



Volume 5 No: 4 (2020)

Enhancement of Employment and Income Opportunities for Rural Youth in Ethiopia: A Review of Four Large Youth Employment Initiatives

Tigabu Degu Getahun and Gebeyehu Manie Fetene

March 2020



Citation

Tigabu D. G and Gebeyehu M. F, (2020). Enhancement of Employment and Income Opportunities for Rural Youth in Ethiopia: A Review of Four Large Youth Employment Initiatives. FARA Research Report 5(4): PP 35

Corresponding Author

Tigabu Getahun (tigyget14@gmail.com)

FARA encourages fair use of this material. Proper citation is requested

Forum for Agricultural Research in Africa (FARA)

12 Anmeda Street, Roman Ridge PMB CT 173, Accra, Ghana Tel: +233 302 772823 / 302 779421 Fax: +233 302 773676 Email: info@faraafrica.org Website: www.faraafrica.org

Editorials

Dr. Fatunbi A.O (ofatunbi@faraafrica.org); and Mr. Benjamin Abugri(babugri@faraafrica.org)

ISSN: 2550-3359

About FARA

The Forum for Agricultural Research in Africa (FARA) is the apex continental organisation responsible for coordinating and advocating for agricultural research-for-development. (AR4D). It serves as the entry point for agricultural research initiatives designed to have a continental reach or a sub-continental reach spanning more than one sub-region.

FARA serves as the technical arm of the African Union Commission (AUC) on matters concerning agricultural science, technology and innovation. FARA has provided a continental forum for stakeholders in AR4D to shape the vision and agenda for the sub-sector and to mobilise themselves to respond to key continent-wide development frameworks, notably the Comprehensive Africa Agriculture Development Programme (CAADP).

FARA's vision is; "Reduced poverty in Africa as a result of sustainable broad-based agricultural growth and improved livelihoods, particularly of smallholder and pastoral enterprises" its **mission is the** "Creation of broad-based improvements in agricultural productivity, competitiveness and markets by strengthening the capacity for agricultural innovation at the continental-level"; its **Value Proposition is the** "Strengthening Africa's capacity for innovation and transformation by visioning its strategic direction, integrating its capacities for change and creating an enabling policy environment for implementation". FARA's strategic direction is derived from and aligned to the Science Agenda for Agriculture in Africa (S3A), which is in turn designed to support the realization of the CAADP vision.

About FARA Research Result (FRR)

FARA Research Report (FRR) is an online organ of the Forum for Agricultural Research in Africa (FARA). It aims to promote access to information generated from research activities, commissioned studies or other intellectual inquiry that are not structured to yield journal articles. The outputs could be preliminary in most cases and in other instances final. The papers are only published after FARA secretariat internal review and adjudgment as suitable for the intellectual community consumption.

Disclaimer

"The opinions expressed in this publication are those of the authors. They do not purport to reflect the opinions or views of FARA or its members. The designations employed in this publication and the presentation of material therein do not imply the expression of any opinion whatsoever on the part of FARA concerning the legal status of any country, area or territory or of its authorities, or concerning the delimitation of its frontiers".

Acknowledgment

We are grateful to Paul Boadu, Fatunbi Wole, Bezawit Chichaibelu and participants at the FARA inception and Validation workshops in Ghana and Senegal respectively for numerous comments, guidance and insightful suggestions.

This research paper was developed within the project “Program of Accompanying Research for Agricultural Innovation” (PARI), which is funded by the German Federal Ministry of Economic Cooperation and Development (BMZ). We would also like to acknowledge the financial and technical support we have received from the Forum for Agricultural Research in Africa (FARA)

Summary

The youth in Ethiopia are estimated to constitute 30% of the population. Around 81% of them lived in rural areas, and 98% of the rural youth depended on the agriculture sector in 2016. Through generations, most of the youth in rural Ethiopia have been sharing the same land with their parents and other adults. As a result, the land size available to youth is becoming increasingly insufficient. Moreover, the youth are the hardest hit by poverty, the highest unemployed groups of the society, and the number of youth job seekers is increasing overtime. For instance, 1.52 million job seekers were registered in rural areas in eight regions in late 2018. Employment opportunities have been very limited in rural Ethiopia because of lack of complementary investments and poor access to finance and land. These unfavorable conditions have been contributing to the unabating rural-urban migration and migration abroad. In a bid to ameliorate rural unemployment and underemployment problems, the Ethiopian government recently started developing youth employment initiatives, packages and policies. This paper aims to document four of the major interventions, particularly for rural youth. Below are summaries of the main interventions since 2000.

1. **The National Youth Policy (NYP):** The NYP introduced in May 2004 is, based on available records, the first policy developed for the youth to actively participate in and to get fair benefits from the political, social and economic developments in the country. The NYP was established to fill up the institutional and policy gaps which hindered the active participation of the youth in political, social and economic activities, and that impede fair benefit to the youth from the achievements. The NYP aimed to address both urban and rural youth unemployment problem. Acknowledging that the government alone could not solve youth unemployment problem, the NYP aimed to create enabling conditions for the youth to create their own jobs and for the private sector to create jobs for them. Specific to the rural youth, the policy emphasized that the rural youth should have access to farm and grazing land, and to support the youth to engage in off-farm activities.
2. **The National Rural Youth Development Package (2006):** It was the first development package specifically developed for urban and rural youth, which acknowledged that the rural youth face distinct challenges. The package explicitly indicated how land and finance for the rural youth would be obtained. It required all government ministries and agencies to specifically incorporate the youth package in their strategies, plans and budgets.
3. **The Rural Job Opportunity Creation Strategy (RJOCS) 2017:** It was adopted by the Council of Ministers in May 2017. The strategy aimed to integrate the rural job opportunity creation efforts with the country's broad and sectoral policies, strategies and programs, particularly to align with the objectives and targets of the Second Growth Transformation Plan (GTP-II) and the Climate Resilient Green Economy (CRGE) plan of the country. The strategy document explicitly indicated how resources, mainly finance and land, should be accessible by the youth. It identified four pillars as the main sources of jobs for the rural youth: entrepreneurship/self-employment, wage employment/labor markets, expanded rural productive public workfare programs, and livelihood diversification.
4. **The Youth Revolving Fund (YRF 2017):** This Fund was approved on March 10, 2017 in Proclamation No. 995/2017. The proclamation dictated that the federal government should allot 10 billion ETB (427 million USD) for regional governments for the fund to serve as a permanent source of finance to assist youth to employ their capabilities in creating job opportunities. The target beneficiaries of the fund are the youth (aged between 18 and 34 years old) both in urban and rural areas organized under micro and small enterprises. In addition to land and finance, the

implementation strategy of the Fund dictated that technology and human resource development were critical inputs that should be supplied to the youth.

