

# ▶ ILO Youth Country Briefs

June 2023

## Ethiopia<sup>1</sup>

### Key points

- ▶ In the new millennium, Ethiopia has maintained a very strong macroeconomic performance, averaging over 10 per cent real growth in gross domestic product (GDP) per annum (p.a.) between 2004 and 2017. Despite slow growth in the early 2000's and a COVID-19 related slowdown since 2020, real annual growth averaged 8.5 per cent between 2000 and 2022. Despite strong growth, Ethiopia remains a low income country with a purchasing power parity (PPP) adjusted GDP 25 per cent below the sub-Saharan African average. Ethiopia's growth slowed further in 2022, while other countries in the region were showing signs of post-pandemic recovery.
- ▶ The employment to population ratio in Ethiopia is high compared to African and global averages although there are over 20 percentage points (p.p.) between the ratios for women and men, which is lower than some countries in the region. Although the extreme working poverty rate (EWPR) in the country is not insignificant – 18.3 per cent in 2022 – it is well below the corresponding ratio of many more prosperous countries in the continent and, the average ratio of 31.1 per cent for Africa.
- ▶ At 19.3 per cent in 2021, the share of young people (aged 15-29) not in employment, education or training (NEET) is significantly below the global average and is low compared to many other African countries. However, the 27.9 per cent NEET rate amongst young women was nearly three times as high as the male rate (9.8 per cent). Ethiopia's NEET gender gap has widened considerably since 2013.
- ▶ Overall, NEET rates fall with educational attainment – more so for young women than young men – and, similar to other countries in the region, young people with disabilities are severely disadvantaged in labour markets. The NEET rates of young men with disabilities are over five times as high as the NEET rates of young men without this additional obstacle. Young women with disabilities have similar NEET rates to young men with disabilities, however, since young women in general have much higher NEET rates than young men, young women with disabilities face NEET rates 'only' twice as high as those without disabilities.
- ▶ Ethiopia's youth employment concerns are reflected in the 2008 National Technical and Vocational Education and Training Strategy, (NTVETS), the 2009 National Employment Policy and Strategy (NEPS) and the subsequent 2016 National Employment Policy and Strategy (NEPS). More recent development policies, including the Growth and Transformation Plan II (GTP II) for 2016-2020 and the 2017 Rural Job Opportunity Creation Strategy (RJOC), also prioritize youth employment.

<sup>1</sup> This brief was prepared by a team lead by Niall O'Higgins and including Vipasana Karkee, Karina Levina, Marcelo Cuautle Segovia and Anna Barford. The brief is based primarily on an analysis of the available micro-data and a desk review of policy documents. Helpful comments and suggestions were provided by Mallory Baxter (MCF) and Jonas Bausch, Steve Kapsos and Bernd Mueller (ILO).

### Key points *continued*

- Policies focus on promoting youth employment in agriculture, paying less attention to the potential of industry and services. Supply-side actions including skills development and entrepreneurship support are also prioritised.
- Little evidence is available on systematic monitoring and evaluation of policies, or on strategies to understand their impact on addressing youth employment deficits and track progress towards achieving national employment.

## ► 1. Introduction: Contextual indicators

This brief summarises youth<sup>2</sup> labour markets and the school-to-work transition (SWT) in Ethiopia and its evolution in recent years. This introduction provides an overview of the aggregate economic and labour market context in the country. This is followed in section 2 by a discussion of the main characteristics of, and trends in, the country's youth labour market. Section 3 looks at changes in the youth labour market observable since 2013 and section 4 considers the impact of the Covid-19 pandemic on youth labour market outcomes in the country. Section 5 briefly discusses key youth employment related policy initiatives in Ethiopia and section 6 summarises the main issues and challenges identified in the preceding analysis.

Since the beginning of the new millennium, and especially since 2004, Ethiopia has maintained a very strong macroeconomic performance, averaging over 10 per cent p.a. real growth in GDP between 2004 and 2017.<sup>3</sup> Despite slow growth in the early 2000's and a COVID-19 related slowdown since 2020, real annual growth averaged 8.5 per cent p.a. between 2000 and 2022. In this regard, the main concern is the fact that growth slowed further in 2022 rather than, as in other countries in the region, showing signs of post-pandemic recovery (figure 1).

### ► Box 1: YouthSTATS, a partnership between the ILO and the Mastercard Foundation

The ILO, in partnership with the [Mastercard Foundation](#), has created a regularly updated dataset called [YouthSTATS](#), available on [ILOSTAT](#). The dataset was first produced by the ILO as part of its partnership with the Mastercard Foundation on the “[Work4Youth](#)” project which concluded in 2016. Initially composed of labour indicators for young people aged 15-29 derived from [school-to-work transition surveys](#) conducted through the partnership, the dataset now benefits from the ILO's stock of [harmonized labour force survey micro-datasets](#). It serves as a central repository of international youth labour statistics.

This brief is one of seven country briefs undertaken under the new partnership. The countries covered are Ethiopia, Ghana, Kenya, Nigeria, Rwanda, Senegal and Uganda.

Despite the strong growth record in the country, Ethiopia remains a low income country<sup>4</sup> with a PPP adjusted GDP per capita of US\$2,918 in 2022.<sup>5</sup> This is around three-quarters (74.3 per cent) of the corresponding average for sub-Saharan Africa (SSA) as a whole of US\$3,926.

