacity of farmers' cooperatives unions to build appropriate storage facilities to reduce postharvest loss and enhancing the bargaining power of farmers.
K) Lack of awareness or poor information dissemination about the financing scheme arranged by the DBE, which might hinder the fast development of the agro-sector.

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<th>4.2 Metal Work</th>
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<td>A)</td>
<td>Need to strengthen forward market linkages, both improving the subcontracting schemes between big and small firms and by improving the entrepreneurs’ capacity of market analysis and business development.</td>
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<tr>
<td>B)</td>
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<tr>
<td>C)</td>
<td>The need to improve managerial and organizational capacity for “flexible workshops” willing to scale-up.</td>
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<tr>
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<th>4.3 Livestock Fattening and Trading</th>
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<tbody>
<tr>
<td>A)</td>
<td>Though livestock rearing declined in the northern part of the woreda due to the increasing encroachment of farming to grazing areas. Livestock rearing is considered as culture in many areas of the country.</td>
</tr>
<tr>
<td>B)</td>
<td>Needs to enhance market linkage for woredas having high livestock production.</td>
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<tr>
<td>C)</td>
<td>Needs to support livestock trade as another area of self-employment.</td>
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<thead>
<tr>
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<th>4.4 Dairy Farming</th>
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<tbody>
<tr>
<td>A)</td>
<td>Youth and women have limited access to finance to engage in dairy farming.</td>
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<tr>
<td>B)</td>
<td>Limited skills on integrating dairy farming with feed preparation and rearing and selling of breed cow calves.</td>
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<td>5</td>
<td>5.1 Textile &amp; Garment</td>
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<tr>
<td>A)</td>
<td>Lack of adequate technical and vocational training (TVET) capacity</td>
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| | J) Institutional capacity and sector coordination  
| K) Access to finance  
| L) Upgrading of machineries  
| M) Limited awareness on how to exploit preferential export markets  
| N) Lack of trade promotion capacity |

| 5.2 Metal Work | A) Need to strengthen forward market linkages, both improving the subcontracting schemes between big and small firms and by improving the entrepreneurs’ capacity of market analysis and business development.  
| B) The need for improving the skill levels and the exposure of potential employees to updated technologies.  
| C) The need to improve managerial and organizational capacity for “flexible workshops” willing to scale-up. |

| 5.3 Construction | A) Need to improve working conditions and reduce turnover.  
| B) Need to support skill development for workers in subcontracting firms.  
| C) Need to improve managerial and organizational capacity for small and medium firms willing to expand employment |

| 5.3 Horticulture | A) There is a huge demand for horticulture products especially for Silti and Mesqan Woredas as result of the establishment of new University at Worabe and the expansion of Hotel Business. But there is limited access to finance to start the business.  
| B) Needs to support the unemployed youth into have access to working spaces  
| C) Needs to have regular support for linking the newly established university and the local markets. |

| 5.4 Livestock production | A) Needs to create finance support for unemployed youth and women to engage in Livestock production which is an integral part of their economy.  
| B) Support to working spaces and business development services including financial management skills |

| 5.5 Dairy | A) Needs to create finance access for the unemployed youth to engage in dairy products.  
| B) The other major challenges include difficulty to obtain land, limited access to sufficient amount of loan and absence of grazing land and shortage of fodder  
| C) Needs to provide a better start-up capital with prolonged maturity time for debts and working spaces (land) as the sector have a good potential for job creation. |
PART VI - FINDINGS AND RECOMMENDATIONS
1. Findings of the Socio-Economic Assessment

The key findings of the Socio-Economic Assessment include:

- The highest population growth rate in Ethiopia including in the study area has an adverse impact to access to employment opportunities and access to basic services.

- Small and Micro Enterprises development is one of the poverty alleviation and job creation endeavour at national level. The 2015 small scale survey of CSA on the sub-sector indicates that MSE created a total of 3.94 million jobs for the period 2010-2015.

- The national population group economically active has been steadily increasing in the past 10 years (2003-2014), whereas the labour market is not matching this increment. As well as the study shows that the share of economically active female population remained lower than male population.