5. Other related projects, programs and plans

- A) The Agricultural Growth Program (AGP I &II), since 2011
- B) Growth and Transformation Plan I (GTP-I), from 2011 to 2016
- C) Growth and Transformation Plan II (GTP-II), since 2016

The following results and lessons can be drawn from the interventions:

- The programs acknowledged the structural and institutional constraints facing the youth
- Encouraging results have been achieved through some of the interventions. For instance, around 42% of the YRF was distributed to 224,297 rural youth at the time of data collection, and a total of 39,003 businesses were established within the last two and half years of the operation. Moreover, within the same time period, around 2.2 billion ETB was distributed from regular funding sources (non-revolving fund) and 1,038,564 youth had a total of 97,274 hectares of land allocated to them.
- The amount of fund distributed to the rural youth from the YRF (4.2 Billion ETB) was almost double the amount of fund distributed at the same time period to the rural youth from the regular fund (2.2 billion ETB). This was because the YRF has been cheaper for the borrowers and the requirements needed to obtain the loan has been relatively easier than the regular fund. It would have been more insightful to know how many jobs were created through the YRF excluding those who shifted borrowing from the regular fund to the YRF since the latter was cheaper and more accessible. Nevertheless, the results show that cheaper and easier financial access is one of the key approaches needed to increase rural youth employment. Indeed, studies have shown that the most critical constraint to starting own business in rural areas is financial constraint.

Limitations:

- The interventions did not set clear targets in terms of the number of jobs they aimed to create. Setting objectively measurable targets could have induced the implementers to strive better to achieve the targets.
- There has been poor data recording and monitoring and evaluation of the successes and challenges of the packages
- The youth who started business in rural areas faced challenges due to poor market linkages and limited complementary infrastructural developments such as electricity access and motorable roads to market centers. Entrepreneurs running micro and small enterprises noted that lack of adequate working premises, lack of access to credit and shortage of (electricity) power supply were the top three constraints impeding smooth daily operation and growth of enterprises.
- Most of the programs were motivated by and developed following a political instability in the country. For instance, the 2006 youth package was developed following the 2005 post-election crisis, the YRF (2017) and RJOCS (2017) were developed following months old instability in the country, which resulted in, among others, the resignation of Prime Minister Hailemariam Dessalegn. As a result, the packages could be short-sighted, developed primarily to get legitimacy and to consolidate power instead of primarily aiming at containing youth unemployment problems strategically.

Introduction

Youth unemployment has been a challenging issue all over the world. However, rural youth in predominantly agrarian countries have been facing distinctive and multifaceted challenges (Cartmel and Furlong, 2000). The first factor that constitute disservice to the rural youth is related to human capital development in that they have relatively limited and poor access to quality education, trainings and youth development programs, making them less competitive for limited urban jobs (Cartmel and Furlong, 2000; Elbert and Alston, 2005). Secondly, rural youth in developing countries have relatively less access to transportation and to technological assets. They also have few social networks in urban areas that hugely help to get jobs. They have limited information about the choice of professional career and about available jobs in urban areas where most jobs are concentrated (Backer, 2000). As a result, a large share of the rural youth depends on small-scale agriculture (e.g., up to 70 of the youth in sub-Saharan Africa and South Asia (FAO,2017) while others experience unreliable and exploitative working conditions, food insecurity, malnutrition and rural underdevelopment, forcing them to migrate internally and abroad (FAO, 2017; White, 2012).

To overcome some of these unique rural youth challenges, scholars have been suggesting both demand and supply sides policies, the countries have been undertaking various initiatives (Backer, 2000; World Bank, 2017; G20, 2017). Some of the suggested policy interventions included investing in complementary infrastructure in rural areas, providing subsidies to grain production, increasing agricultural productivity, developing and strengthening non-farm business activities, youth skills development, facilitating rural youth access to land and to affordable finance (World Bank, 2017; Yu & Jensen, 2010).

Ethiopia is an agrarian country where more than 68% of the employed population work in the agricultural sector in 2017 (World Bank, 2018). Over the last three decades, the total labor force of the country has tripled: increase from 14.7 million in 1984 to 26.5 million in 1994 and further to 30 million in 2007 and over 44 million in 2013 (MLSA, 2013). Employment creation for such a rapidly increasing labor force has become increasingly challenging. The rural youth employment presents a serious challenge to Ethiopia; high underemployment, growing youth landlessness, poor rural infrastructure and limited financial access for the youth to start own business, insignificant rural job creation, leading to an increase in excess internal migration to urban areas and migration abroad (Bezu and Holden, 2014; Broussara and Tekleselassie, 2012; CSA, 2017; World Bank, 2007). In a series of surveys conducted in Ethiopia, Bezu and Holden (2014) found that one-third of the households experienced rural-urban migration in the period 2007-2013 and 21% of households have at least one youth migrant. Youth migrate for various reasons, but the predominant factor is seeking better livelihood.