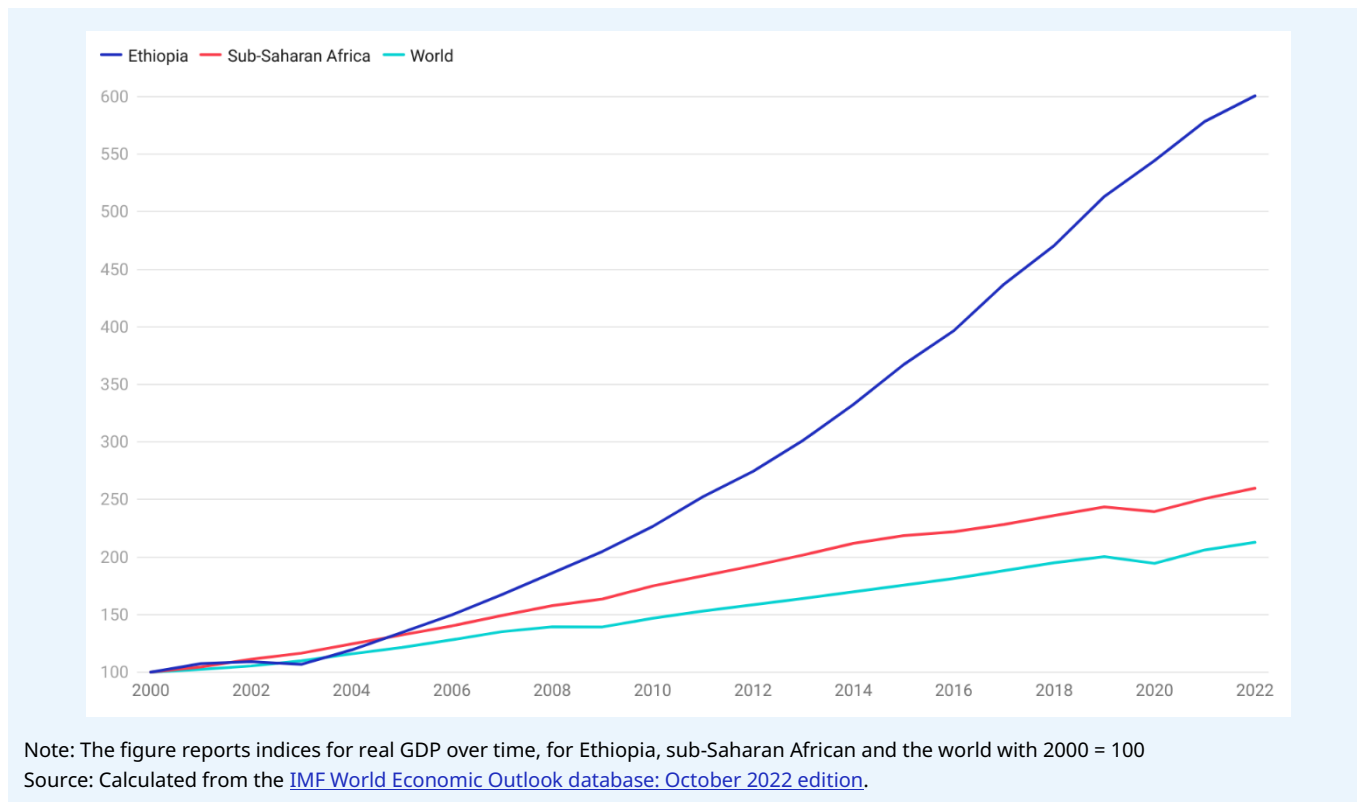
<sup>2</sup> Throughout the brief, youth are defined as young people aged 15-29.

<sup>3</sup> Specifically, 10.6 per cent per annum, calculated from [IMF World Economic Outlook database](#).

<sup>4</sup> [WB Country income groupings](#)

<sup>5</sup> The PPP adjusted GDP p.c. estimates used in this brief are from the [IMF World Economic Outlook database](#)

► **Figure 1. Real GDP, Ethiopia, Sub-Saharan Africa and the World, 2000-2022; 2000=100**



The employment to population ratio in the country – 65.6 per cent in 2021 -- is high compared to the ILO’s modelled African and global estimates (table 1), although there is still a substantial gap of over 20 percentage points between the ratios for women and men.

► **Table 1. Employment to population ratio by sex in Ethiopia, Sub-Saharan Africa, Africa and the World, 2021, (age 15+)**

	Male	Female	Total
Ethiopia (LFS)	76.9	54.6	65.6
Africa (ILO Modelled Estimates)	66.6	48.8	57.6
Sub-Saharan Africa (ILO Modelled Estimates)	68.1	57.4	62.7
World (ILO Modelled Estimates)	67.6	43.9	55.7

Source: ILO Modelled estimates and Author’s calculations based on ILO Harmonized Microdata, <https://ilostat.ilo.org/>.

Of course, getting a job does not guarantee sufficient income to escape poverty. In 2022, the extreme working poverty rate (EWPR) in the country was estimated as 18.3 per cent, well below that of many more prosperous African countries, the continental average of 31.1 per cent, or indeed the EWPR of 35.5 per cent for SSA.<sup>6</sup> In line with the impressive growth record, working poverty in Ethiopia fell from 54.2 per cent in 2000 to 20.6 per cent in 2019. The rate of reduction evidently

<sup>6</sup> [ILO modelled estimates](https://www.ilo.org/public/eng/mediacentre/pressreleases/20221101), November 2022. For example, the corresponding rate in Nigeria, which has a ppp adjusted GDP per capita of US\$5000 (over 70 per cent more than Ethiopia) and is classified as a lower middle income country was 34.3 per cent in 2022. The working poverty rate identifies the share of the employed population who are living in poverty despite being employed, implying that their employment-related incomes are not sufficient to lift them and their families out of poverty and ensure decent living conditions. The extreme working poverty rate (EWPR) is defined as the percentage of the employed population living in households with a per capita income of under US\$1.90 PPP (2011 prices) per day (ILO, 2019a). See also, <https://ilostat.ilo.org/topics/working-poverty/>.

slowed slightly with COVID-19, from 20.6 in 2019 to 18.3 per cent in 2022. Nevertheless, supported by strong growth, working poverty continued to decline during the pandemic.

The overwhelming majority of workers in Ethiopia are still engaged in agriculture, which accounts for 63.5 per cent of jobs overall and almost 70 per cent of employment amongst men. Over half of women (54.6 per cent) are employed in agriculture, with a substantial minority (40.4 per cent) engaged in the service sector (table 2).

► **Table 2. Employment distribution by economic activity by sex in Ethiopia, 2021 (age 15+)**

	Male	Female	Total
Agriculture	69.9	54.6	63.5
Industry	7.3	5.0	6.3
Services	22.8	40.4	30.2