- According to the 2013 national labour force survey, the agricultural sector is the major employment sector at the national level. During this period, the sector absorbed 72.7% of the employment; followed by the service (19.6%), the manufacturing (4.49%) and construction (1.95%) sectors.

- The study has shown that the national level of unemployment is 4.5% in 2013 and the unemployment rate found has continued to be high compared to the labour market availed.

- BOLSA is providing the Public Employment Service (PES) through registering the unemployed while most employment opportunities are then arranged through the MSE office. Employment Services plan to strengthen activities of registering, documenting labour market information and disseminating them by consistently publishing LMI bulletins at the regional level. However, the study found that there are limitations on some aspects of employment services such as counselling and vacancy registration.

- People on the move although it is difficult to mention the exact number of Ethiopian migrants crossing the border each year due to the irregular nature of migration. The oil rich Gulf countries (Saudi Arabia, Kuwait, United Arab Emirates/UEA), Western Europe, North America and the Republic of South Africa found as the major destination areas for Ethiopian migrants. The reasons for migration are diverse and none of the reasons can be taken alone. However, the major causes for migration are mostly related to economic reasons and lack of livelihood opportunities at home.

- Ethiopia is the largest Africa country that hosts more than 793,321 Refugees (UNHCR, December 2016) who are residing in 24 Refugee camps located in different parts of the country including Assosa, Dollo Ado, Gambella, Jigjiga, Berhale, Assayta and Shire regions. South Sudan refugees constitute majority of the refugee population i.e. 42.71% (338,823) followed by Somalis (30.46%; 241,624) and Eritreans (20.83%; 165,252).

- Once the Ethiopian government banned legal labour migration following the Saudi Arabia deportation of tens of thousands of Ethiopian undocumented migrant workers from that country in 2013, most of Ethiopian migrants follows irregular routes. Hence, the assessment has shown that there is lack of comprehensive data on the number of out migrants and mostly reports the number of migrants are estimated figures.
The SEA in all five Regions under study has shown that migration has both positive and negative impacts on the family of the Migrants. The positive impact is that migrants send money and support the livelihoods of their family and contribute to increase their family standard of living. On the other hand irregular migration has shown extensive psychological disturbs and socio-economic problems for the migrants and their families. The main negative outputs are loss of life and selling of available household assets.

The assessment report has shown that the youth and women have limited access to finance and financial management education. It is also reported that credit provided by the regional Micro Finance institutions has high interest rate. For example, in Amhara, all FDG participants are expressed their concern on the high interest rate of ACSI (Amhara Credit and Saving Institutions) and they believed that ACSI focuses on the profit but not for the people.

The assessment has identified some limited efforts made by Local and International NGOs, Multilateral agencies and the government line bureau across the study area in job creation activities related to addressing issues connected to Irregular Migration.

1.1 Recommendations

The assessment come up with various implementation and policy level gaps at national and grass root level which has a high probability of accelerating the exodus of Ethiopian youth and women. The assessment has also come up with various recommendations to mitigate the root causes of migration and to create a decent livelihood options and employment opportunities.

1.1.1 Long term/strategic/macro/policy level recommendations

Establish effective Labour Market Information System to connect job seekers to employers and to link with broader economic plans of the country and respective region:

1. Create mechanism to regularly register and share labour market systems
2. Establish mechanisms to enable SME to be channeled to a bigger market site.
3. Resolve strategic bottlenecks: companies operating in different sectors face strategic bottlenecks to access inputs for their production process.

Enhancement of the local skills base and the employability of young people;

4. Coordinate with sectoral associations/private sector:
5. Conduct a proper needs assessment of the local labour market to serve as a base for projecting skill needs of various sectors.
6. Engage to create a specialized TVET centres that will help to develop a cohort of young men and women with advanced skills and higher productivity, and better chances of employability.

Enhance improving the productivity of MSEs and the promotion of TVET graduation into small and medium enterprises

1. Enhance more investment on capital, more tools and technological knowhow.
2. Self-entrepreneurship and enterprise creation;
3. Making Entrepreneurship Development Centres accessible
4. Innovation Incubation Centres
5. Organize a forum for sharing best practice across agencies and TVET

**Improve the governance of the local (youth) labour market;**

1. The Labour and Social Affairs and the Youth and Sport Affairs Bureaus have competing roles when it comes to assessing unemployment and labour market information in a Woreda/region. It is recommended to assign a lead agency that will address duplication of efforts, wastage of time and resources, as well as some confusion.