The 2015/2016 National Socioeconomic Survey showed that around 98% of the rural households depended on agriculture (CSA, 2017). Non-farm activities are limited in rural areas, primarily because of lack of financial services (35%), poor access to markets (30%) and poor transportation (14%). Tracking 580 rural youth and households from 2007 to 2013 in Southern Ethiopia, Bezu and Holden (2014) found that youth in rural areas have limited access to agricultural land because of land scarcity and land market restrictions. They also found that only 9% of the rural youth planned to pursue agriculture as their livelihood. Using data from the Ethiopia Socioeconomic Survey (ESS) and the National Labor Force Survey (NLFS), Schmidt and Bekele (2016) found that youth (aged 25 to 34 years) have a greater

probability of working in nonfarm enterprises (mostly small-scale trade activities) compared to mature individuals (aged 35-64), mainly because of factors such as less favorable agricultural potential areas with fewer assets and less access to agricultural credit and since wage labor opportunities are scanty and temporary in rural Ethiopia. Results from the Ethiopian rural household surveys over the period 1994–2009 showed that relatively profitable non-farm income diversification in rural Ethiopia was a strategy by wealthier households to accumulate capital (Weldegebriel et al., 2015).

To adequately address youth unemployment problem, the Ethiopian government has undertaken various activities including developing youth-specific policies and development packages, and establishing agencies that aim at youth employment and active participation. Most of the youth interventions have been, however, urban focused. Emphasis to tackle the unemployment and underemployment problem of rural youth started very recently (Woldehanna et al., 2018).

The aim of this study is to examine the large-scale youth employment initiatives undertaken since 2000 in the rural areas of Ethiopia, and to investigate the outcomes of these initiatives so as to draw lessons for future interventions.

Objective of the study

- To identify, describe, and understand outputs/outcomes of major previous and/or ongoing youth employment initiatives, programs or policies in Ethiopia.
- To identify agricultural, livestock, and fishery as well as non-agricultural value chains that are promising and that have been underexploited or unexploited.
- To understand why the identified opportunities have been untapped to date; and in identifying the enabling environment (regulations, investments, infrastructure, education and training, networks, etc.) needed by youth employment stakeholders to enhance the chance of the youth in getting employed in the target rural areas.

Methodology

Review of the documents, policy briefs, proclamations and programs.

The review was conducted by reviewing interim progress reports and published documents on youth development and employment in Ethiopia.

Organization of the Study

The State of Rural Youth Employment in Ethiopia

The agriculture sector remains the main employer in the country. The transformation from agriculture to the industry and service sectors has been slow in that only an average of 1% of the labor force has been shifting from agriculture to the service sector (primary) and to the industrial sector annually during the last two decades. The agricultural sector accounted for about 90% of the labor force in 1992, which declined to around 68% in 2017.

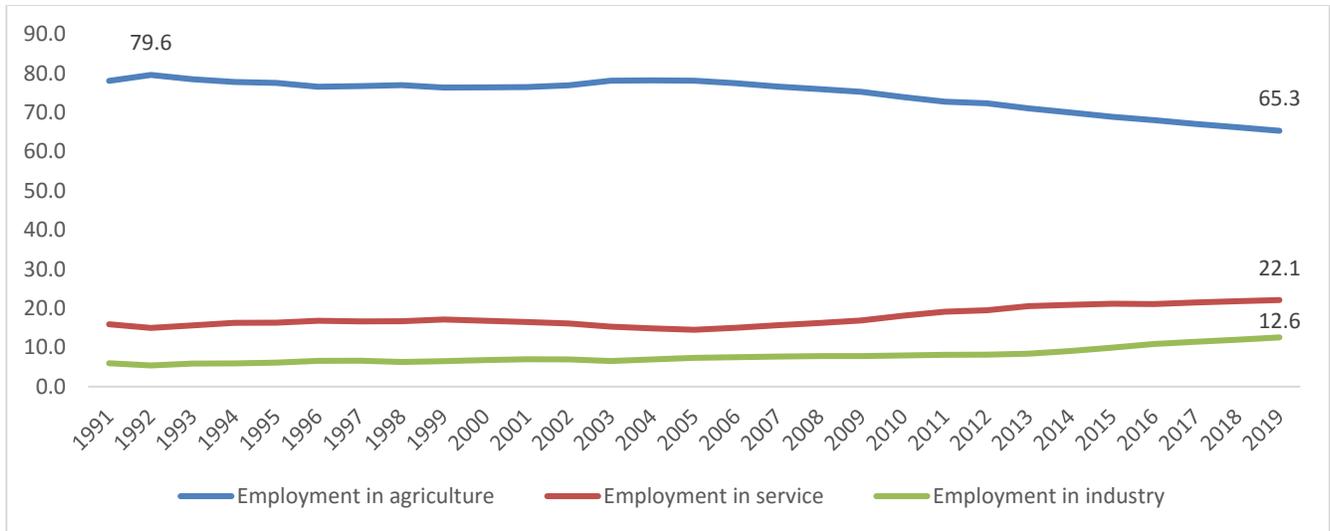


Figure 1. National Employment by Sector. Source 1. Compiled from the LSMS Ethiopia, World Bank Data

Despite the fact that the economy has been gradually transforming towards the service and the industrial sector and that the economy has made remarkable growth, the large share of the population remains dependent on subsistence farming. Smallholders have been facing constraints which includes, primarily, small and diminishing farm lands, crop damage and animal diseases, inconsistent and insufficient rain, outdated technologies leading to low outputs, and limited market information (Dorosh and Schmidt, 2010; Woldehanna et al., 2018). These constraints induce unemployment and under-employment in rural areas. The youth are particularly most affected by the unemployment and under-employment problems since land, the primary source of wealth in rural Ethiopia, has been mainly transferred through families (generations) and the youth have been receiving less and less land overtime than their parents did as the land has to be shared between their parents and their adult children. The 2013 National Labor Force Survey data shows that, indeed, unemployment rate was highest for the youth (see Table 1).

