

Youth economic empowerment for sustainable development: Insights from Urban Ethiopia ¹

**Sindu W. Kebede^{2*}, Negussie Shiferaw, Netsanet Teklehaymanot,
Atlaw Alemu, and Getaneh Gobezie**

1. Introduction

The 2030 Sustainable Development Agenda puts emphasis on quality education, productive employment and decent work for youth as the center of a new development vision. In particular, targets under Sustainable Development Goals (SDGs) 4 and 8 place special focus on technical and vocational skills; youth employment challenges; and pathways for consistent and focalized action to provide decent jobs for youth (UN, 2015). Irrespective of these global initiatives, youth unemployment remains one of the most pressing challenge for sustainable development in developing countries (ILO, 2017). Youth empowerment, indeed, is central for sustainable development helping to avert major threats and challenges, including the impact of both unemployment and migration. More, if provided with an enabling environment and opportunities, youth can be key agents for social change, economic development and technological innovations. Youth bring with them boundless energy, imagination, creativity, ideas, and a limitless vision for their future and the societies in which they live.

With an estimated population of 105 million in 2017, Ethiopia stands as the second most-populous county in Africa with annual population growth rate of 2.4% (ILO and MOLSA, 2018). Given that more than 28% of the population is aged 15-29, the country has a critical task of creating jobs to

¹ This study is an outcome of consultancy work conducted by a team of experts from FRONTIERi Consult to Plan International Germany. The authors would like to thank Ms. Lidia Mordel and her colleagues at Plan International Germany for their work on urban youth unemployment and their efforts to mitigate this challenge in Addis Ababa. We also would like to express our gratitude to the staff of Plan International Ethiopia country office, especially to W/zo Zufan Menbere and Ato Fitsum Yehualashet for their collaborative work and professional contributions. The earlier version of this paper benefited from constructive comments from participants of the 17th International Conference of Ethiopian Economy, held in Addis Ababa, Ethiopia. All errors remain the authors.

² * Corresponding author. Sindu W. Kebede (PhD), Managing Partner, FRONTIERi Consult GmbH, <https://frontieri.com/>, Rheinsberger Str. 76/77, 10115 Berlin, Germany and Humboldt University of Berlin, Germany. Email: s.kebede@frontieri.com; kebedesw@hu-berlin.de

absorb this growing population. Youth unemployment in Ethiopia is estimated at 19.1% in 2018 much higher than the sub-Saharan African average of 11.2% (ILO, 2017). The high level of unemployment is typically associated with the migration of youth from rural to urban areas (Abebe, 2020; Assefa and Yismaw YG, 2018; Eshetu and Beshir, 2017; Bezu and Holden, 2014; Gibson and Gurmu, 2012). Unemployment in Ethiopia is largely an urban phenomenon (World Bank Group, 2016). In particular, high youth unemployment is observed in the capital city, Addis Ababa, where 23.5% of households report an unemployed adult, versus 11% of households in other urban areas. The youth are facing unemployment challenges although their engagement in the economic process is crucial to achieving sustainable development; and most urban youth are living with prolonged periods of unemployment and poverty. Consequently, all-too-often some are forced to accept poorly paid jobs that fall outside the protection of the law.

Technical and Vocational Education and Training (TVET) is one of the initiatives most commonly used in developing countries to tackle youth unemployment, but even though the education system in Ethiopia produces a large number of University and TVET graduates, the absorption capacity of the economy is limited. The labor force continues to grow at a faster rate than job creation and it is common to see graduates unemployed for at least the first year after graduation (Tegenu, 2013; CBMS, 2018).

This study aims to contribute to the current literature on employment in general and urban youth employment in particular. Major research questions include:

1. What are the major challenges and opportunities of youth employment in urban setting of Ethiopia?
2. How does TVET improve employability of the youth in urban Ethiopia?
3. What are the key sectors that could be tapped into to reduce youth unemployment?

Section two of this paper discusses the conceptual framework for employability of TVET graduates, followed by a literature review in section three. The methodology used to address the research questions is outlined in section four; section five provides discussion of the results, followed by a conclusion.

2. Conceptual framework for employability of TVET Graduates

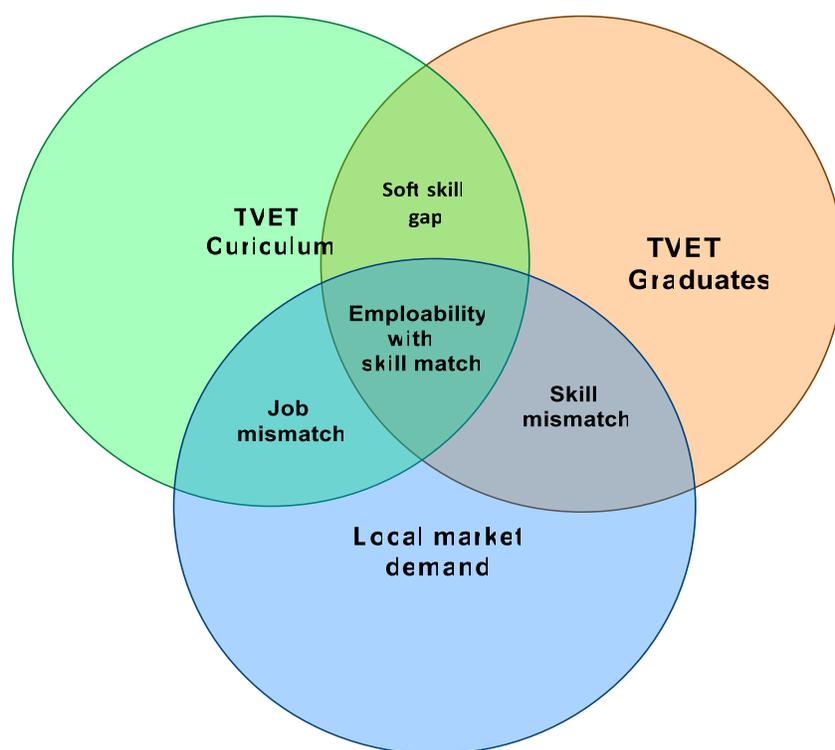
This conceptual framework focuses on the challenges and opportunities for TVET youth graduates to access employment and to empower unemployed urban youth. This helps to contribute to the understanding the urban youth unemployment problems in Ethiopia and the study area in particular. It has particular importance for both scientific research practice and recommendations.

In Ethiopia, the TVET program is mainly supply driven and the strategy has decentralized the preparation of curricular materials to TVET institutions at the local level where there is often a lack of knowledge and experience of curriculum development. This decentralization, along with demands for particular specialization and fields of study being decided by local TVET institutions, means the intended objectives of the overall TVET program are not always properly addressed. TVET curriculum and employability skills' development are the most important factors in equipping TVET trainees with the skills to achieve the intended objectives of the TVET programs. The best need to be developed in coordination with private sector employers, as this approach ensures alignment with market needs and makes employers aware of the training and its value. Conversely, its lack results in jobs' mismatch.