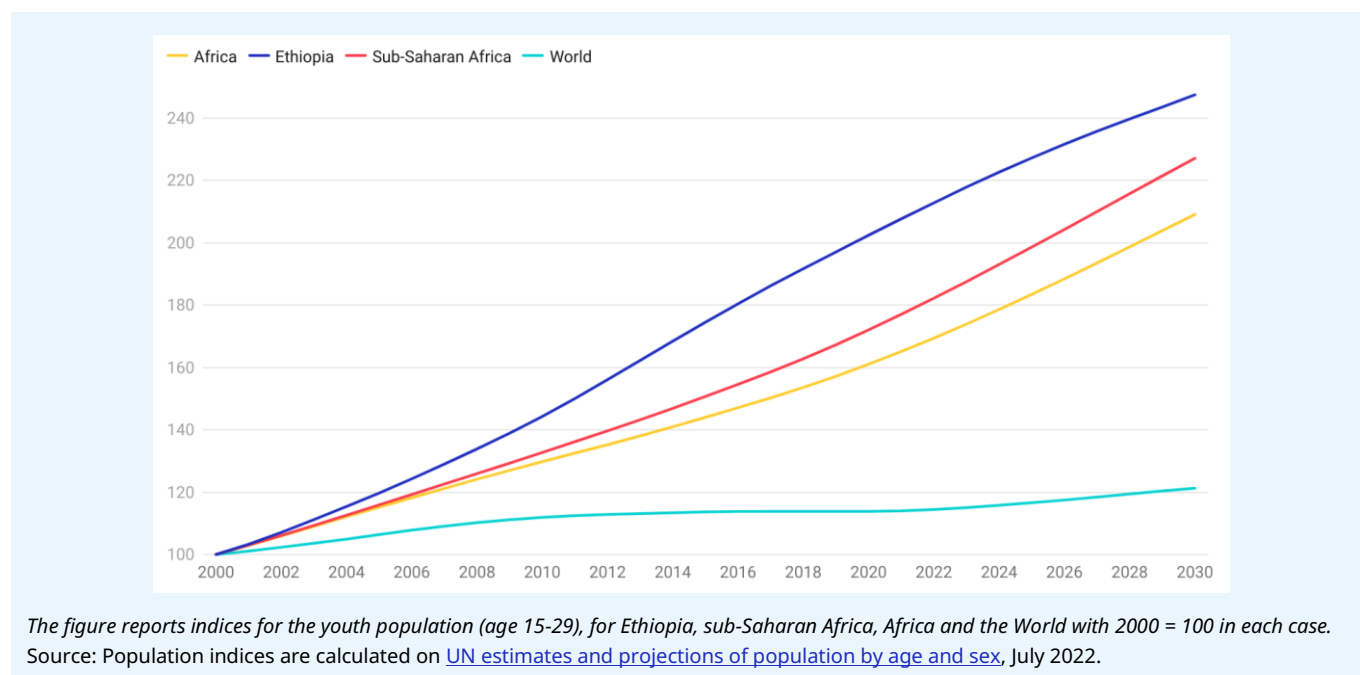
Source: Author's calculations based on ILO Harmonized Microdata, <https://ilostat.ilo.org/>.

As elsewhere in the continent, informality is extensive, but not especially so compared to other African countries. In 2021, 85.2 per cent of workers in Ethiopia were informally employed; 83.6 per cent of men and 87.4 per cent of women. Informality is slightly more pronounced amongst young people with an informality rate of 87.3 per cent in 2021. Amongst young people, the gender imbalance in informality is reversed with, at 87.8 per cent, a slightly higher informality rate amongst young men. The rate for young women is 86.8 per cent.

## ► 2. Youth labour market trends

Africa is a demographically young continent, with a youth population that continues to grow with all the potential and challenges this brings with it (ILO, 2020a). Between 2000 and 2022, the youth population of Ethiopia is estimated to have increased at an average annual rate of 3.3 per cent, somewhat above the African average youth population growth rate of 2.8 per cent and well above the global average of 0.6 per cent (figure 2).

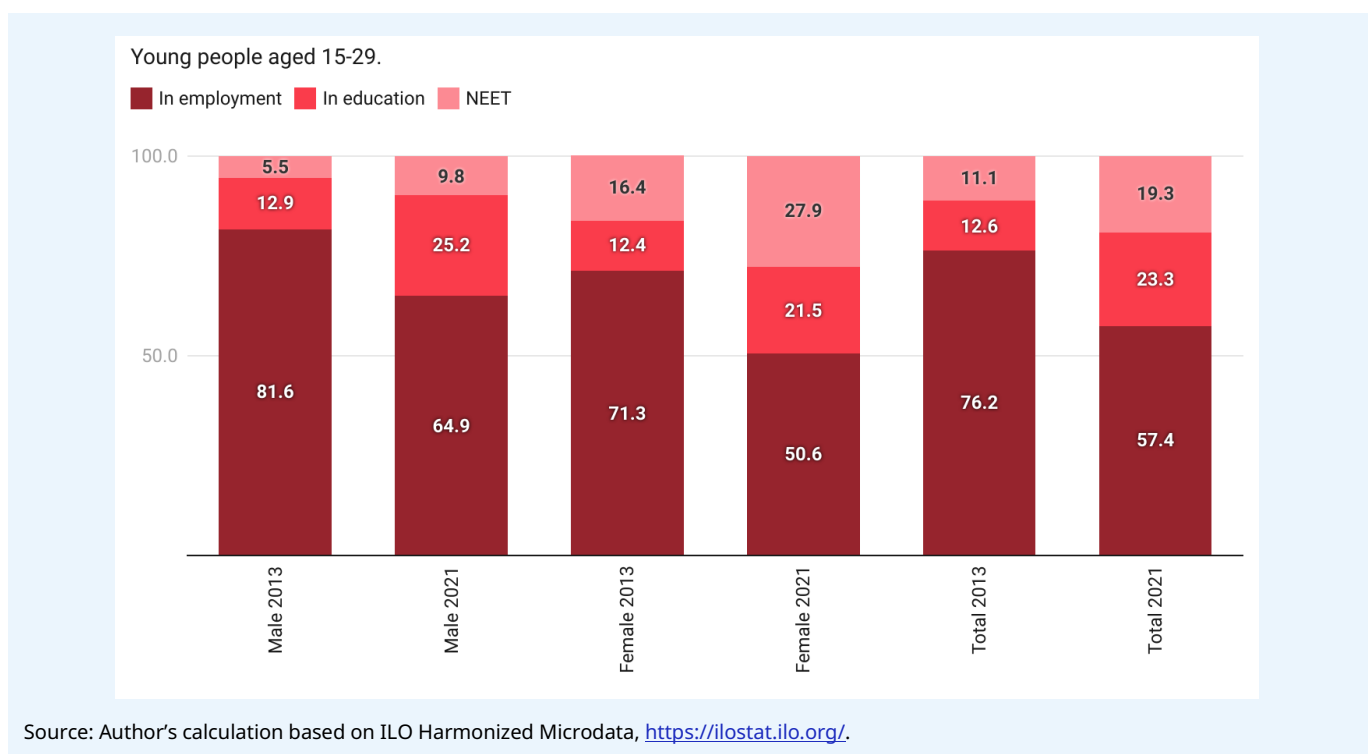
► **Figure 2. Youth population in Ethiopia, Sub-Saharan Africa, Africa and the World, 2000-2030; 2000=100**



Educational attainment in Ethiopia is relatively low compared to the SSA average. UNESCO estimates that the primary completion rate in Ethiopia in 2020 was 56.7 per cent; 6.5 percentage points below the SSA average of 63.2 per cent.<sup>7</sup> Completion rates for lower and upper secondary education were 27.2 and 13.8 per cent respectively, which compare still less favourably with the corresponding SSA averages of 44.5 and 26.7 per cent. Between 2012 and 2020, significant progress was made in primary completion rates, which have increased by 15 p.p. However, increases in lower and upper secondary completion rates – 6.2 and 2.8 p.p. respectively – have not kept up. Improvements in the completion rates of girls have been markedly stronger than for boys. In 2020, the primary completion rate of girls was well above that of boys – 60.7 per cent against 48.2 per cent. The gender imbalance is maintained also at lower secondary levels, with completion rates of 31.0 per cent for girls and 23.7 per cent for boys and, albeit with a reduced female advantage, in completion rates for upper secondary schooling which stood at 16.2 and 12.5 per cent respectively in 2020.