2. Regularly conduct studies on the labour market based on a standard guideline:

3. Potential partners for strategic entry points for the local communities, including returnees, to fully utilize the opportunities available in the labour market.

**Strengthen Stakeholder (public and private) participation and support Public employment services**

- Industry parks create many direct and indirect jobs, promote productivity and contribute positively to the nation's economy. The Ethiopian government is aggressively working towards industrialization and the establishment of industrial parks throughout the country. Put industry parks at the center of sustainable employment opportunity creation.

- Augment the lending capacity of microfinance institutions: special arrangements might be required to support small/medium enterprises that directly targets small/medium enterprises.

- Working with the private sector though providing incentives such as loans, tax deductions and others could do expanding existing businesses to make them absorb new labour force.

**1.1.2 Pragmatic Recommendations**

The recommendations mentioned above might not be achieved in the project period. Whereas, the following are practical recommendations for the project intervention:

- One of the key findings of the assessment is that there is limited access to quality motivational and entrepreneurship skills training in all the regions. The trainings provided are not in a position to enable the unemployed youth to create innovative business. Hence, it is recommended that need based regular motivational and entrepreneurship trainings should be provided for returnees, potential migrant.

- Except Addis Ababa, in most of the regions under consideration, there is a demand in irrigated agriculture in rural areas that could be supported to create access to source of income and employment opportunities for the returnees and potential migrants.

- Efforts should be made to strengthen the implementation capacity of MSE development agencies to specialize on need based skills training so that potential migrants and returnees
would have the opportunity to create their own source of income and be able to stay in their home country. (The process of job creation should be focused on a value chain approach).

- Besides limitations in entrepreneurship and vocational skills training, the assessment has found that there is limited access to financial services, due to lengthy processing and high interest rates. Hence, support should be provided for Regional Financial institutions to strengthen their capacity and to reform their loan delivery system, so that they can reach more beneficiaries.

- The unemployed youth are facing challenges on how to generate business ideas, preparing business plans, starting up and developing their business. Therefore, participants of the assessment recommended on the need to establish professional career counsellor (social workers) for the provision of consultation services to the unemployed, returnees and potential migrants. This counsellor should be based at the Regional BoLSA Office.

- The SINCE project can take advantage of the role of Non-State Actors, including local NGOs, religious institutions, Edirs, and youth associations, in the effort to change the attitude of the youth toward irregular migration.

- The findings of the assessment have shown that the dynamics of migration shifted from regular to irregular following the government ban of regular migration as a response to the massive deportation of Ethiopians from the Kingdom of Saudi Arabia in 2013. Hence, there should be access to legal labour migration for both men and women. Support should be provided for government line offices to provide consistent and need based basic skills training and training on the procedure for regular migration.

- Support to strengthen the coordination among different government line bureaus and other stakeholders who are engaged in creating access to youth employment opportunities and mitigating the root causes of migration.
2. SINCE IMPLEMENTATION

2.1. Project Implementation Strategy and main themes of intervention

2.1.1 Project Implementation Strategy

In application of the adopted methodology (see paragraph 2), the selected strategy intends to focus on results and activities that:

a) allow for the achievement of the SINCE objectives within the timeframe of the project;

b) can be implemented by the foreseen typology of implementing partners (NGOs and International Organizations & Bilateral Agencies);

c) will be mainly related to the selected value chain segments but that will be also related to other sectors if applicable;

d) will involve selected leading TVETs by increasing their capability in order to provide additional medium-short training courses (with respect to their current capability) specifically addressed to potential migrants;

e) will involve selected clusters with high potential for additional employment opportunities creation;

f) will facilitate the involvement of PP stakeholders for ensuring project effectiveness and sustainability;

g) are located: (i.) in the given macro project areas (geographical zones indicated in the SINCE project documents); (ii.) in a limited number of woredas located in the given macro project areas where the potential migrants are more concentrated and where there is more possibility for creation of employment opportunities in the selected value chains segments; and (iii.) in a limited number of kebeles in the selected woredas and where, according to the implementing partners’ assessment, the potential migrants are more concentrated.