TVET institutions, as suppliers of labor, should focus on employability skills in accordance with the requirements demanded by industry. Employability skills can be obtained through engaging prospective employers in curriculum development, sector-specific training, and creating linkages between employers and TVET graduates through apprenticeships. In this regard, integrating employability skills with learning can be expected to produce graduates ready to be recruited by a company. Employability skills are work skills that make an individual able to get a job and become successful in his preferred trade (Hari et al., 2020). Employability skills also provide a guide on how to get jobs according to professional field qualifications, thereby increasing the possibility of being recruited (Cavanagh et al., 2015). Beside employability skills, soft skills, including communication skills, critical problem solving, teamwork and leadership skills (Amiruddin et al., 2016), are important tools for TVET graduate employment. Integrating these into TVET programs is an effective instrument to ensure that trainees are equipped with the necessary proficiencies, as well as technical skills needed to deal with a complex and challenging workplace. However, the unique nature of TVET training programs, along with the diversity of soft skills to be developed and the difficulty in assessing them, can result in soft skill gaps for TVET graduates.

TVET programs that couple training with work experience, including short-term apprenticeships, facilitate job placement with employability skills' match for TVET graduates. By contrast, the absence of employability skills and lack of apprenticeships can lead to skills' mismatch, offering a key challenge for TVET graduate employment. The schematic conceptual framework, is depicted in Figure 1 in a simplified manner.

Figure 1: Conceptual framework for TVET Graduates Employability



3. Literature review

While the literature on employment is extensive, focus on youth employment in urban areas is only slowly emerging in the context of developing countries. In particular, studies on the employability of TVET graduates and related challenges and opportunities are scarce. We first assess briefly existing literature on the determinants of youth employment in the urban locations of Ethiopia and then examine studies that touch upon TVET's contribution to enhance youth employment, considering experiences from Ethiopia and other African countries.

Broussard and Tekleselassie (2012) analysed the characteristics of youth labor market in Ethiopia using 1999/2000 and 2004/2005 labor force surveys, and 2009 and 2011 urban employment and unemployment surveys. Focusing on youth in the age group 15-29, their study indicated that

Ethiopian youth, both in urban and rural areas, had lower labor force participation and employment rates and higher unemployment and informal sector employment rates, than the national average. Broussard and Tekleselassie also made a regional comparison, and found that in 2005, Gambella (45 percent), Addis Ababa (51 percent), and Dire Dawa (61 percent) had the lowest employment-to-population ratios. They also had the highest unemployment rates with Dire-Dawa (18 percent), Gambella (26 percent), and Addis Ababa (29 percent). The trend analysis between 1999 and 2011, however, indicated a declining average urban unemployment.

The study also made a gender analysis, finding higher labor force participation for men than for women. The difference was more pronounced in employment and unemployment rates. In 2005, male youth had an employment to population ratio of 83 percent and an unemployment rate of 4 percent; the employment to population ratio for female youth was 71 percent with an unemployment rate of 11 percent. The study attributed the difference in labor market outcomes to the lack of women's access to education, formal sector employment, social security, and government employment programs, resulting in less employment opportunities compared to men. Broussard and Tekleselassie also found there was a positive relationship between educational attainment and unemployment, though this was less pronounced amongst women. Often referred to as the educated unemployment problem, they found youth with higher education was less likely to be unemployed in 1999 than in 2011, suggesting the labor demand had been unable to keep pace with the increases in educational attainment, particular for jobs which demanded highly skilled labor.

Kassa (2012) on the bases of the 2004 Ethiopian Urban Socio-Economic Survey investigated the determinants of unemployment in urban Ethiopia and the impact on household welfare. He found the education level of the household head and unemployment were positively correlated up to secondary school level, and that living in Addis Ababa was to be associated with the high probability of being unemployed. He attributed this to the congestion caused by the absolute number of people living in the metropolitan area and looking for better opportunities. Kassa also identified a negative association between being married and unemployment. He analyzed the impact of unemployment on household welfare, measured by real consumption expenditure, finding that larger household size, the number of unemployed members of the household and higher dependency ratios were associated with lower household welfare status. Kassa said education was strongly and positively associated with household welfare and attributed this to the

income effect of education. His findings indicate that having an employer as household head associated with higher welfare possibilities when compared to a casual worker household head, and he concluded that unemployment had a negative impact on household welfare.

Nganwa et al. (2015) assessed the nature and determinants of urban youth unemployment in Ethiopia using urban employment-unemployment surveys conducted between 2006 and 2011. Their study revealed that urban youth unemployment was high in comparison to total unemployment although the trend of urban youth unemployment decreased in those five years. Consistent with previous studies, Nganwa et al. found that young women suffered higher unemployment rates than young men in urban areas over the study period. They also found that place of residence (region), gender, age, and marital status significantly affected urban youth unemployment and the study indicated that education did not guarantee employability of youth in urban areas. This was in line with the references to the educated unemployment challenge by Broussard and Tekleselassie (2012).

Batu (2016) on the bases of the 2015 Urban Employment-Unemployment Survey also identified factors responsible for youth unemployment. His analysis indicated the unemployment rate was more pronounced amongst female (28.1 percent) than males (15.1 percent). He also established a positive association between education and being employed, with an unemployment rate of 17.2 percent for institute or college graduates compared to 24.6 percent amongst non-graduates. His geographical analysis of unemployment found unemployment to be more pronounced in relatively developed regions. The highest level of unemployment was recorded in Addis Ababa (27.4 percent) followed by Amhara (25.3 percent) and Tigray (24.2 percent) regions. Regional states like Gambella (12.04 percent), Benshangul-Gumuz (12.9 percent) and Afar (17.1 percent) had lowest rate of unemployment. Batu's analysis of the preference of employment type showed that more than half were willing to take any available job. About 27 percent of the unemployed youth indicated they would prefer to be self-employed, though they were challenged by shortage of finance and lack of working space to start their own business.

As noted, Technical and Vocational Education and Training (TVET) is one of the key initiatives used to tackle the challenge of youth unemployment in developing countries. However, only few studies have been conducted to assess the challenges and opportunities of TVET in addressing urban youth unemployment in developing countries.

Alhasan and Tyabo (2013) assessed the contribution of TVET on youth empowerment in Nigeria, examining issues in relation to integrating TVET in the education curricula and promoting entrepreneurial activities aimed at creating jobs. The study recommended that priority should be given to revitalizing TVET with sufficient funding allocated to TVET to fulfil the demands of youth. In addition, TVET should be accessible to women and the disabled and be properly equipped to accommodate these segments of the population. The study also recommended ensuring TVET had a flexible learning environment and framework.

A study by Tripney and Hombrados (2013) conducted a systematic review and meta-analysis to evaluate the impact of TVET interventions for young people in low- and middle-income countries, predominantly from Latin America and the Caribbean. They considered five categories, paid employment, formal employment, monthly earnings, self-employment earnings and weekly hours worked in paid employment. They found that the overall mean effect of TVET interventions on paid employment, formal employment and monthly earnings was positive and significant although small and significantly heterogeneous. The effect of TVET interventions on self-employment earnings and weekly hours worked in paid employment was not, however, found significant. The authors underlined the results should be taken with considerable caution indicating that the findings could be either over- or under-estimating the effects of TVET on the outcome variables. They note more research was needed to strengthen the evidence base on TVET.