The imbalance in educational attainment at secondary level which favours girls is not reflected in the educational participation amongst young people as a whole. In 2021, 20.1 per cent of young women (aged 15-29) were participating in education compared to 25.2 per cent of young men. Indeed, the gap between young men and young women has widened since the previous Ethiopian Labour Force Survey of 2013, when 12.4 per cent of young women and 12.9 per cent of young men reported still being in education. At the same time, in line with improvements in primary and secondary completion rates, educational participation has nearly doubled for both sexes (figure 3).

► **Figure 3. Youth status in Rwanda by sex, 2017-2021**



As regards the other broad components of youth activity, employment and NEET (box 2), there are also substantial gender gaps. In 2021, 64.9 per cent of young men aged 15-29 had a job compared to 50.6 per cent of young women. Also significant, the employment-to-population ratios of both sexes have fallen markedly since 2013; by over 16 p.p. for young men and over 20 p.p. for young women. Some of this is explained by increased educational participation, but there was also a substantial increase in NEET rates, especially for young women.<sup>8</sup> Indeed, at 27.9 per cent in 2021, NEET rates

<sup>7</sup> <http://sdg4-data.uis.unesco.org/> [accessed October 28, 2022].

<sup>8</sup> For a discussion of the concept of NEET and its usefulness in examining youth labour markets, see for example, ILO (2019b). O'Higgins et al. (2023) contains a more extensive discussion.

amongst young women was nearly three times as high as young men's rate (9.8 per cent) and the NEET gender gap widened considerably over this eight year period.

► **Box 2. Young people not in employment, education, or training (NEET)**

With the establishment in 2015 of the 2030 Sustainable Development Goals, the NEET rate – the share of young people not in employment, education or training – became the [target indicator \(SDG8.6.1\)](#) to measure progress in youth labour markets. Although NEETs also include (most of) the young unemployed,<sup>9</sup> the NEET rate is a broader concept encompassing all young people who are, for whatever reason, not studying or working for pay or profit. NEETs are consequently a much larger, as well as a more heterogenous, group than the young unemployed.

Inter alia, the shift from the unemployment rate to the NEET rate as the focus of policies to promote decent work amongst young people leads naturally to a broadening of the scope of interventions. Reducing the NEET rate can be achieved both by increasing entry into employment, but also by increasing participation in education and training. Moreover, there are many factors underlying (different types) of NEET status. These include the obstacles to obtaining decent work faced by specific groups – such as young women and/or young people with disabilities.

Source (and for further information): O'Higgins et al. (2023).

The employment of young people (aged 15-29) – especially young men – is heavily concentrated in agriculture. The agricultural sector accounts for nearly 70 per cent of the jobs held by young men, and around 50 per cent of those of young women. Most employment of young people outside agriculture is in services. This distribution is similar to the distribution of economic activity for people of working age (15+) as a whole. There are only marginal differences with the distribution of employment of older workers, with a slightly larger share of young women being employed in services and a slightly smaller share in agriculture (table 3). Amongst younger and older workers alike, industry accounts for significantly less than 10 per cent of employment.

► **Table 3. Youth (age 15-29) employment distribution by economic activity and sex in Ethiopia, 2021**

	Male	Female	Total
Agriculture	68.8	50.1	60.2
Industry	7.6	5.2	6.5
Services	23.6	44.6	33.3

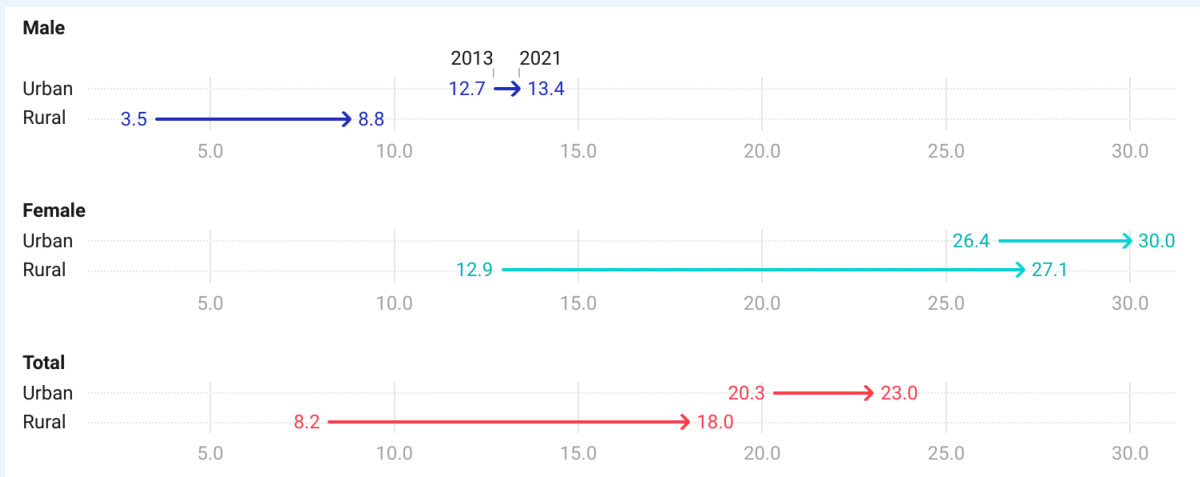
Source: Author's calculation based on ILO Harmonized Microdata, <https://ilostat ilo.org/>.

The vast majority, nearly 80 per cent of young male and nearly 90 per cent of young female NEETs, are inactive; that is, they are not actively seeking work and so do not appear among the ranks of the unemployed. This serves to emphasize the importance of looking at NEET, as opposed to unemployment, as a key indicator of the labour market status of young people.

In contrast to most countries (O'Higgins et al., 2023), Ethiopian NEET rates are significantly higher in urban, as opposed to rural, areas for both young women and young men (figure 4).

<sup>9</sup> Excluding a relatively small but increasingly significant group of young people who are both unemployed and in education.