Table 1. Unemployment rate by age group and location in 2013

Age Group	Urban			Rural			Urban + Rural		
	Total	Male	Female	Total	Male	Female	Total	Male	Female
All Ages	16.5	10.5	23.0	2.0	1.1	2.9	4.5	2.7	6.5
10-14	10.0	9.7	10.3	1.3	1.0	1.7	1.7	1.3	2.2
15-19	23.1	21.9	24.0	3.1	1.8	4.7	5.6	3.8	7.5
20-24	25.8	20.4	30.2	4.0	2.6	5.5	9.1	6.4	11.8
25-29	17.2	10.4	24.2	2.1	1.4	2.8	6.0	3.8	8.1
30-34	13.9	6.4	23.4	1.6	0.5	2.8	4.5	2.0	7.3
35-39	12.6	5.9	20.2	1.2	0.5	1.9	3.6	1.7	5.5
40-44	11.8	5.7	20.1	1.4	0.6	2.4	3.4	1.6	5.5
45-49	10.8	4.8	18.0	1.0	0.4	1.7	2.7	1.2	4.5
50-54	11.2	4.4	19.5	1.1	0.2	2.1	2.7	0.9	4.9
55-59	10.9	7.0	17.8	0.9	0.4	1.5	2.5	1.6	3.7
60-64	12.8	9.4	18.7	1.0	0.5	1.9	2.6	1.7	4.1
65+	10.4	8.5	14.4	1.1	0.7	2.2	2.3	1.6	3.9

Source 2. Obtained from the CSA Ethiopian National Labor Force Survey, 2013

From Table 1 above, the overall unemployment rate in rural Ethiopia (2%) was lower than the urban unemployment rate (16.5%) in 2013. Though the rural unemployment rate seemed low, the absolute number was huge since nearly 80% of the population resided in rural areas. Furthermore, rural unemployment is a major contributor to the overall unemployment status of the country (Woldehana et al., 2018). The data obtained from the Ministry of Agriculture indicated that the rural unemployment rate in 2019 was highly likely to be higher than the unemployment rate in 2013 – the Ministry identified around 1.52 million unemployed rural youth in 2019 in only seven regional states (excluding the regions Afar and Tigray and the two administrative cities – Addis Ababa and Dire Dawa where data were missing).

The typical problem in rural Ethiopia has been high underemployment. For instance, the employed in rural Ethiopia worked weekly, on average, 9.6 hours less than the urban employees in 2013 as indicated on Table 2 below. About 34% of the employed in rural areas worked less than 21 hours, and the median working hour was less than 30 hours.

Table 2. Number of hours worked within 7 days preceding the survey period

Place of Residence and Sex	Total Employed Persons		Number of Hours Worked Per Week										Mean No. of Hours Worked Per Week
	No.	%	0	1-3	4-12	13-21	22-30	31-39	40-48	49-57	58-74	75+	
Urban + Rural													
Total	42,403,879	100.0	2.8	1.2	11.5	16.9	17.9	15.6	14.9	9.1	7.5	2.6	32.5
Male	22,886,647	100.0	2.4	0.5	6.6	12.8	17.0	17.7	18.4	11.8	9.6	3.4	36.8
Female	19,517,232	100.0	3.4	2.0	17.2	21.8	18.9	13.1	10.8	6.1	4.9	1.8	27.4
Urban													
Total	6,382,858	100.0	5.0	1.2	7.6	9.3	10.2	12.3	21.2	12.0	13.1	8.0	40.6
Male	3,529,307	100.0	4.6	0.7	5.3	7.5	9.2	12.4	23.1	13.4	15.1	8.8	43.3
Female	2,853,551	100.0	5.4	1.9	10.4	11.6	11.5	12.2	18.8	10.4	10.7	7.1	37.2
Rural													
Total	36,021,021	100.0	2.5	1.2	12.2	18.3	19.2	16.2	13.8	8.6	6.5	1.7	31.0
Male	19,357,341	100.0	2.0	0.4	6.9	13.7	18.4	18.6	17.5	11.5	8.6	2.4	35.6
Female	16,663,681	100.0	3.0	2.0	18.4	23.6	20.1	13.3	9.4	5.3	4.0	0.9	25.7

Source 3. CSA, 2013

Individuals in rural areas have been facing challenges to establish non-farm businesses. Around 47% of rural dwellers reported that getting finance was the primary constraint to establishing non-farm businesses. Market problem (including distance, cost, demand and supply) and transportation problem took the second and third rank, respectively as the main hinderance for non-farm business establishment. The financial shortage problem was the worst hinderance for the unemployed individuals in rural areas to start own businesses. Around 57% of the unemployed individuals reported that shortage of finance was the main problem to start own business in 2013; followed by land access problem. These challenges induced continuous rural to urban excess migration as shown in the table below (Bezu, 2012; CSA, 2013; Woldehana et al., 2018).

Table 3. Forms of migration in Ethiopia

Forms of Migration	Survey Periods		
	March 1999	March 2005	June 2013
All Forms	100.0	100.0	100.0
Rural-Rural	37.6	46.0	34.5
Rural-Urban	23.5	24.3	32.5
Urban-Rural	15.7	12.1	11.6
Urban-Urban	23.2	17.7	21.3

Source 4. Obtained from the CSA Ethiopian National Labor Force Survey, 2013

Despite the distinctive unemployment and underemployment problems that the rural youth in Ethiopia have been facing, the government's intervention to curtail the problem has been limited and started very recently when compared with the government's efforts to curtail urban youth unemployment problem (Woldehana et al., 2018). For instance, it was lately in 2015 that the government opened a directorate at federal administration level within the Ministry of Agriculture that aims at reducing rural

unemployment problem. The next section of this report is a review of the interventions that the Ethiopian government has undertaken to tackle youth unemployment problem in rural Ethiopia.

Government Responses to the Rural Youth Unemployment Problem

A. The National Youth Policy (2004)

The National Youth Policy (NYP) established in 2004 was the first program, based on available records, which was specifically established to actively engage youth in an organized manner in the country's sociopolitical and economic development and to enable them benefit fairly from developmental programs. The NYP was developed to fill in the institutional and policy gaps that hindered the active participation of the youth in democratizing the political system and accelerating economic growth. The NYP aimed to benefit both the urban and the rural youth. Specific to the rural youth, the policy emphasized that rural youth should have access to farm and grazing land and emphasis was given for the youth to engage in off-farm activities.

However, the policy was general, and it did not set specific, achievable and measurable targets/objectives (for example, by how much to reduce youth unemployment and underemployment given the fact that 67% of the unemployed were the youth at the time, how to get the resources needed for materializing the targets, etc.). Also, evaluation reports of how effective the policy was in making sure that the youth benefited from the policy were not found, despite the fact that it was clearly indicated that there would be monitoring and evaluation of the effectiveness of the policy. Nevertheless, the NYP has been a policy directive, which could contribute to the better participation of the youth in the country's political, social and economic activities.