A study by Ogbuanya and Michael (2015) linked youth employment to national security in Nigeria, claiming that the development of a workable TVET program could be the needed panacea to create job opportunities for youth. They assessed the various ways adopted by other countries to enhance poor perception of TVET, examining youth employment programs in Nigeria and recommending ways to boost employment creation. The study suggested establishing strong linkages between TVET schools and industries through internships or apprenticeships was crucial. In addition, it underlined the importance of providing start-up capital through loans and grants for TVET graduates to start and expand business ideas, enabling TVET graduates to be directly engaged in productive activities instead of unproductive or disruptive ventures.

Buli and Yesuf (2015) examined the factors that could explain differences in entrepreneurial intention (EI) among Ethio-Italy TVET College students in Dire Dawa city in Ethiopia. Their findings indicated that personal attitudes towards entrepreneurship was the main factor of EI. The

study suggested that proper care should be taken in designing curricula and running programs so that TVET students' individual attitudes towards job creation was enhanced. Buli and Yesuf recommended that TVET educational practice needed to be adjusted to include different areas such as decision-making, effective communication, entrepreneurial negotiation, leadership, creativity and critical thinking.

This brief summary of the literature shows that although research to identify determinants of urban youth unemployment in Ethiopia is expanding, there remains an overall scarcity of information on TVET and its challenges and opportunities. There is a clear knowledge gap in terms of identifying the deep-rooted challenges of youth unemployment in urban areas, especially among TVET graduates. It is clear that identifying the major entry points through categorizing priority sectors that have the potential to absorb the TVET graduates could provide tangible intervention targets that could be implemented to tackle urban youth unemployment. This would have a long-term effect on securing better livelihoods at the household level in the short-term as well as ensure sustainable development of society and the nation at large.

4. Methodology

4.1. Description of study area

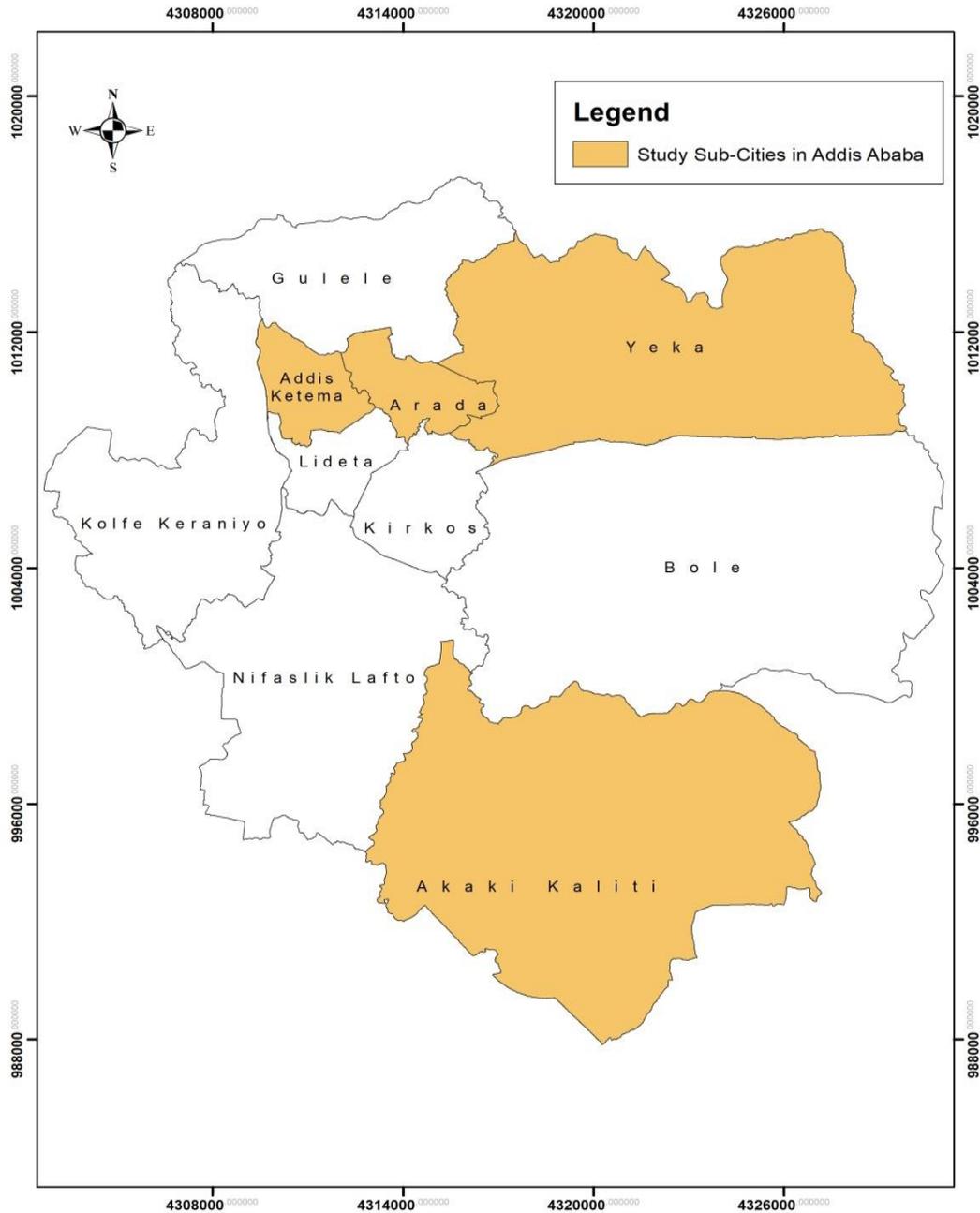
Unemployment in Ethiopia in general can mainly be attributed to the rate of employment, which is lower than the growth rate of the working population, the mismatch between available jobs and the skills on offer, and the high cost involved in looking for jobs. Population growth generates young workers at around the same rate as its own growth rate. The fact that 41% of the population is under 15 years of age creates a high level of demographic pressure as well as a future demographic dividend, which, if it is well managed, could lead to an accelerated rate of economic growth and the expansion of the country's markets. The problem has been identified and various interventions measures have been taken by government, NGOs and donors, at various times, but without reducing unemployment to acceptable levels. The persistence of the problem calls for efforts to introduce either new methods of addressing the problem or revisiting the reasons why attempted efforts did not work.

Certainly, for the moment, youth unemployment remains a chronic social and economic problem for Ethiopia. Addis Ababa, as the capital city with all its attractions for migrants, reflects the problem at more magnified level. Lercari et al. (2017) claimed that there is an incredibly high level

of frictional unemployment in the city, accounting for 20% of the unemployment with spatial and informational components, driven by high transportation costs and low connectivity of the internet. The chronic nature of unemployment in Addis Ababa is reflected in the persistent high unemployment rates reported by various studies and the statistical reports of the Central Statistical Agency in its National Labor Force Surveys of 1999, 2005, and 2013 and Urban Employment-Unemployment Surveys of 2003 to 2018. 23.5 percent of households report an unemployed adult, versus 11 percent of households in other urban areas (CSA, 2018a). An earlier study cited in the MYSC's Youth Policy paper has also indicated that some 60% of beggars in Addis Ababa are below the age of 30. This suggests significant numbers of youth spend their most active years in activities that expose them to health problems and criminal offences rather than in engagements that would be useful for their own development.