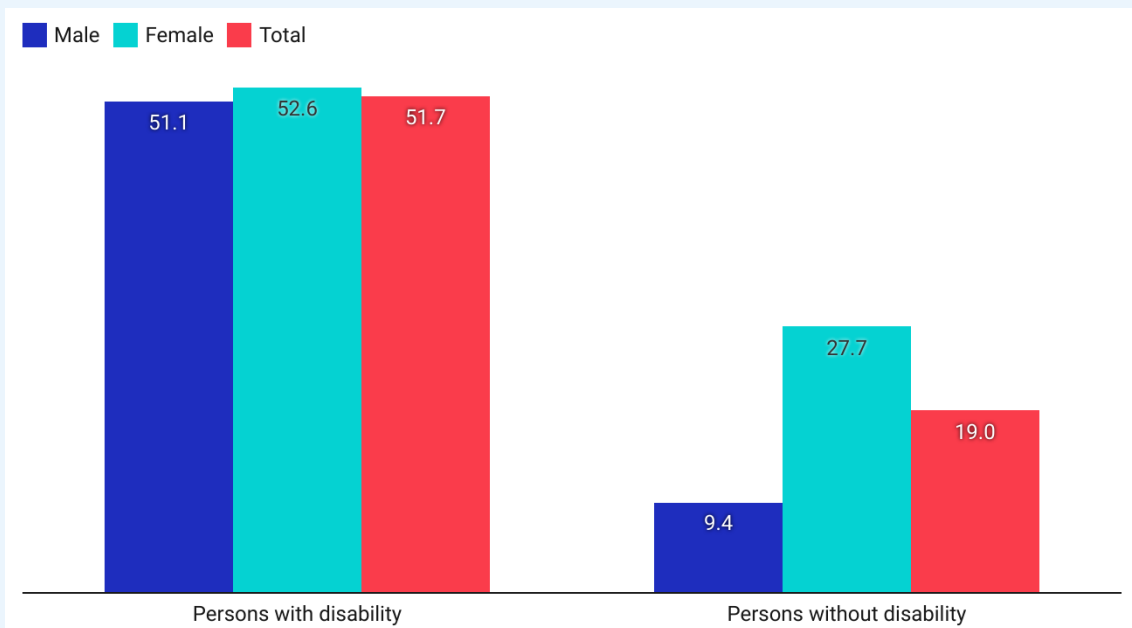
► **Figure 4. Share of young people (aged 15-29) not in education, employment or training by sex and urban-rural location, 2013-2021 (%)**



Source: Author's calculation based on ILO Harmonized Microdata, <https://ilostat.ilo.org/>.

A little under one per cent of young people aged 15-29 report themselves as being disabled in Ethiopia; 0.7 per cent of young women and 1.1 per cent of young men. As elsewhere, young persons with disabilities in Ethiopia are much more likely to be NEET than those without disabilities (figure 5). Interestingly amongst the disabled, NEET rates are very similar for young men and young women, implying that the relative labour market disadvantage attached to a disability is actually greater for young men than young women.

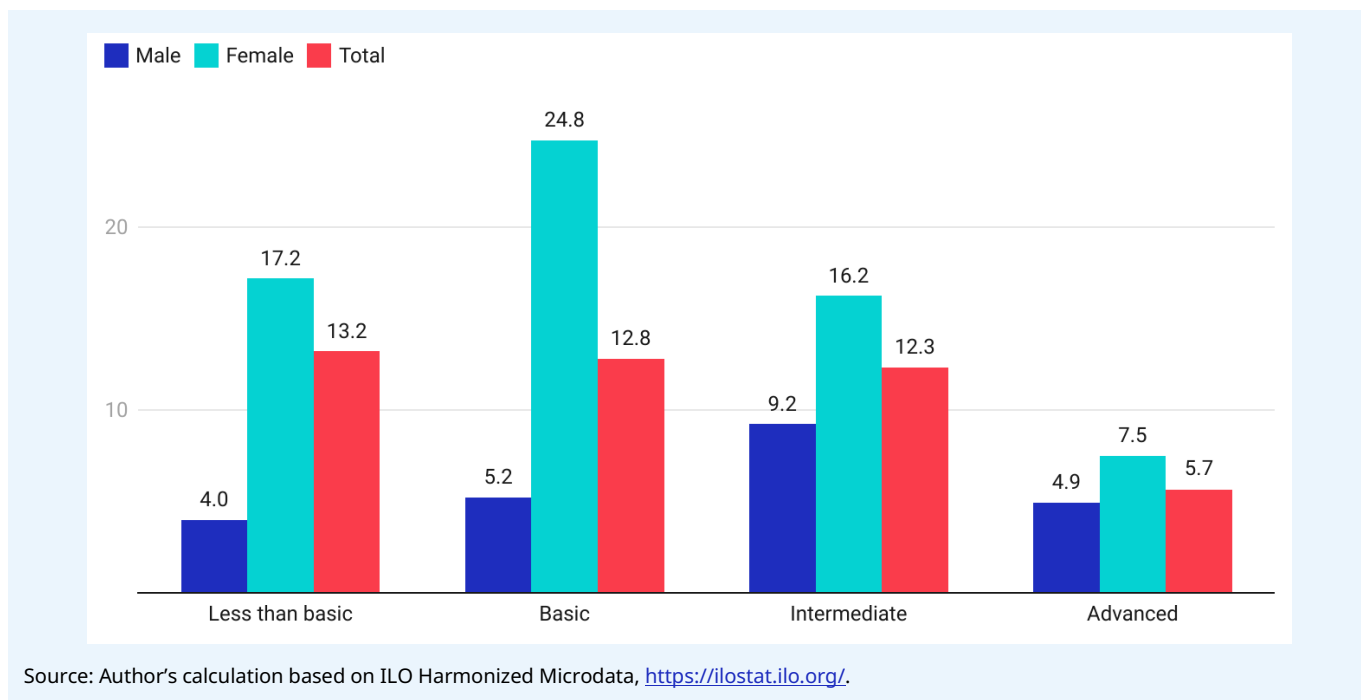
**Figure 5. Share of young people (aged 15-29) not in education, employment or training by sex and disability, 2021 (%)**



Source: Author's calculation based on ILO Harmonized Microdata, <https://ilostat.ilo.org/>.

Educational attainment is also associated with the prevalence of NEET. Globally, NEET rates tend to fall as individual educational attainment rises (O'Higgins et al. 2023), and this is broadly true in Ethiopia too (figure 6). However, this inverse relationship is driven by the relationship between educational attainment and NEET rates amongst young women. For young men, there is no such relationship – at least not in 2013 – the most recent date for which such data is available.<sup>10</sup>

► **Figure 6. Share of young people (aged 25-29) not in education, employment or training by sex and educational attainment, 2013 (%)**



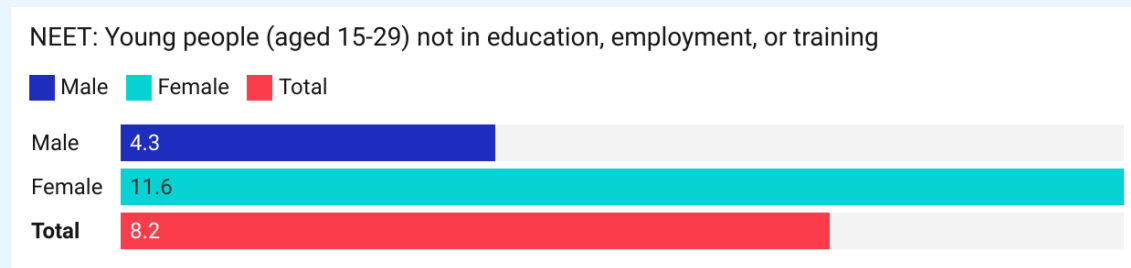
### ► 3. Youth labour market changes 2013 - 2021

As already observed, NEET rates increased markedly as employment-to-population rates fell between 2013 and 2021. Undoubtedly the COVID-19 pandemic played its part in this, as is discussed further below. However, it is likely this rise in NEET rates was part of a more general trend of young workers gradually moving out of subsistence agriculture. The increase was particularly pronounced for young women who saw their NEET rates increase by 11.6 percentage points over this period (see Figure 7a).