The NYP was established based on a finding from a baseline study conducted for the policy input. The findings included:

- The youth constituted around 28.4% of the population size, and around 81.4% of the youth were living in rural Ethiopia.
- Of the 44% population living under poverty line at the time, the youth were the hardest hit segment of the population.
- The youth constituted 67% of the total unemployed population at the time.
- A large number of the youth have been migrating to urban areas because of abject of poverty and in search of better opportunities. However, most of the immigrants to urban areas do not get the dreamed life; instead they frequently became victims of HIV/AIDS and other social and economic crises.
- The education system was almost exclusively curriculum-based in that the youth graduates could not get the skills desired for immediate employment and to develop their natural inclinations.
- A considerable large number of youths became addicted to alcohol, smoking and other drugs.
- Overall, there were no clear policy guidelines aimed at curtailing the problems specific to the youth, exploring the potentials of the youth and positioning youth to benefit fairly from the country's political, social and economic gains.

Objectives of the National Youth Policy

The baseline study showed that youth have been marginalized. Therefore, the objective of the policy was to ensure active and organized participation of the youth in the economic, social and cultural activities of the country, and to enable them to benefit fairly from the development results (MYSC, 2004). The NYP acknowledged that the government alone could not solve the youth unemployment

problem and emphasized the roles of private sectors and self-employment in both formal and informal job opportunities creation.

The main principles of the policy about youth employment stated that various capacity development activities should be implemented to consolidate the overall employment of the youth. To this end, the following policies were forwarded to ensure the youth benefited from the economic development and to increase youth employment:

- Facilitate conditions for the youth to be able to participate in the planning and decision making strategies at various administrative levels to ensure their benefits are respected
- Facilitate conditions for the youth to be able to participate in the formulation, implementation and evaluation of national policies, strategies and programs
- Create favorable conditions for the youth to create new jobs for themselves based on their talent
- Facilitate conditions for the private sector to create job for the youth
- Create favorable conditions for the youth to engage in and benefit from both formal and informal employment opportunities.
- Create favorable conditions for the rural youth to have farming and grazing land on the basis of the federal constitution and regional laws.
- Conduct studies to identify ways of expanding off-farm activities for the youth
- Create favorable conditions for various technical and vocational training programs to be undertaken for the youth
- Improve the capacities of the youth to access and use technologies
- Create conditions for the youth to get counseling service that would help them to identify their potential capacities

In addition to the above policy directions developed to ensure fair benefit of the youth from economic developments and to increase employment opportunities, there have been policy directions put forward about the political participation, access to health and education and other social aspects of the youth which could affect youth employment.

Implementation strategies

To realize the proposed policy directions, the following implementation strategies which related to youth employment and ensured fair benefit for the youth from the economic growth were developed:

- Building organizational structure initiated by the youth themselves and conducting all round participation
- Providing capacity building and technical support and assistance for the federal and regional youth associations, youth bureau, government bodies, civil societies and other institutions to enable them to effectively execute the policy
- Set up information exchange network that facilitates efficient and integrated exchange of youth-focused information amongst various youth organizations
- Providing awareness creation and advocacy activities to bring about behavioral change among concerned government bodies, civil societies, private sector, families and youth about the rights and duties of youth.
- Providing encouragement and support for the youth who become role models
- Developing youth-focused database about youth employment and youth status and conduct research to get insights to fill in gaps.

- Incorporating youth issues into bilateral and multilateral relations and cooperation
- Establishing youth councils, nationwide youth forums, and a consortium of non-governmental bodies
- Various strategies, short term, medium- and long-term programs and manuals should be prepared
- Follow up, monitoring and evaluation reviews and studies conducted.

The policy identifies the government, the youth, families and civil societies as stakeholders in implementing the policy. The government's role was stated to be to direct, coordinate, integrate and build the capacity to implement the policy while the youth were responsible to be loyal to the constitution, actively participate in the development and democratization of the country, develop the culture of democratic thinking and to be imbued with ethical values and dedication to work. The policy dictated that families have responsibilities to care for, support and to advise the youth while civil societies have responsibility to undertake various capacity building activities that benefit the youth.

The NYP envisioned creating empowered young with values incorporating a democratic outlook, knowledge, professional skills, organized engagement and ethical integrity by providing capacity development trainings for both the youth and the policy implementers, filling-in institutional gaps hindering youth participation and by establishing administrative structure that aimed to serve the youth. However, Gebremariam (2017) argued that the NYP was not implemented because of the contested and violent 2005 national election that induced the government to aggressively expand its political power. Within two years of the NYP establishment and a year after the contested election, the government introduced the Youth Development Package separately for the urban and rural youth.

B. The National Rural Youth Development Package (NRYDP), 2006

This package dictated that separate development package was needed for urban and rural youth because of their distinctive features. The NRYDP emphasized that unemployment and underemployment were the primary problems of the youth in rural areas followed by lack of recreational and sport facilities, and lack of forums for the youth to discuss their issues. It acknowledged that political, social and economic problems that the youth had distinctively faced had made youth hopeless and felt excluded. The NRYDP dictated that unanswered demands for land of the youth and absence of a government system that ensures the youth are integrated into the existing tenure system made the rural youth landless and hopeless. The package admitted that the attention given to the youth by the government and the society had been limited.

Therefore, the NRYDP primarily aimed at curtailing unemployment and underemployment problems by easing the finance and land access for the youth. Unlike the NYP, the NRYDP proposed strategies that were more specific with regard to indicating how the resources needed for reducing underemployment and unemployment of the rural youth would be obtained. The package directed the following action plans to ensure that the rural youth had the inputs required to create their own jobs.