The youth generally suffer from severe unemployment due to poor educational status, lack of vocational skills, or of initial capital to start some sort of business activity. The lack of safe and empowering youth development spaces to enhance employment opportunities and help provide a positive outlook for their future as well as appropriate facilities in the sub-cities, compels youth to engage in risky behaviors. *Arada* and *Addis Ketema* sub cities, situated in the center of Addis, are particularly fragile areas for youth, where young people are mostly engaged in petty crime, robbery, smoking and other non-productive acts including violence. Young people in these localities are mostly marginalized and neglected unable to get equal access to opportunities. This is especially true for women. Indeed, *Addis Ketema* sub-city is one of the most densely populated areas of the city, and one in which most of the inhabitants are migrants from different parts of the country. According to the existing population and housing census, *Addis Ketema* sub-city hosts 16.8% migrants to Addis Ababa (CSA, 2007). The largest bus terminal in the country and the largest African open market, *Merkato*, are located in this sub city which has a significant number of rural-urban migrant, out-of-school youths engaged in different informal street businesses and contributing to theft and other criminal activities. The area is also known for a high concentration of alcohol outlets and commercial sex work activities, especially around the *Sebategna* and *Merkato* market area.

Figure 2. Youth unemployment study: Sub-cities in Addis Ababa



4.2. Methods and data sources

This study employs qualitative research techniques, which enable us to describe the complex situation of youth unemployment and its underlying factors in the study areas. Key Informant Interviews (KIIs) were conducted with key stakeholders: Federal TVET, Business incubation centres (Ice Addis) and representatives of the Ministry of Women, Children and Youth Affairs.

Eight Focus Group Discussions (FGDs) were conducted with unemployed TVET graduates, female and male groups separately. They were held in four sub-cities in Addis Ababa, *Arada*, *Akaki-Kaliti*, and *Yeka*, selected because of their high concentration of unemployed youth and migration from rural areas. The composition of the focus groups of unemployed TVET graduates, totalled 26 males in four groups, and 28 females, also in four groups. The FDGs were particularly helpful in gaining useful insights on the existing situation of youth unemployment in Addis Ababa.

Table 1. Research participants of FGD and KII on Youth Employment in Addis Ababa

Key Informant Interview (KII)	Federal TVET institute	ICE Addis	Representative of Ministry of Women Children and Youth Affairs	
Focus Group Discussion (FGD)	<i>Akaki-Kaliti</i> sub-city <i>woreda</i> 9	<i>Akaki-Kaliti</i> Sub-city <i>woreda</i> 3	<i>Yeka</i> sub-city <i>woreda</i> 4	<i>Arada</i> sub-city <i>Woreda</i> 3
Female FGD	6 participants	8 participants	6 participants	8 participants
Male FGD	7 participants	6 participants	7 participants	6 participants

5. Discussion of results

Based on the focus group discussions and the interviews with key informants, we have compiled a list of the major challenges and opportunities in youth unemployment in Addis Ababa. These findings are summarized in Table 2. We find that youth unemployment has widespread and multidimensional challenges, but the major ones, revolve around the lower rate of job creation and the high growth of the labor force in urban areas. The natural population growth rate is also one contributor to the high growth of the labor force along with rural-urban migration.

Table 2. Challenges and opportunities for urban youth employment in Addis Ababa: Findings from KII and FGD

Challenges	Opportunities/potential solutions
Rate of job creation lower than growth of labor force	Develop and encourage expansion of private sector involvement in job creation. Identify and make use of public sector to absorb young work force in urban areas.
Mismatch between available jobs and skills	Provide refresher training to graduates, internship experience to students and entry level employment opportunities
High job search and informational costs	Create linkage mechanism for job seekers to job advertisers
Mismatch between TVET curriculum programs and local market demand.	There are more than 600 TVET institutions in the country, and TVET has enabled training of millions of youth. The training curriculum should be market-oriented.
TVET curriculum development is decentralized taking into account the individual institutions' capacity to develop curricula.	Centralize curriculum development at a federal level, or in regions to develop regional level TVET curricula.
Youth lack of motivation to work; failure to utilize their full potential	Identify means to motivate the youth for self-employed and possibility of formal employment.

The mismatch between available jobs and skills was repeatedly raised during discussions of both FGD and KII, described as TVET graduates lacking the required skills and practical experience to be directly integrated into their respective employment positions. Challenges in relation to high job search costs were also underlined as critical for young fresh graduates from Universities and TVETs. In addition, costs of job searches are high where the internet is not easily accessible and huge transportation costs can be incurred. These are discussed in our detailed findings from KII, FGD and priority sector data collection.

5.1. Summary of KII data findings

To gather primary input for the study, three Key Informant Interviews (KIIs) with relevant government and private institutions were held. Various actors, government, private companies and Non-Governmental Organization (NGOs), provide Technical and Vocational Education and Training (TVET) in Ethiopia and there are more than 600 TVET institutions throughout the country. As indicated in the National Strategy one of the guiding principles of the national TVET system is demand orientation, with all TVET institutes responding to competence needs and

qualification requirements in the labor market (MoE, 2008). The strategy explains that public TVET institutions should focus on producing middle level technical graduates. KII participants agreed, in principle, TVET curricula should be market-oriented; however, the evidence shows that the TVET program in Ethiopia is primarily supply driven (Krishnan and Shaorshadze, 2013).

There is no doubt that TVET institutes have contributed significantly to the effort in reducing youth unemployment and in enabling thousands, if not millions, of youth to acquire skills. It is, however, often claimed that there is a mismatch in the labor market, as TVET institutes are not market-oriented, and have limited capacity compromising the quality of training delivered, leading to post-graduation challenges in employment opportunities. Indeed, the National Strategy acknowledged the challenges in the sector and emphasized that all available efforts and resources should be directed towards a massive quantitative expansion of the public TVET supply. The consequence, however, was that programs, by-and-large, did not address actual competence economic requirements. Most programs proved to be of low quality and theory-driven due to resource constraints and a lack of skilled TVET teachers. This view is supported by the Ministry of Education (MoE) which made it clear that a systematic integration of TVET with the world of work had not yet been achieved (MoE, 2008).

To alleviate these problems, a series of reform measures were undertaken. One, based on international best practices, was to move from a curriculum-centered approach towards an occupational standard-based approach (MoE, 2008). This describes the level of competence that a person has to achieve in order to be considered “qualified” in a certain field. Occupational standards are developed at a national level by a panel of experts drawn from relevant industries with knowledge of workplace requirements and in collaboration with TVET institutes (MoE, 2008). The respective ministries then have to approve the occupational standards. However, our research participants indicated that some of the industrial representatives involved in the development of occupational standards failed to understand the demands from industries and lacked adequate capacity. There are no external professional associations or chambers to provide a check and control mechanism on capability. The result was that some of the industries even questioned and criticized the occupational standards as they were developed and approved, leading to frequent revisions of curricula in some sectors.