All results and activities will focus on the SINCE target groups of potential migrants, in particular: youth, women, Eritrean refugees and returnees.

2.1.2 Interventions focusing on TVETs

One of the major constraints for employment generation that has been identified is the lack of properly skilled workers. Therefore, TVETs emerge as crucial actors for employment generation, through their role in matching the competences required in the labour market and the competences provided by the training system.

The interventions focusing on TVETs are therefore aimed at increasing the number of short-medium term courses provided by well-performing colleges, which respond to the requirements of the labour market and are within the framework of the TVET National Strategy and in accordance with the Proclamation No. 954/2016 (Technical and Vocational Education and Training Proclamation).

In order to be coherent with the necessity of achieving the SINCE objective in a relatively short period, it is important that the SINCE interventions are focused only on those TVETs that show to be better performing than others (“leading TVETs”). Therefore, within the TVET interventions, a preliminary

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activity should be the assessment at local level of the leading TVETs. This activity is aimed at identifying the colleges that have a greater potential in terms of graduates employability and that are willing to be part of the SINCE project. These may be both public and private TVETs.

During the assessment, in few cases, some best practices that may be scaled up have been found. These practices can be summarized as follows:

- Strong relationship between the TVET College and the private sector, in order to define curricula that are tailored to the enterprises’ needs in terms of skills and qualifications;
- Properly functioning "cooperative training";
- Consolidated relationships with private enterprises both for on-the-job training and after-training employment;
- Good quality of training provided;
- Laboratories sufficiently equipped with updated technologies.

In order to scale up these positive results, the assistance to the selected TVETs shall be designed within the framework of PPPs, involving all the relevant stakeholders, including private companies, TVET colleges, TVET regional agencies and other public institutions, business development, service providers etc. In particular, for what concerns the necessity to create or reinforce the relations between TVETs and the private industry, it is necessary to proceed with a second preliminary activity finalized to identify the private enterprises that are suitable and willing to collaborate with the selected TVETs. Priority will be given to those enterprises that show a commitment/attitude to employ the future graduates.

The interventions with the TVETs are tentatively organized in the form of “assistance packages” that may include (when it will be found necessary during the assessment by the implementing partners):

- Assistance to improve the relationship with firms in the provision of on-the-job trainings and subsequent employment. The support to the design and implementation of on-the-job training modules is coherent with the current TVET cooperative training approach and has the potential to create a linkage between the trainee and the enterprise already during the training phase;
- Provision of support for the costs incurred by the enterprises for the training on-the-job;
- Provision of essential equipment to college laboratories when it is necessary for the proper implementation of the additional training courses established within the SINCE project;
- Assistance in the formulation of appropriate curricula that respond to the need of the industry for different specialization levels (e.g. basic operators, middle management staff, business management, etc.). This action has a twofold aims: first, it aims at reducing the skill gap by supporting the identification and the provision of those competences that are better tailored to the enterprises’ needs; second, it aims at reducing the managerial skill gap in the management staff that is identified as a constraint to employment expansion of firms. In order to facilitate the possible involvement of the newly trained people in the creation of new businesses or in the expansion of existing ones, it would be advisable to include in the curricula components related to entrepreneurial capacity;

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24 "Cooperative TVET is a mode of TVET provided in partnership between enterprises and TVET institutions. Usually, the bulk of practical training takes place in an enterprise, while theory and initial practical exposure is provided by the TVET institution." TVET National Strategy, Ministry of Education 2008
- Assistance to the Training of Trainers (ToTs). This action is aimed at improving the competences of teachers and trainers in TVET colleges for the SINCE additional courses, thus increasing the quality of teaching. It may involve linkages between private and public TVETs;

- Provision of incentive schemes for the teachers and trainers involved in the SINCE additional courses;

- Provision of support for the training fee;

- Creation of awareness about availability of additional training activities. This action aims at spreading the knowledge among both workers and firms of the new training opportunities;