Actions proposed to be taken:

1. Ensuring land access:

- ✓ Parents land – ensuring that the youth benefited from their parents' farm land by educating them to work together with their parents, enabling them to harvest at least twice a year, increasing the supply of modern inputs and by supporting irrigation
- ✓ Providing arable but unused land in desert areas for the youth

- ✓ Providing government land for the youth
 - ✓ Providing communal land and mountainous area for the youth and providing training (about agro-forestry and animal husbandry) and finance
 - ✓ Conducting resettlements of the youth in areas suitable for harvest by fulfilling the necessary infrastructure and other resources needed to start a settled life in the area.
- 2. Non-farm business:**
- ✓ Enabling the rural youth to supply inputs for the booming construction industry in both urban and rural areas by providing the necessary capacity developing training and organizing them in groups, arranging finance and materials on credit, constructing roads for the youth to supply the inputs to the construction sites,
 - ✓ Encouraging and expanding hand-crafts, providing training about hand-crafts, arranging credit and organizing the youth in groups to make their market power stronger
 - ✓ Help the youth to engage in small trade and supply goods for both urban and rural population, and arranging credit and providing training
 - ✓ Help the youth to identify and engage in other off-farm activities
- 3. Finance:**
- ✓ Rearranging special rural credit arrangements for the rural youth
 - ✓ Strengthening rural saving and credit associations and designing mechanisms for the youth to get credit for their business ideas
 - ✓ Providing training for the youth about getting credit and returning the loan
- 4. Human capital:**
- ✓ Providing skill and capacity development trainings for the youth
 - ✓ Providing training about farming and non-farm activities for the youth who completed grade 4 and 8 schooling
 - ✓ Improving farmer training centres and making the trainings and demonstrations inclusive of the youth
 - ✓ Providing training for the youth in school about entrepreneurship
- 5. Market access:**
- ✓ Creating markets for the youth to sell their products and to buy inputs for their production
 - ✓ Encourage the youth to be members of farmers' cooperatives and unions
 - ✓ Distributing information for the youth about products demanded by the government, the private sector and by rural and urban customers
 - ✓ Introducing emerging markets and making the youth get better markets

Moreover, the package required all government ministries and agencies to specifically incorporate the NRYDP in their strategies, plans and budgets.

As implementation strategy, the package pointed out that the youth should be part of the solution by providing them capacity building trainings, preparing forums for the youth to discuss their issues and to come up with solutions and by encouraging them to establish and be members of cooperatives, unions and associations. The package also included activities to be done for the rural youth in social aspects (including the health, education and other social issues), the youth to be given special attention by both the government and the society, political participation, active youth participation in all social

activities, free organization and unionization of the rural youth, for the youth to challenge corruption and mismanagement.

C. The Rural Job Opportunity Creation Strategy (RJOCS), 2017

The RJOCS was adopted by the Council of Ministers in May 2017. The strategy aimed to integrate rural job opportunity creation efforts with the country's broad and sectoral policies, strategies and programs, particularly to align with the objectives and targets of the Second Growth Transformation Plan (GTP-II) and the Climate Resilient Green Economy (CRGE) plan of the country. Unlike the urban unemployment, the RJOCS stated that, the main type of unemployment in rural areas was underemployment that individuals worked fewer hours than they wanted to because of absence of job. The most common feature of unemployment had been that households had cultivatable land that was too small to allot the family labor on and to generate enough income to have decent life. The RJOCS aimed to target both underemployment and unemployment. The strategy document was designed to guide the implementation of the rural job opportunity creation through collaboration and coordination among various stakeholders and actors throughout the administration level of the government. The target beneficiaries of the expected job creations were the rural job seekers, primarily the unemployed and underemployed women and men above 15 years of age, literate and illiterate, those without regular and sufficient income, landless and school drop outs, technical and vocational trainees, university graduates, farmers evicted from their land due to the expansion of urbanization and industrialization, and those who need special support because of disability.

The RJOCS was developed after learning lessons from national and international best practices. Lessons have been specifically taken from countries including South Korea, Vietnam, Philippines, China and India. The following lessons have been drawn from the above stated countries:

- Job creation should have constitutional framework
- Strong emphasis on quality of education to increase employability and productivity
- Job opportunity creation efforts should be integrated with the overall development agenda
- Government should take the lead in job opportunity creation
- Consider job opportunity creation as an independent agenda
- Engaging the public, private, civil society and the community in job creation efforts
- Establish and strengthen pertinent institutions focused on job opportunity creation
- Establishing basic active labor market information system
- Linking the job opportunity creation efforts with the development of green economy
- Creating enabling environment for overseas job opportunities

Moreover, the strategy also took lessons from domestic relevant practices including from:

- Productive Safety Net Program (PSNP) about enabling the rural food insecure individuals to create asset, to resist shocks and to be food sufficient by engaging them in productive activities
- Sustainable Land Management Project (SLMP) about improving livelihood and creating job by scaling up sustainable land management practices
- Agricultural Growth Program (AGP) about increasing productivity and commercialization as well as about creating job for the youth and women through comprehensive intervention including finance access, capacity building, facilitating market linkages, certification of product quality, information access, etc.

- Pastoral Community Development Project (PCDP)
- Livelihood diversification intervention
- On-going job opportunity creating efforts in urban areas
- Promoting community participation
- Promoting multi-sectoral coordination to avoid duplication and to strengthen capacity.

Objective

The primary objective of RJOCS is to increase rural job opportunities and to support job seekers to engage in job creation. The specific objectives of the strategy include:

1. Expanding job opportunity alternatives for equitable benefit of all citizens
2. Enhancing production and productivity through improved working culture and using improved technologies
3. Strengthening the rural-urban linkages and expanding market opportunities
4. Facilitate migration for decent work, and reducing unsafe and unproductive migration
5. Enhancing the rural socio-economic transformation through promoting and scaling up rural entrepreneurship
6. Enhancing productive, decent, quality and sustainable jobs
7. Benefiting rural women and youth from created job opportunities
8. Reducing rural unemployment and underemployment, and thereby contributing to the overall socio-economic development of the country.

The primary target beneficiaries of the strategy are the rural job seekers, primarily the unemployed and the underemployed aged above 15 years old who are without regular and sufficient income. Nevertheless, youth and women unemployed and underemployed individuals were given priority.