Despite this, given the approved occupation standards, TVET institutes were able to develop their respective curricula. However, decentralization of curriculum development did not take into account the capacity of individual institutions for curriculum development. KII participants explained that studies indicated that institutes with strong human resource capacity and experience, developed good quality curricula; institutes, without the necessary human resources or which were newly established, had challenges. This affected the quality of the education delivered. The option being considered to resolve this is centralizing curriculum development at a federal or at least a regional level.

KII participants also indicated that institute programs are insufficiently market-oriented, failing to take into account local market demand. This has contributed to the mismatch between the programs offered by the institutes and the demands of the labor market. This mismatch is not limited to any region, but can be observed all over the country. In addition, KII participants noted that there were a number of skills, including communication and business skills, which were in demand by employers but not provided by TVET institutes.

KII participants indicated that TVET institutions' inability to adequately follow-up labor market demand dynamics and their failure to respond in a timely fashion, contributed significantly to the market mismatch. One example was when the Hawassa Industrial Park started operation in 2016, it demanded a large work force, especially for textile producers. However, the TVET institutions could not supply adequate numbers and the Industrial Park was forced to take individuals with no training and train them³. KII participants emphasized that TVET training in general is focused on core competency, and as a result, TVET graduates have gaps in basic mathematics, business and communication skills. They suggested this should be taken into account in a revision of the occupational standards, which they claim are outdated and need to be revised.

Another major issue KII interviewees considered contributed to TVET graduates' unemployment, was the employers' lack of adequate knowledge of the more than 700 programs and training areas covered by TVET institutes. Employers' jobs advertisements often focused mainly on the fields/professions provided by universities. TVET institutes need to make extra efforts to ensure employers and the public at large are familiar with their programs and training levels. KII

³ Further research is needed on this to identify which specific types of trained labor were scarce at Hawassa Industrial Park.

participants do, however, claim that despite the challenges, TVET graduates can acquire adequate skills, especially in handicraft, and the Certificate of Competency (COC) that TVET graduates have to go through is a quality assurance mechanism.

KII participants suggested various measures to address the unemployment challenges that TVET graduates encounter. These included:

- a. Improve the quality of training. TVET institutes must consider the quality of training they deliver, and this involves enhancing proficiency of staff, curriculum changes and the provision of adequate inputs, including machineries and tools.
- b. Strengthen the quality of entrepreneurship training provided by TVET institutes to enable graduates to start-up their own business.
- c. Take into account market demand when opening new programs to eliminate mismatches
- d. Closely monitor the dynamics of labor market demand and respond timely and efficiently.
- e. Provide a Career Development Service. Currently, there is no structure within TVET institutes to offer or provide counselling services to students, whether on career development or choice of programs. It is a major missing element.
- f. Establish platforms to provide labor market information to job seekers.
- g. Create a link between TVET institutes and potential employers.
- h. The government alone cannot resolve the youth unemployment challenge. A concerted effort is required which will need to develop the private sector as part of a long-term solution. This may, however, require policy adjustment.
- i. The formal sector does not have the capacity to absorb thousands of graduates coming from TVET institutions every year. The ones that are expected to join the formal sector are higher-level graduates (levels 3, 4 and 5), and thus it is important to increase the number of highly qualified trainees. This needs to be done with caution to avoid any increased mismatch.
- j. The Federal TVET institute has identified eight priority sectors including: Agriculture, Industry, Economic Infrastructure, Health and Mining sectors, among others. All TVET institutions should consider the priority sectors when they launch new programs.
- k. Gender related opportunities and challenges remain. Our Key Informants indicated that there was no gender disparity in TVET enrolment, with female enrolment standing at 51 percent. However, there are disparities between different professions and levels. Females are engaged in both hard skill (e.g. construction and automotive) and soft skill (e.g., garment, hotel and

tourism) professions. The number is high in the soft skill professions though the participation of women as teachers in TVET institutions (25%) or in administration (4-6%)_ remains very limited. Participants indicated that they did not expect women to face specific challenges due to their gender when joining the formal sector; however, there could be contextual differences. For instance, most TVET trainees are from rural areas and have to move to a nearby town to get TVET training where they often live in rented accommodation and face economic challenges. This can affect women more than men, often forcing them to quit training at level 1 or 2 and seek employment. This in turn affects their opportunity to accept or find formal employment opportunities.

5.2. Summary of FGD findings

A total of 8 Focus Group Discussions (FGD) were conducted with four male and four female unemployed TVET graduate groups in *Addis Ketema, Yeka and Akaki Kaliti* sub-cities. The findings of the focus group discussions are summarized here under thirteen topics: Root causes of youth unemployment; Suggested solutions for youth unemployment; Relevance of TVET Training in getting formal employment opportunity; Apprenticeship and internship; Priority sectors for TVET graduates; Availability of training institutions within a locality; Mismatch between TVET graduates' qualification and employers' needs; Gender related problems in the recruitment system; Disability related problems in the recruitment system; Job search mechanisms used by the youth; CV, job application and interview skills; Type of support that should be availed to unemployed youth; and Business start-ups.

A. *Root causes of youth unemployment:* The FGD participants identified eight root causes for youth unemployment:

- The Gap in the labor market between supply and demand: Thousands of students graduate from universities and TVET institutions every year, but the rate of job creation has consistently failed to catch up with the numbers, creating an imbalance between supply and demand.
- Motivation of youth to be engaged in productive activities: University students and TVET trainees have limited opportunity to study in their areas of interest as officials of these institutions assign students to fields of studies. All-too-often students are forced to study topics in which they have no interest, affecting their motivation to pursue a career in their

field of study. At another level affecting motivation, the youth often refuse to take up low paying jobs or jobs unrelated to their field of study even though this may be beneficial in acquiring experience.

- Gap in linking the trained youth with employers: the government has been providing short-term vocational and technical training for the unemployed, but follow-up support to link those trained with employers or to start-up their own businesses is almost non-existent, leading to disappointment and fatigue.
- Rural-urban migration: Addis Ababa with all its attraction has been the main destination for youth migrating from nearby towns and rural areas and other regions in search of employment opportunities. This has put extra pressure on the effort to address youth unemployment in the capital. Some research participants suggested the regional governments should take specific measures to address youth unemployment in their respective regions.
- Requirement for experience and social networking: Experience is often one of the requirements for employment, making it difficult for fresh graduates from universities and TVET institutions to find employment opportunities. Social networking is another challenge and research participants claim that even though job vacancies are officially advertised, they are often filled or handed out behind closed doors.
- Lack of finance and working space: Lack of finance and of working spaces are challenges facing youth who aspire to start-up their own businesses. The requirement for collateral by formal financial institutions and the high interest demanded by the informal financial sector restrict access to credit. Research participants indicated that the lack of working space meant they were unable to start-up their own businesses and therefore remained unemployed.
- Market linkages: Youth who have been organized through different government schemes and started businesses find these are challenged by lack of access to market their products.
- Lack of internship and other opportunities: Internship and apprenticeship opportunities remain very limited though they are crucial in acquiring experience, especially for fresh university and TVET graduates. Research participants suggested TVET institutions should take a lead role in arranging internship and apprenticeships for graduating classes in collaboration with government and employers.