<sup>10</sup> The data used for figure 6 is from the LFS for 2013, since the 2021 LFS does not have data on educational attainment.



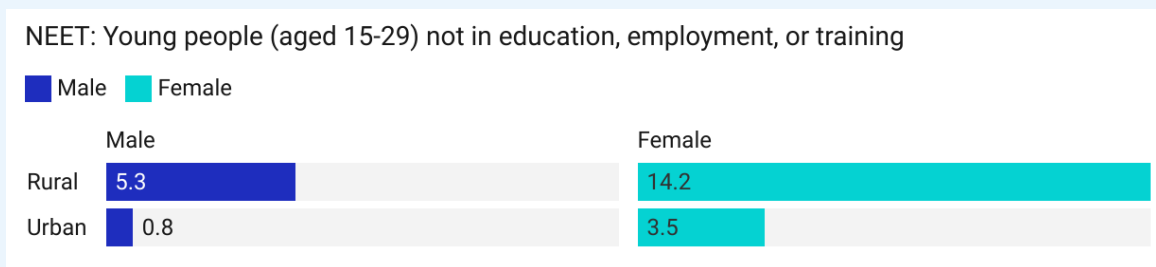
► **Figure 7a. Change in NEET rates by sex from 2013 to 2021 (percentage points)**



Source: Author's calculation based on ILO Harmonized Microdata, <https://ilostat.ilo.org/>.

For both young women and young men, whilst urban rates are higher, the increases in NEET rates seen between 2013 and 2021 were especially pronounced in rural areas (figure 7b). Since 2013, Female NEET rates have been increasing faster than male rates in rural and urban areas. In all cases, NEET rates have risen significantly between 2013 and 2021.

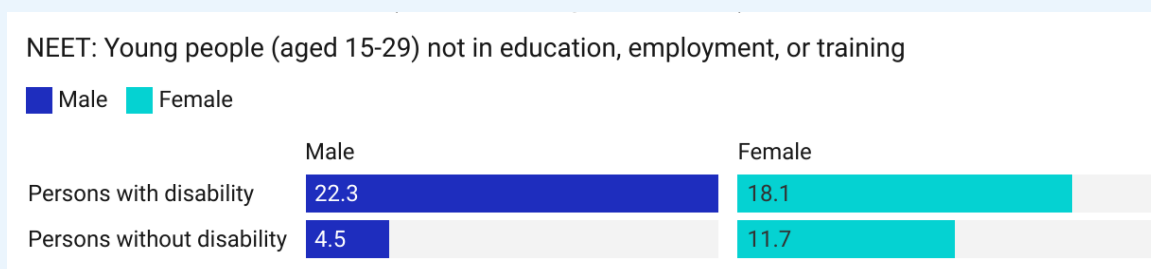
► **Figure 7b. Change in NEET rates by sex and geographic location from 2013 to 2021 (percentage points)**



Source: Author's calculation based on ILO Harmonized Microdata, <https://ilostat.ilo.org/>.

The increase in NEET rates witnessed between 2013 and 2021 has also affected young people with disabilities to a greater degree than those without, especially amongst young men (figure 7c).

► **Figure 7c. Change in NEET rates by sex and disability status from 2013 to 2021 (percentage points)**



Source: Author's calculation based on ILO Harmonized Microdata, <https://ilostat.ilo.org/>.

## ► 4. Impact of the COVID-19 pandemic

Whilst the change in labour market indicators – for example the substantial increase in NEET rates – between 2013 and 2021 cannot solely be attributed to the impact of the COVID-19 pandemic, information from other sources including the

ILO/Ipsos COVID-19 survey (box 3), and the ILO's rapid COVID-19 surveys undertaken in Ethiopia (ILO, 2020b, 2021a), confirm that COVID-19 has indeed had substantial impacts on youth labour markets in the country.

► **Box 3. ILO Global Survey on COVID-19 impacts in the world of work**

In collaboration with Ipsos, this multi-country survey was conducted between November 2021 and March 2022 to study the impacts of COVID-19 on education and labour markets in 40 countries. The study looks at the impact of the COVID-19 outbreak on current employment and education, job loss and interrupted enrolment in education, and future work aspirations. The data-gathering process was targeted at 1,000 respondents in each country using three methods of data collection: online, telephone, and face-to-face.

Among the seven African countries covered by the ILO youth country briefs, four were included in the Global survey, namely: Ethiopia, Kenya, Nigeria, and Senegal.

The ILO/Ipsos survey revealed that, in Ethiopia, 18.6 percent of young people – 19.6 per cent of young men and 17.6 per cent of young women – had lost a job at some point following the onset of the pandemic in March 2020 (table 4). From these statistics it might appear that the impact on young women was slightly smaller than on young men, however, the vast majority (84.7 per cent) of young men who lost their job due to the pandemic subsequently regained it. Amongst young women, the corresponding share was around two-thirds (66.2 per cent). In other words, around 6 per cent of young females lost their job and did not subsequently regain it whilst this was true for 'only' 3 per cent of young males.

► **Table 4. Job loss among youth (age 15-29) due to the COVID-19 outbreak and subsequent job recovery by sex (%)**

	Male	Female	Total
Lost a job at some point since March 2020 due to the COVID-19 pandemic	19.6	17.6	18.6
Retained employment after job loss	84.7	66.2	75.7

Source: Author's calculation based on ILO Harmonized Microdata, <https://ilostat.ilo.org/>.

Amongst those who retained their jobs, many suffered reductions in their hours and/or pay (table 5). Around seven out of ten working young people faced at least one of these changes in their work regimes since the onset of the pandemic.

► **Table 5. Impacts of COVID-19 outbreak on employment among youth (age 15-19) by sex (%)**

	Male	Female	Total
Took leave or stopped working for 1 week or longer	49.8	40.4	46.0
Reduced hours worked	45.1	38.8	42.6
Worked extra hours	14.8	10.9	13.2
Started working from home or from home more	11.9	17.7	14.2
Reduced pay or income from employment	30.7	25.0	28.4
Faced at least one of the aforementioned events	70.6	66.6	69.0

Source: Author's calculation based on ILO Harmonized Microdata, <https://ilostat.ilo.org/>.