Implementation strategy

As opportunities for implementing the strategy, the following enabling environments were listed out:

- The national policies and strategies that encourage investment and job creation
- The government's commitment to create job opportunities by developing strategies and by facilitating and providing resources needed for the youth to create jobs
- The government's aim to modernize the agriculture sector to increase productivity, to create jobs and to make the agricultural sector attractive for the youth and the investors
- The huge potential of the animal, fishery and natural resources of the country was recognized
- Existence of varied ecosystem and rich biodiversity for diversified agricultural activities
- Rapid urbanization, rural towns development and infrastructural developments
- Expansion of investment and private sector development
- Expansion of financial inclusion because of expansion of private and public banks and micro-finance institutions in rural Ethiopia
- Expansion of technical and vocational education and training institutions
- Support of development partners in creating job for the youth and women
- Continued job creation initiatives and technological innovations
- Rising self-employment initiatives by the youth

However, there were also a number of challenges identified, which may hinder job opportunity creation activities. These included:

- Lack of knowledge and inadequate information of government officials in creating job opportunities in rural areas, and widespread aspiration of the youth in getting salaried job instead of self-reliance in job creation had been identified as the most critical constraints.
- Limited support for youth and women in rural job opportunity creation
- Low interest of the youth to engage in agriculture considering it as low rank job, tedious occupation and low return.
- Low horizontal integration among regional governments that made coordination restrictive.
- Land supply shortage, which was the indispensable input for job creation in rural areas
- Financial constraint was another critical problem in rural Ethiopia even though there was improvement over time.
- Inadequate training and technology development centres in rural Ethiopia
- Low access and integration with rural product markets
- Systematic bottlenecks in that national strategies, directives, working procedures and manuals focused on job opportunity creation in rural areas were not in place.
- Low provision of infrastructure

Based on the identified opportunities and challenges, the following implementation strategies were put forward to realize the objectives of the RJOCS.

1. Implement capacity and system by establishing and strengthening the right organizational structure, coordination and management mechanism that enables implementing the RJOCS objectives.
2. Providing robust capacity development towards profitable and sustainable entrepreneurship for job seekers and implementers of the RJOCS.
3. Supporting youth and women focused programs and initiatives
4. Unified and multi-dimensional intervention by integrating the activities of individuals, groups, cooperatives MSEs and others with aims to create job opportunities
5. Expansion of job opportunities by conducting studies and reviewing the implemented strategies.
6. Implementing the activities of the RJOCS in view of green, decent and productive jobs.
7. Providing priority for job seekers who are far-signed and purposeful in enhancing their wealth through rural and agricultural related activities and who were willing to participate in the rural value chain. The focus was on rural entrepreneurship and private sector development
8. Making critical and basic development inputs accessible through enhanced stakeholders participation
9. Linking the RJOCS initiatives with industry, agriculture and service developments to strengthen the national economy integration.
10. The RJOCS initiatives would be conducted based on robust study and research about the gaps, and evaluation of existing initiatives.

Pillars of RJOCS

The RJOCS identified four pillars/components to focus on. These included:

- A) Entrepreneurship/Self-employment
- B) Wage employment, labor markets
- C) Expanded rural productive public workfare programs
- D) Livelihood diversification

A) Pillar/Component 1: Entrepreneurship/Self-employment

The targeted main beneficiaries under this component were the educated youth who would be organized to participate in micro, small and medium enterprises and/or self-initiated enterprises. The plan was to link the enterprises with the rural town development and agro-industries. The emphasis was on profitable and successful enterprises. Rural enterprises development was implemented in the form of cluster or community of businesses model to help ease of management, to provide technical support including service provision, knowledge and technology transfer, and to forge interface between businesses and enhance value chain. The government support for enterprises depends on the stage of the enterprises (i.e., start-up phase, growth or expansion phase and maturity phase) and on the growth level of the enterprises (micro, small or large).

The targeted main sectors for rural entrepreneur development under this pillar included:

- Irrigation supported high value (cash crops) and market oriented agricultural development enterprises
- Animal and fishery sector including dairy production, fattening, poultry, camel development, pig farming, fishery, apiculture, silk production and marketing, animal feed production, and hides and skin
- The off-farm and non-farm sector including grain marketing and merchandized trading, small scale (cottage) industry, agro-processing, supply of inputs (including machinery, technology and tools), the construction sector both in rural and urban areas, and the service sector
- The natural resource sector including mining exploitation, commercial and community forest reforestation and timber production, fruit and tree seeding production, forest based marketable products and medical and industrial plantation

B) Pillar/Component 2: Wage Employment, Labor markets

This pillar targeted all types of job-seekers, but emphasis was given to those who had specific skills and knowledge and who were willing to move from place to place. Non-agricultural sectors were expected to be the major sources of employment for this pillar through well-managed migration to urban sectors, and through capacity building support and incentives for rural-urban linkages and by coordinating intra- and inter-regional labor market linkages. Establishment of robust labor market information system was considered as part and parcel of the implementation modality of this pillar.

The following employment types were considered for this pillar:

- Opportunities for permanent jobs, particularly for graduates with zero work experience at lowest government hierarchies, at private investment projects in rural areas, and at rural institutions and cooperatives. The package aimed to provide capacity building support for the youth to get permanent employment.
- Temporary employment opportunities for unskilled and semi-skilled laborers in mega projects (such as sugar factories, dam construction, etc.), and by facilitating seasonal movement of spare labor to labor deficit regions
- Overseas employment opportunities provided by short term skill acquiring trainings and induction programs for both domestic workers and graduates.

To explore the above stated employment opportunities, the following activities were suggested to be implemented.