B. *Suggested solutions for youth unemployment*: Research participants also suggested six specific remedial measures in addition to those mentioned above.

- Accepting the government alone cannot resolve the youth unemployment, participants called for a coordinated effort by every stakeholder involved including the government, the private sectors and NGOs to resolve the issue of youth unemployment.
- Employment should be on the basis of merit, and the government should establish checks and balances across the recruitment process to avoid current problems of social network and corruption.
- The industrial parks absorb large labor forces and contribute significantly in addressing the youth unemployment challenge. More emphasis should be given for their expansion.
- The government should address access to finance and working space for TVET graduates as a matter of urgency
- The government should do more to strengthen market linkages.
- Efforts must be made to develop schemes to allow fresh graduates from universities and TVET institutions with no experience to get employment opportunities or to provide internships and apprenticeship opportunities.

C. *Relevance of TVET Training in getting formal employment opportunity*: Participants expressed diverse views regarding the relevance of TVET training for obtaining formal employment opportunities. Their views expressed are summarized in Box 1.

Box 1. Participants views about relevance of TVET training

<p>In support of TVET training: Most FGD participants agree that TVET training was relevant in acquiring skills and qualifications. Some claimed that there were circumstances in which TVET graduates were preferred over university graduates. They also indicated that TVET institutions lacked materials for practical sessions and focused more on theories. Practical work environment, however, is quite different from theory. Participants indicated that TVET institutions do not provide training in some fields demanded by employers such as Peachtree. Participants accepted there was no educational system that could make students one hundred percent qualified and agreed what mattered most, and made people qualified and stand out in the labor market, was hard work and diligence.</p>	<p>Questioning TVET training relevance: Some research participants claimed TVET training was only acceptable in the absence of other alternatives. They argued the quality of training delivered by TVET institutions was not up to the expectation of employers; society did not value TVET training and certificates; and employers were not willing to hire TVET graduates.</p>
--	--

D. ***Apprenticeship and internship***: All FGD participants suggested an apprenticeship should be mandatory for every TVET graduating student and part of evaluation for graduation; only four research participants preferred an internship. The opportunity to develop skills during apprenticeships depended upon the organization where it was taking place. Most accounting students would go to banks, which often provided a better opportunity for skills development, had follow-up systems and good evaluations. In other cases, however, the organizations providing apprenticeships assigned tasks unrelated to fields of study or, even worse, just filled out evaluation paperwork without providing any opportunity for skill development.

The FGD participants indicated that the current practice was for graduating students themselves, to look t for apprenticeships. The role of TVET institution was merely limited to writing a support letter. It all made finding an apprenticeship very difficult. They would therefore like to see TVET institutions taking a lead role in obtaining apprenticeships for their graduating students.

E. ***Priority sectors for TVET graduates***: Most FGD participants identified management, accounting, food preparation, human resources, construction, finishing, metalwork, woodwork, hairdressing, and electricity as priority sectors for TVET graduates.

F. ***Availability of training institutions within a locality***: Some participants identified specific institutions that provided training in their localities. These included *Abebech Gobena* Children’s Care and Development Association, Plan International Ethiopia, SMART UP, CC; Reach up, and Amanuel Integrated Community Development Organization and Youth Centers. The training they delivered included life skills, leadership, business skills, entrepreneurship, IT, food preparation, design, saving and driving. Some *Woredas* and *kebeles* also provided training for specific groups under their “*Kesidet Temelashoch/returnee migrants*” and “*Yelimat Teneshiwoch/those displaced dwellers for urbanization*” programs. Some participants noted that training provided through *kebeles* and NGOs were often filled through social networking and they were unable to access such opportunities. In other cases, there were no institutions that provided training in their locality.

G. ***Mismatch between TVET graduates' qualification and employers' needs***: Most of the research participants indicated that employers often demanded additional skills on top of a graduates' main field of study and experience. For instance, for a job in accounting, a qualification in Peachtree, passing the COC exam, engagement in voluntary activities, or similar additional qualifications were required. In order to address the skill-mismatch research participants suggested:

- TVET institutions should identify employers' needs and adjust their training accordingly;
- TVET institutions should provide due emphasis of the quality of the training they deliver;
- TVET institutions should take the lead in looking for apprenticeship and internship opportunities;
- The Government should establish checks and balances for the recruitment process; and,
- Employers should have confidence in hiring fresh graduates without experience, or at the least provide them with the opportunity for a trial period and decide to hire or not depending on their performance.

H. ***Gender related problems in the recruitment system***: According to most research participants, females are given priority in employment opportunities. Job advertisements often include the phrase "female applicants are encouraged". There were also claims that some employers were only looking for good looking female employees. Participants also noted some professions were considered as gender-specific so even if a candidate had the necessary qualification, employers were reluctant to hire.

I. ***Disability related problems in the recruitment system***: Research participants said most people believed that persons with disabilities were not efficient making it even harder to get employment opportunities. One example was when an employer claimed a person with an eye problem was denied an employment opportunity as they would be in danger from a machine. Another research participant detailed a case where his teacher was fired due to his disabilities. Participants explained working environments were usually not conducive for

persons with disabilities, and infrastructure was not well developed to accommodate their condition.

- J. ***Job search mechanisms used by the youth:*** According to FGD participants, job search mechanisms mostly involved job advertisement boards, newspapers (e.g. The Reporter and *Addis Zemen*), the internet, radio, Facebook, social networks, visits to potential employers, and information from peers. Some participants said they used agencies (brokers), but registration fees, of around ETB 500, prevented most from using them.
- K. ***CV, job application and interview skills:*** Some research participants indicated that TVET institutions provided training on how to write a CV and handle an interview. Others noted they got training from *Abebech Gobena* Children's Care and Development Association on how to write CV. Participants also resorted to friends to get help in writing a CV and an application cover letter.
- L. ***Type of support that should be availed to unemployed youth:*** Participants indicated the need for financial help, working space, technical skill-enhancing training, material and market linkage support. They also said:
- Every stakeholder should do a lot more in resolving the youth unemployment challenge;
 - The government should make every effort to eliminate corruption in the labor market;
 - A linkage between TVET institutions and potential employers should be created to enhance the employability of TVET graduates;
 - Requirements for experience, especially for entry-level jobs, are too challenging to be met. Employers should reconsider the necessity for this.
 - The government should establish controls within both *woredas* and *kebeles* to ensure that obtaining unemployed identification cards is made easy; and that political party members were not given priority- every citizen should be treated equally. In addition, youth group formation to access microfinance should be based on individuals who have similar interest and groups should be kept to manageable levels. Overall, firm support should be given to build up the confidence and motivation of youth before and after group formation.