Young people have also been faced with restrictions on their access to education and training (table 6). Nearly 19 out of every 20 young students faced some kind of interruption; for example, more than 9 out of 10 young men and almost 9 out of 10 young women stopped attending classes for at least one week or more.

► **Table 6. Impact of COVID-19 outbreak on education among youth (age 15-29) by sex (%)**

	Male	Female	Total
Stopped attending classes, in person, for 1 week or more	90.8	86.9	88.8
Switched to online classes or distance learning	19.9	17.0	18.4
Dropped out without completing your studies	50.1	47.4	48.7
Gave up plans to enrol in education or training	25.2	23.1	24.1
Faced at least one of the aforementioned events	94.5	92.3	93.4

Source: Author's calculation based on ILO Harmonized Microdata, <https://ilostat.ilo.org/>.

Thus, although it is not possible to attribute all the increases observed in NEET rates between 2013 and 2021 to the impact of COVID-19, it would appear that the pandemic did indeed contribute. Certainly young people in Ethiopia were hit hard by the COVID-19 pandemic.

## ► 5. Youth employment policy in Ethiopia

In summarising key features of the school-to-work transition and youth labour market outcomes in Ethiopia, it is important also to briefly consider the main youth employment policy initiatives in the country. This section seeks to do just that. Youth employment policies have most to offer when they are well-designed, involve strong collaboration between the relevant ministries and engage other stakeholders, including social partners, complement other policies, are properly resourced, and have realistic implementation plans alongside robust evaluation and reporting. Moreover, as the brief has illustrated in the previous sections, young people are a highly heterogeneous group, and for maximum benefit policies should address the needs of especially disadvantaged groups, such as young people with disabilities and those with low levels of education. What follows is a review of the main policies relating to youth employment in Ethiopia compiled in late 2022.

Ethiopia's work on youth employment policy spans two decades. The National Youth Policy 2004 embraced youth employment challenges from supply and demand sides, including technical and vocational education and training (TVET), access to technology, and job creation (Government of Ethiopia, 2004). Today's youth employment policy framework includes the National Technical and Vocational Education and Training Strategy (NTVETS) 2008, the National Employment Policy and Strategy (NEPS) 2016, the Growth and Transformation Plan II (GTP II) 2016-2020, the Rural Job Opportunity Creation Strategy (RJOC) 2017, and the Plan of Action for Job Creation (PoA) 2020-2025. Youth employment is also mainstreamed into the National Plan of Action of Persons with Disabilities (NPAPD) 2012-2021 and Digital Ethiopia 2025.

### Youth employment policy framework

#### National Technical and Vocational Education and Training Strategy (NTVETS) 2008

NTVETS aims to establish "a comprehensive, integrated, outcome-based and decentralized TVET system" through national and private TVET provision, improved TVET quality, alignment of training offers to development objectives, and a coherent TVET framework (Government of Ethiopia, 2008). The Strategy also promotes career guidance for trainees and life-long learners. NTVETS prioritizes school leavers, people with little or no formal education, entrepreneurs and formal and informal employees, farming households, and the unemployed. The Strategy seeks to ensure equal access to TVET for disadvantaged groups including girls and women, persons with disabilities (PwDs), and people from marginalized ethnic groups. Though not a target group, young people are likely to benefit significantly.

## National Employment Policy and Strategy (NEPS) 2016

NEPS 2016 succeeds NEPS 2009, aiming to “enhance the contribution of youth to national development by promoting their employment opportunities” (Government of Ethiopia, 2016a). This involves revising and improving academic and training programmes, creating youth employment opportunities, instilling positive attitudes to work and promoting entrepreneurship opportunities.. Youth underemployment is addressed through the creation of complementary employment opportunities, which can be done alongside existing activities. NEPS 2016 focuses on balancing labour demand and supply, and also addresses youth underemployment and discouragement.

## Growth and Transformation Plan II (GTP II) (2016-2020)

GTP II is a comprehensive policy to ensure rapid, sustainable, and broad-based growth by enhancing agricultural and manufacturing productivity of the private sector, improving production quality, and stimulating competition within the economy. It aims to create 758,000 employment opportunities in medium and large manufacturing industries and 717,114 jobs through urban productive safety net programmes (Government of Ethiopia, 2016b). While the number of jobs for women and youth is not specified, one strategic pillar focuses on women and youth. For young people the GTP II prioritises: access to credit and saving services, aligning TVET programmes to the economy, improving school-to-work transitions in agriculture, manufacturing and digital technology, and developing small- and medium-sizes enterprises (SMEs) to tackle unemployment. Planned results include 7.43 million young people engaging in SMEs, 1.35 million youth organizing in social cooperative associations, and market linkages for 2 million youth. The participation rate of young people in SMEs should rise from 59 per cent in 2014 to 90 per cent by 2020. GTP II does not recognise the specific needs of young women, youth with disabilities or NEETs (Government of Ethiopia, 2016b). Due to the lack of publicly available final evaluation, it is unclear whether targets were met. Further, there was no reference to inter-agency coordination for implementation.

## Rural Job Opportunity Creation Strategy (RJOC) 2017

RJOC aims for rural job seekers, unemployed and underemployed citizens to engage in “productive, decent, inclusive and sustainable jobs” (Government of Ethiopia, 2017). RJOC is aligned with the GTP II and Ethiopia’s Climate-Resilient Green Economy initiative (Government of Ethiopia, 2011).<sup>11</sup> One objective is to improve labour market access for rural women and young people, complemented by other objectives to boost job quality and quantity through stronger rural-urban linkages and market expansion, labour mobility, and rural entrepreneurship (Government of Ethiopia, 2017). The strategic pillars are: Entrepreneurship/Self-Employment; Wage Employment, Labour Markets; National Rural Employment Guarantee Scheme; and Livelihood Diversification. The pillars aim to improve rural youth employment for specific sub-groups. For instance, pillar 3 focuses on underemployed and unemployed rural youth accessing wage employment in the priority rural development sectors of infrastructure, natural resource management and irrigation. However, interventions are not tailored to the specific needs of rural young women, youth with disabilities and NEETs and there are no associated job creation targets.

## Plan of Action for Job Creation (PoA) 2020-2025<sup>12</sup>

PoA aims to boost employment-intensive economic growth, creating 14 million jobs by 2025 and 20 million by 2030 (Government of Ethiopia, 2020a). Youth employment is mainstreamed across four of the six strategic objectives, in recognition of the structural challenges young people face in accessing the labour market. People with disabilities are supported through employment quotas in the public sector and incentives for the private sector. Internally displaced persons are supported with access vocational, language and basic skills training to improve employability. However, rural youth, young women, NEET and out-of-school youth are not targeted despite their labour market disadvantage.