- Definition of mechanisms to guarantee the priority of access to the newly established courses to the SINCE target groups;

- Provision of support for the establishment of twinning arrangements between the selected TVETs and international TVETs;

**2.1.3 Interventions focusing on Clusters**

A second major pillar of the suggested interventions focuses on clusters. Industrial cluster are generally defined as the geographic concentration of economic activities within a certain sector producing similar and closely related goods (Ali, 2016). Several types of clusters in Ethiopia can be identified and classified according to the type of government intervention. The classification proposed by Ali et al (2016) is the following:

- "natural" clusters, (i.e. agglomeration of micro and small enterprises whose geographical proximity is not due to the existence of government premises);

- Established clusters (government-promoted) that are created from scratch;

- Expansionary clusters (government-promoted) consist of buildings that are constructed in the proximity of existing natural clusters. The aim of expansionary clusters is to provide spacious and clean working premises to enterprises that were previously operating in homes or in other informal workspaces;

- Relocated clusters (government-promoted). They refer to the case where natural clusters are already congested and there is not enough space to build working premises in their proximity. As a result, enterprises that used to operate in the natural clusters are given working premises in another location.

Some natural clusters have been supported and strengthened by public interventions in some cases coupled by international organizations and/or donors. In these cases, the strategy has included the promotion of inter-firm linkages, of linkages between firms and public bodies (research institutes, universities etc.), of promotion of subcontracting arrangements, of governance schemes involving public institutions and business development service providers.

According to the present JIPR, clusters are important structures for an industry development strategy aimed at employment generation. Supporting the clustering of micro, small and medium enterprises allows these firms to:

- Enter into subcontracting arrangements with bigger firms on a sound contractual basis and being able to deliver products of the requested quality;

- Scale up activities though the exploitation of scale economies, thus reducing the unit costs of some
segment of production;
- Share the costs of technological improvements, thus allowing for increased value addition;
- Coordinate in the search for forward market linkages, through bulking production and being able to reach more distant markets;
- Bulk input purchase to reduce the unit costs;
- Share infrastructure, selected machineries and the cost of other factors of production, e.g. energy, logistics etc.

Among the activities that are preliminary to the SINCE interventions, it is suggested to carry on a diagnostic of the existing clusters in the area and to select a limited number of clusters with high potential for creating employment opportunities. The rationale behind the SINCE intervention on the clusters is to maximize the creation of employment opportunities in the short run. Therefore, it is strongly recommended to select the clusters to be supported among the already organized ones (established, expansionary or relocated clusters).

The suggested activities concerning clusters can be conceived as an “assistance package” that can also rely on the establishment of PPP, where both small and big firms are involved together with public bodies, research centres, TVETs etc. These packages may include the following activities:

- Support to or establishment of Cluster Development Agents (CDA) or cluster brokers. These are relevant facilitating agents for cluster development.
- Support for the establishing and strengthening of market forward linkages;
- Support to the strengthening of the linkages between large and small companies in view of expanding sub-contracting arrangements; these mechanisms can be schemes that allow for an incubation period of sub-contractors, in view to strengthen their competitiveness;
- Support aimed at improving the technical, managerial, and marketing capacity of enterprises; it is observed that both technical and managerial skills of small enterprises are often limited, and that this hampers business effectiveness, including the capacity to expand forward linkages and consequently production. This may happen through the involvement, within PP platforms, of TVETs and business development service providers; it has to be noted that managerial and entrepreneurial skills can be useful for those unemployed educated youths who are also the most prone to irregular migration;
- Provision of shared equipment and support to equipment maintenance;
- Support in access to finance: credit tools can also be designed in order to be tailored to the needs of small enterprises that aim at increasing value addition;
- Support for the establishment of a training facility inside the cluster.

2.1.4 Interventions focusing specific target groups

Based on the regional assessment report and the national synthesis report, the Socio-Economic Assessment has come up with the following suggested intervention areas for each specific group. These specific groups are the potential migrants, returnees and Eritrean refugee;

Unemployed Youth/Potential Migrants
- The provision of regular and timely labour market information and career counselling/training.

- Facilitate and follow up smooth school to work transition for graduates arranging apprenticeships in collaboration with relevant private and public sector offices.