M. ***Business start-ups***: almost all FGD participants indicated that they believed they had the skills and qualifications to start-up their own businesses or be engaged in formal employment; but they also emphasized they were challenged by lack of finance, working space, market linkage and experience.

5.3. Sectors with substantial employment potential in Addis Ababa

Developing the private sector to absorb the urban labor force and identifying the public sectors that have the potential to absorb the young workforce is vital to design interventions and target these sectors. The sectors that contribute most to employment in urban areas, particularly in Addis Ababa, are the service and construction sectors (CSA, 2018a; WB Group, 2016). Among the service subsectors, the hospitality subsector attracts the most job seekers, while the manufacturing sector (especially light manufacturing including garments and textiles) comes in as the third largest employer. This sector is, however, underdeveloped and it has not been used to its potential. ILO and MOLSA (2018) share this view acknowledging the prevalence of unemployment and under-employment is "mainly a result of rapid population and labor force growth and the limited employment generation capacity of the modern industrial sector of the economy." The low level of development of domestic manufacturing, largely concentrated in Addis Ababa, has led the service sector linking to imports and agriculture. Wholesale and retail trade is largely based on imports and agricultural products rather than on manufactured outputs. The result is that the low level of inter-sectoral linkage has contributed to limited job creation in the country.

A study by Addis Ababa City Government (Bureau of Labor and Social Affairs/ and Addis Ababa University) (2016) conducted in two sub-cities of Addis Ababa identified six priority sub-sectors for absorbing the unemployed. The wholesale and retail trade, metal and metal products, and hotel and restaurant sub-sectors stand out as the first three in terms of employment, while the non-metallic products, food and beverage, and leather and leather products sub-sectors led in terms of employment growth rate. A study by EDC (2018), identified mainly the construction, light manufacturing and service sectors particularly tourism and hospitality, and transport sub sectors as potential employers. Overall, there is a consensus that the priority sectors that absorb the majority of job seekers in urban areas are the light manufacturing (textile and garment), construction (metal, woodwork and finishing; and services (hotels and restaurants, tourism, wholesale and retail trade) sectors.

On this basis, we discuss in more detail the potential contribution and capacity of the clothing and textile, tourism and hospitality and construction sectors to absorb young labor force in Addis Ababa.

- i. The clothing and textile sector** has grown by around 50% in the last ten years. It contributes almost 1.5% to Gross Domestic Product (GDP), making up 9.01% of the country's industrial production (Khurana, 2018). This sector is known for its uptake of women employees, which make up more than 80 percent of its employees in Ethiopia. In addition, employees in the clothing and textile factories tend to be younger than other domestic companies and a smaller percentage of them have vocational training certificates. We would assess the sector to have the potential to absorb a high volume of young workers. Out of a total of 9,830 trainees and apprentices in Addis Ababa in 2013, 2,908 or 29.6% were engaged in clothing and textile-related programs. Nevertheless, the sector also shows evidence of a considerable mismatch between the needs of companies (demand side) and the skills and qualifications that the training establishments (supply side) believed they were providing to employees (Yamada et al, 2018). Given the potential of the sector, it is important to identify these gaps further and in detail. It is also imperative to provide close communication and information exchanges between the institutions that are concerned with supplying trained employees and the factories and establishments which hire them.
- ii. The tourism and hospitality sector** (including hotels, restaurants and food preparation) is one of the sectors that has been showing steady growth in Ethiopia. Even though the sector contributes 1.2% of Gross Domestic Product (GDP), it is predicted that this will increase to 9.0% by 2024. Similar to the clothing and textile sector, women occupy 74% of the jobs in the tourism sector and are the most appealing employees for the hospitality sector. Many employers in the sector are interested in hiring unskilled or semi-skilled young workers, creating substantial employment opportunities for young people who want to get a foot in the industry and have a positive attitude. The sector is classified as one with high interaction with customers, necessitating values such as communication skills and readiness to work hard as

key factors. To ensure appropriateness of the service provided, vocational training graduates who have specialist soft skills, attitude and social skills, are the main employees in this sector.

iii. The construction sector (metal and wood processing) is a sector with increasing value creation stimulated by the expansion of public infrastructure and favourable government policies. The sector continues to absorb a large proportion of workers. Between 2005 and 2013, the number of jobs in the construction industry tripled from 229,000 to 825,000, with the percentage of the entire workforce accounted for by the construction industry increasing from 0.9% to 1.9% (Oqubay, 2018). The fast-growing housing sector offers the greatest opportunities in terms of employment, providing for increased opportunities for a young labor force in metal and woodwork. It is, however, important not only to look into the overall labor absorption capacity of the sector, but also at the creation of jobs offering adequate salary, sick leave, and annual leave, and at the level of casual labourers.

6. Conclusion

Youth unemployment has remained one of the major social and economic problems of Addis Ababa. The chronic nature of unemployment is reflected in the persistent high unemployment rates reported by various studies and statistical reports of National Labor Force Surveys (CSA, 1999; 2005; 2013; 2015) and Urban Employment-Unemployment Survey (CSA, 2018b). While the problem has been identified and various intervention measures have been, and are being, implemented by Government, NGOs and donors, it has not yet been addressed at an acceptable level. Among the major challenges emphasized by our key informants and Focus Group discussants (FGD) were the continuing imbalance between demand and supply of labor, and the mismatch between skills required and TVET training provided for unemployed youth for available jobs in the labor market.

This mismatch between jobs and skills could be reduced by providing refresher training to graduates as well as internship opportunities and apprenticeships for students to give on-the-job training and experiences. In addition, employers could be sensitized to the benefit of providing on-the-job trainings for students as well as for employers for entry-level employment opportunities. At the same time, priority should be given to address assistance to deal with the difficulties of job

searches for fresh graduates from Universities and TVETs with systematic coaching of graduates for CV development, self-expression and presentation, and identification of job advertisements. To deal with the high costs of job searches/applications where internet is not easily accessible and heavy transportation costs are incurred, a system to link job seekers to job advertisers should be set up to provide information related to jobs for graduates at University or TVET centers.

This paper has attempted to dig deeper in terms of identifying the deep-rooted challenges of youth unemployment in urban areas with the aim of identifying the major entry points, categorizing priority sectors that have potential to absorb the unemployed youth in urban areas. This has provided tangible intervention policy targets that could be implemented to tackle urban youth unemployment, as well as producing a long-term effect in helping secure better livelihoods at the household level in the short-run and sustainable development of society and the nation in the longer-term.

We have identified the sectors that contribute most in urban areas, particularly in Addis Ababa, are the clothing and textile, tourism and hospitality, and construction sectors. Given these sectors have a huge potential to absorb young graduates in urban areas, it is important to target these while designing mechanisms to linking potential employers to the young and unemployed. Equally important, while these sectors have high labor absorption capacity, is ensuring the creation of decent jobs with adequate salary, sick leave, and annual leave as well as carefully assessing and promoting the level of casual labourers.