<sup>11</sup> [Ethiopia’s Climate-Resilient Green Economy](#)

<sup>12</sup> [National-Plan-for-Job-Creation-Brief.pdf \(jobscommission.gov.et\)](#)

Implementation is coordinated by the Job Creation Committee, and involves the Ministries of Labour, Education and Science, Finance, and Women, Children and Youth Affairs.

## Other national policies contributing to youth employment

### National Plan of Action of Persons with Disabilities (NPAPD) 2012-2021

NPAP does not distinguish young persons with disabilities as a specific target group, however it does stipulate that children and youth with disabilities should be provided with the best possible education and vocational skills training. Further, NPAPD seeks to ensure work and employment opportunities for all youth and adults with disabilities who want to work. The NPAPD outcomes are not youth sensitive.

### Digital Ethiopia 2025 – A Strategy for Ethiopia Inclusive Prosperity

Digital Ethiopia 2025 identifies prosperity pathways for digital transition: value in agriculture; global manufacturing value chains; IT enabled services; and, digitally-driven tourism competitiveness (Government of Ethiopia, 2020b). It includes strengthening digital skilling and job matching for young people. There is no mention of targeting employment opportunities to more disadvantaged youth.

### Mitigating the impact of COVID-19 on youth employment

In the wake of the COVID-19 pandemic, the Ethiopian Jobs Creation Commission estimated that 1.4 million waged jobs were under threat and 1.9 million people in vulnerable employment would lose their income (Job Creation Commission, 2020). In response, the Job Creation Commission launched the Micro and Small-sized enterprises (MSEs) Resilience Facility in 2020 to support Ethiopian MSEs and start-ups to remain solvent and retain their employees. The facility provides grants and loans to MSEs, both formal and informal. The amount and type of financial support provided varies depending on the size of enterprise and its needs. With an initial commitment of approximately USD 24.8 million from the Mastercard Foundation COVID-19 Recovery and Resilience Program, the MSE's Resilience Facility anticipates preventing 24,000 MSEs from bankruptcy and 50,000 employees should keep their jobs. While not specifically targeting young people, the high prevalence of young workers in MSEs makes this programme youth responsive.

## ► 6. Key issues and challenges

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- In the new millennium, Ethiopia has maintained a very strong macroeconomic performance, averaging over 10 per cent p.a. real growth in GDP between 2004 and 2017. Despite slow growth in the early 2000's and a COVID-19 related slowdown since 2020, real annual growth averaged 8.5 per cent between 2000 and 2022. Growth slowed further in 2022 rather than, as in other countries in the region, showing signs of post-pandemic recovery. Despite strong growth, Ethiopia remains a low income country with a PPP adjusted GDP of US\$2,918 in 2022; 25 per cent below the average for sub-Saharan Africa as a whole of US\$3,926.
- The employment to population ratio in the country is high compared to African and global averages although there are over 20 p.p. between the ratios for women and men which is less than some of the other countries in the region. Although the extreme working poverty rate in the country is significant – 18.3 per cent in 2022 – it is well below the corresponding rate in many more prosperous countries in the continent, and indeed, the average rate for the African continent as a whole of 31.1 per cent.
- At 19.3 per cent in 2021, the youth NEET rate is significantly below the global average and is low compared to many other African countries. However, at 27.9 per cent in 2021, NEET rates amongst young females were nearly three times as high as the male rate (9.8 per cent) and the NEET gender gap has widened considerably since 2013.

- Overall, NEET rates fall with educational attainment – more so for young women than young men - and, similar to other countries in the region, young people with disabilities are severely disadvantaged in labour markets. The NEET rates of young men with disabilities are over five times as high as the NEET rates of young men without this additional obstacle. Young women with disabilities have similar NEET rates to young men with disabilities, however, since young women in general have much higher NEET rates than young men, young women with disabilities face NEET rates which are 'only' twice as high as those without disabilities.
- The COVID-19 pandemic has had substantial impacts on youth labour markets in Ethiopia. In contrast to many other countries in the region, economic growth slowed further in 2022 rather than showing signs of post-pandemic recovery, which does not bode well for young people's employment opportunities in the immediate future.
- Despite the outbreak of COVID-19, the share of the country's workers who were in extreme poverty decreased slightly between 2019 and 2020, from 20.6 per cent to 19.7 per cent, and it continued to decline further to 18.3 per cent by 2022, however, this did mark a slowdown of the rapid rate of reduction in working poverty witnessed in previous years.
- Young people have been hit hard by the squeeze on employment; 19.6 per cent of young men and 17.6 per cent of young women lost their job following the onset of the pandemic. Many more who managed to remain in employment faced reductions in working hours or pay or both, so that over two-thirds of young workers felt some kind of impact on their jobs from the pandemic. Moreover, as has been observed elsewhere (ILO, 2021b), the pandemic also meant interruptions to education and training which have affected almost all young Ethiopians who are participating in education and training, or who wished to do so.
- Since the adoption of the National Youth Policy (NYP) in 2004, youth employment has been mainstreamed in the 2008 National Technical and Vocational Education and Training Strategy (NTVETS, 2008), the 2009 National Employment Policy and Strategy and the succeeding new National Employment Policy and Strategy (NEPS, 2016).
- Subsequent development policies, including the Growth and Transformation Plan II (GTP II) for 2016-2020 and the 2017 Rural Job Opportunity Creation Strategy (RJOC) have been consistent with the NYP and the 2016 National Employment Policy and Strategy in prioritizing youth employment. However, their policy focus remains on promoting youth employment in agriculture, maintaining the existing distribution of economic activity for young people. Supply-side actions including skills development and entrepreneurship support have also been prioritised over demand-side measures.
- Following the adoption of ambitious targets to create 14 million jobs by 2025 and 20 million jobs by 2030, in 2020, Ethiopia set up the Plan of Actions for Job Creation (PoA) – a five-year blueprint aiming to increase the employment-intensity of economic growth. Besides the "traditional" sectors, the PoA explores job creation potential of high-growth sectors such as ICT, tourism and creative arts, but lacks youth-responsive strategies. Integrating youth-specific actions in ICT policies can leverage digital transformation to create decent jobs for youth.
- The policies and programmes that comprise the youth employment strategy in Ethiopia demonstrate a positive trend of including gender perspectives and considering the inclusion of certain disadvantaged groups, such as persons with disabilities and rural youth. Nevertheless, a stronger recognition of specific labour market needs and constraints of the most vulnerable youth, including young women, youth with disabilities, NEETs, and displaced youth, is required to boost labour market demand, further improve job quality, make participation more equitable and thus overcome discouragement.
- There is a critical need for systematic monitoring and evaluation of the performance of the policies and programmes for youth employment in Ethiopia. This would support the development of evidence-driven youth employment interventions now and in the future, and help track progress towards achieving national employment targets.

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