- Provision of skills trainings both entrepreneurship and vocational skills improve their employability

- Provide startup capital in the form of revolving fund since the unemployed youth usually lack any source of start-up capital to engage in self-employment activities. The MSE loan also requires 20% of prior saving to get access to credit.

- Provide career counseling services and create access to psychosocial support services

- Provide training on job seeking skills;

- Support to new enterprises under establishment to have access to working space, credit facilities and provide services on business development services

**Returnees**

- Organize and support psychological support services to help them to re-integrate easily with the community as well as reduce the trauma

- Support rehabilitation centres to enable returnees with severe physical and mental disorder and those who lost their family contact to benefit and recover from their Trauma.

- Provide basic business skills, motivational and entrepreneurship and vocational skills Training

- Avail special revolving fund reserved for returnees not only who were victims of mass deportation from Saudi Arabia but also who came back from other GCC countries

- Create a forum for exchange of information and for sharing their experience which would have a big role for social integration the presence of a social worker/psychologist to reduce the risk of re-migration.

- Provide regular information on available jobs in the labour market

**Eritrean Refugees:**

As per the findings of the SEA, some Eritrean Refugees are entitled to the Out of Camp Policy (OCP), which was introduced by the Ethiopian government in 2010 for allowing Eritrean Refugee to support themselves. However, due to the limited support available for Refugee and in the increasing cost of live, refugees living in Addis Ababa and other urban areas are exposed to extreme poverty. Hence, as per the findings of the assessment, interventions targeting for Eritrean Refugee should focus on:

- Work closely and support organizations working with Eritrean refugees and closely working with the Eritrean Refugees Central Committee (ERCC).
• provision of skills trainings both entrepreneurship and vocational skills to improve their employability

• Provide on-going business development services including the provision of career guidance and counselling services;

• Support to new enterprises under establishment to have access to working space, credit facilities and provide services on business development services

• Providing of awareness raising activities mainly related to the risks and consequences of secondary movement

• Support for the establishment of day-care centres for youth who are employed or self-employed.

• Create access to initial capital and access to credit services.

2.2 Geographical Distributions of interventions

2.2.1 Geographical distribution of interventions

As per the findings of the assessment, areas of intervention per Regions, sectors, value chains and woredas are as follows.
<table>
<thead>
<tr>
<th>Regions</th>
<th>Sectors</th>
<th>Value chains</th>
<th>Zones</th>
<th>Woredas</th>
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<tr>
<td>Addis Ababa</td>
<td>Leather</td>
<td>Leather consumer goods (footwear, leather garments, leather goods, gloves)</td>
<td>Sub-cities Arada, Addis Ketema, Yeka and Kirkos</td>
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<tr>
<td></td>
<td>Metal working</td>
<td>Fabricated metal, metal equipment and simple machineries</td>
<td>Sub-cities Arada, Addis Ketema, Yeka and Kirkos</td>
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<tr>
<td></td>
<td>Construction</td>
<td>Construction material production, Construction finishing works</td>
<td>Sub-cities Arada, Addis Ketema, Yeka and Kirkos</td>
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<tr>
<td>Amhara</td>
<td>Textile</td>
<td>Garment, Export-oriented production, and Traditional fabric</td>
<td>North &amp; South Wollo</td>
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<td></td>
<td>Metal Working</td>
<td>Fabricated metal, Metal equipment and simple machineries</td>
<td>North &amp; South Wollo and Oromia zone</td>
<td>Kalu, Dessie, RayaKobo and Kemissie</td>
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<td></td>
<td>Construction</td>
<td>Construction material production, Construction finishing works</td>
<td>North &amp; South Wollo</td>
<td>Kalu, Dessie, Habru</td>
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<td>Ars, West Ars, Bale and Jimma</td>
<td>Sinana, Adaba, Asella and Sherka</td>
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<td>Tomato and durum wheat production</td>
<td>Silte, Gurage and Jimma</td>
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<td>Silte and Gurage</td>
<td>Siltie and Meskan</td>
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<td>Central and Eastern Tigray</td>
<td>AtsbiWumberta, Wukro; Mekelle, RayaAlamata</td>
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