References

- Abebe, A. (2020). The Key Challenges of Youth in Ethiopia. *Journal of Agricultural Economics and Rural Development*, 6(1): 684-688.
- Addis Ababa City Government (Bureau of Labor and Social Affairs/ and Addis Ababa University). (2016). Survey of Establishment Profiles and the state of Decent work in Addis Ketema and Akakai -Kality sub-cities
- Alhasan, N. U. and A. Tyabo (2013). “Revitalizing Technical and Vocational Education (TVET) for Youth Empowerment and Sustainable Development.” *Journal of Educational and Social Research*, 3(4): 149-154.
- Amiruddin, M.H., N. Ngadiman, R. Abdul Kadir, and S. Saiddy (2016). “Review of soft skills of TVET trainees from the Malaysian Advanced Technology Training Center (ADTEC).” *Journal of Technical Education and Training (JTET)*, 8(1): 14-24.
- Assefa D, and Y.G. Yismaw (2018). The Nexus between Youth Rural-urban Migration and Human Insecurity in Ethiopia: The Case of Wolaita Sodo Town. *Arts Social Sci J* 10: 432. doi: 10.4172/2151-6200.1000432.
- Batu, M.M. (2016). “Determinants of Youth Unemployment in Urban Areas of Ethiopia”, *International Journal of Scientific and Research Publications*, 6 (5).
- Broussard N.H. and T.G. Tekleselassie (2012). “Youth Unemployment: Ethiopia Country Study”, *International Growth Center*, Working Paper 12/0592, August 2012.
- Buli, B.M. and W.M. Yesuf (2015). “Determinants of entrepreneurial intentions: Technical-vocational education and training students in Ethiopia,” *Education + Training*, 57 (8/9): 891-907.
- Cavanagh, J., M. Burston, A. Southcombe, and T. Bartram (2015). “Contributing to a graduate centered understanding of work readiness: An exploratory study of Australian undergraduate students’ perceptions of their employability”, *International Journal of Management Education*, 13(3), 278–288.
- CBMS Network Updates (2018). Youth Unemployment and Entrepreneurship in Ethiopia: Evidence from Dire Dawa and Addis Ababa.
- Central Statistical Agency (CSA) (2018a). *The federal democratic republic of Ethiopia Central Statistical Agency: Key findings on the 2018 Urban Employment-Unemployment Survey*. Addis Ababa, October 2018.
- CSA (2018b): *The 2015/16 Ethiopian Household Consumption-Expenditure Survey Results for*

- Addis Ababa City Administration, March 2018. Addis Ababa, Ethiopia*
- CSA. (2007). *Population and housing census report*. Addis Ababa, Ethiopia.
- Education Development Center (EDC) (2018). “Livelihoods for Resilience Activity Labor Market”, Assessment Report Developed for CARE Ethiopia.
- Eshetu F, and M. Beshir (2017). Dynamics and determinants of rural-urban migration in Southern Ethiopia: *Journal of Development and Agricultural Economics*: Vol. 9(12), pp. 328-340, December 2017. DOI: 10.5897/JDAE2017.0850
- Gibson MA, E. Gurm (2012). Rural to Urban Migration is an Unforeseen Impact of Development Intervention in Ethiopia. *PLoS ONE* 7(11): e48708. doi: 10.1371/journal.pone.0048708
- Hari D. N., R. A. Vesitara Kencanasari, R. Nuril Komari, and Kasda (2020). Employability Skills in Technical and Vocational Training (TVET): Innovation of Vocational Technology Education, Universitas Pendidikan Indonesia, Bandung, Indonesia. *Invotec XVI:1* (2020) 1-10. Available online at <http://ejournal.upi.edu/index.php/invotec>
- International Labor organization (ILO) (2017). *Global Employment Trends for Youth 2017, Paths to better working future*. www.ilo.org/global/publications
- ILO and MOLSA (2018). “Final Report Public Employment Services Provision and Labour Market Information Collection and Utilization,” Addis Ababa, Ethiopia.
- Kassa. A. F. (2012). “Unemployment in Urban Ethiopia: Determinants and Impact on Household welfare”, *Ethiopian Journal of Economics*, 21(2).
- Krishnan, P. and I. Shaorshadze (2013). “Technical and Vocational Education and Training in Ethiopia”. International Growth Center (IGC).
- Kundeya, S. (2018). “Youth empowerment and sustainable development: Why is it important to address youth unemployment in the New Urban Agenda?” World Urban Forum 9, February 2018.
- Khurana, K. (2018). "An overview of textile and apparel business advances in Ethiopia", *Research Journal of Textile and Apparel*, Vol. 22 No. 3, pp. 212-223. <https://doi.org/10.1108/RJTA-01-2018-0003>
- Lercari C., Z. Hoyer-Leitzel, J. Salem, H. Yifter, and M. Nanavati (2017). “Mitigating Urban Youth Unemployment through Information Technology: Delala, the Work Connector”. A Submission to the Geneva Challenge (2017).
- Ministry of Education (MoE). (2008). *National Technical and Vocational Education and Training (TVET) Strategy*. Addis Ababa, Ethiopia.

- Ministry of Labor and Social Affairs (MOLSA). (2009). *National Employment Policy and Strategy of Ethiopia*, Addis Ababa, Ethiopia.
- Nganwa, P., D. Assefa, and P. Mbaka (2015). “The Nature and Determinants of Urban Youth Unemployment in Ethiopia”. *Public Policy and Administration Research*, 5 (3): 197-205.
- Nugraha H. D., R. A. Vesitara Kencanasari, R. N. Komari, and Kasda (2020). “Employability Skills in Technical and Vocational Training (TVET): Innovation of Vocational Technology Education”, Universitas Pendidikan Indonesia, Bandung, Indonesia. *Invotec XVI:1* (2020) 1-10. Available online at <http://ejournal.upi.edu/index.php/invotec>.
- Ogbuanya, T.C. and O. Michael (2015). “Achieving Youth Employment and National Security in Nigeria: TVET Imperatives.” *Journal of Education and Practice*, 6, 157-161.
- Oqubay A. (2018). *The Structure and Performance of the Ethiopian Manufacturing Sector*, Working Paper Series N° 299, African Development Bank, Abidjan, Côte d’Ivoire.
- Tegenu T. (2013). *Green Revolution and Industrial Decentralization: Policy Options for Food Security and Promoting Rapid Employment in Ethiopia*. Stockholm University.
- Tripney, J.S. and J.G. Hombrados (2013). “Technical and Vocational Education and Training (TVET) for young people in low- and middle-income countries: a systematic review and meta-analysis”. *Empirical Research in Vocational Education and Training* 5(3), 2013.
- United Nations (2015). *Transforming our world: The 2030 Agenda for Sustainable Development*, General Assembly, 70th session, Resolution adopted by the General Assembly on A/RES/70/1 (New York).
- World Bank Group (WBG) (2016). *Fifth Ethiopia Economic Update: Why So Idle? Wages and Employment in a Crowded Labor Market*, Washington, D.C.: World Bank Group. <http://documents.worldbank.org/curated/en/463121480932724605>.