- ✓ Improving rural infrastructure (e.g., rural town development, rural road work, large scale irrigation projects, dams, mining projects, etc.)
- ✓ Improving the rural institutions including schools, health facilities, agriculture and veterinary extension services
- ✓ Establishing and strengthening rural community organizations such as rural cooperatives
- ✓ Enhancing rural private business enterprises
- ✓ Strengthening rural-urban linkages through information and networks
- ✓ Establishment of strong intra-regional and inter-regional labor market information system
- ✓ Exploring planned and managed overseas employment

C) Pillar/Component 3: National Rural Employment Guarantee Scheme

The targets of this component were the illiterates (semi-skilled and school dropouts) and underemployed persons (regardless of education level and age). The aim was to provide job opportunities in productive public workfare program by annual government budget. The plan had been to provide sufficient working days and income in rural socio-economic development priorities including infrastructural developments, natural resource management, irrigation, etc. Selected rural employment guarantee schemes in this component included:

- Community watershed development by engaging the landless and the youth through paid public works
- Universal Road Access Program: engaging the rural youth university graduates on a sub-contract basis
- Small-scale irrigation schemes:
- Sustainable land management project
- Productive safety net program

D) Pillar/Component 4: Rural Livelihood Diversification

The main labor problem in rural areas had been underemployment in that the government and non-governmental organizations have been intervening to engage the households in off-farm and non-farm activities as well. However, the underemployed and unemployed rural youth were less addressed since the targets had been households. Moreover, the livelihood diversification tailored programs were largely focused on chronic food insecure woredas, not covering all woredas of the country. Thus, this component aimed to develop and implement a stand-alone livelihood diversification program, primarily for underemployed individuals.

Critical inputs to Rural Job Opportunity Creation Strategy

The RJOCS identifies the following inputs as critical inputs to realize the objectives stated earlier.

A) Land provision:

- was very critical input to rural job opportunity creation in establishing business for production and marketing.
- Sources of expected land included land under government ownership, family land, communal land, mountainous areas, farmers' demonstration sites and land areas to be identified by study.

B) Finance - sources and provision mechanisms depended on the types of job opportunities. Expected sources of finance included:

- The jobseekers own and their families' savings - served as financial and social collateral which gave assurance of the jobseekers' commitments to engage in productive job opportunities
- Commercial banks and Micro Finance Institutions (MFIs)
- Youth Revolving Fund, matching funds and collateral funds. The matching funds, to be established by regional governments, demonstrated their commitment to absorb national funds allocated by federal government and other funding sources. The intended collateral fund will provide guarantees for new job seekers to obtain credit from MFIs to cover loans for cash and procurement of equipment and machineries.
- By expanding collateral instruments such as family collateral, group collateral, third party collateral, education certificates and assets collaterals.
- By encouraging timely loan return
- Financial resources from donor community, NGOs, private companies and entrepreneurs
- Proper management of the finance including budget formation and putting all the mobilized funds in one basket, and to create federal and regional youth revolving fund.

C) **Technology provision and management:** attractive, cost effective, sustainable, user friendly technologies which could enhance productivity and efficiency

D) **Human resource development through capacity development trainings for implementers,** the public and jobseekers. Trainings on entrepreneurship, business plan preparation, business service development, monitoring and evaluation, business growth and transformation.

Organizational structure, management and coordination arrangements

To implement the strategy, organizational structure planned to be established from federal to kebele level with strong communication among the implementers to lead, coordinate and to follow-up the implementation. The organizational structures planned to be established included:

- Job creation council chaired by the Deputy Prime Minister that served as apex organization structure
- Job creation taskforce comprising state ministers and pertinent agencies, that was responsible for establishing and directing appropriate procedures and organizations at all levels
- Job creation technical committee that comprised directorates and that were responsible to lead and coordinate job opportunity creation activities
- Rural job opportunity creation forum led by the Ministry of Agriculture which was complemented by study findings, that helped to engage every stakeholder and partners in rural job creation.

Actions taken for implementation

- Regional governments developed and implemented their respective strategy in accordance with their context
- Aggressive advocacy work for all stakeholders
- Implementing agencies prepared action plans
- Establishing organizational structure, human resource and necessary arrangements
- Forum conducted engaging all stakeholders
- Developing critical strategy implementation guidelines.
- Developing timeline, budget and implementation plan

D. The Youth Revolving Fund

Objectives and target beneficiaries

The Youth Revolving Fund was established by Proclamation No. 995/2017: 23rd Year, on the 10th of March 2017. The fund was established to serve as a permanent source of finance for the youth to engage in self-employment.

The fund has three primary objectives:

1. Assisting the youth to employ their capabilities in creating job opportunities;
2. Providing financial assistance for organized income generating activities conducted by youth;
3. Ensuring the all-rounded participation and benefit of youth.

The target beneficiaries of the fund were youth in both urban and rural areas organized under micro enterprises and who qualified to benefit from the fund in accordance with the criteria set out in the proclamation and the corresponding directives.

Amount, source and utilization of the Fund

The amount of the fund allotted for this initiative was 10 billion ETB (around US \$ 427 million). The source of the fund was the Federal Government. The fund was distributed to regional states, based on the size of the youth population in the region and on the utilization of the initial allotted installment fund.

The beneficiaries needed to fulfill the following criteria to get the loan:

1. Unemployed, aged between 18 and 34 years old.
2. Save 10% of the capital for the project they proposed to get loan
3. The interest rate of the loan was 8%.
4. The repayment of the loan depended on the type of business with the maximum ceiling of five years (i.e., the duration of the time the business needed to have generated returns)
5. They should have good personality in the community they lived in
6. The business type can be any of the sectors including agriculture, industry, trade or service

Stakeholders

1. Ministry of Finance:

- Calculate and communicate to the Commercial Bank of Ethiopia the share of each state from the proceeds of the fund on the basis of the size of the youth population of each state;
- Determine, in consultation with the appropriate entities, the terms and conditions under which the bank transfers the proceeds of the fund to beneficiaries through micro financing institutions;
- Disburse the proceeds of the fund to the bank upon request from the bank pursuant to Article 6(2) of the Proclamation;
- Integrate the statement and reports on the utilization of the proceeds of the fund received from the bank into the consolidated financial report of the Government and submit same to the Council of Ministers and the House of Peoples Representatives.

2. Regional states were expected to:

- identify youth who qualify to benefit in accordance with the Proclamation and organize youth under income generating activities where necessary;
 - facilitate the provision of technical, professional and business development training and consultancy services to beneficiaries;
 - facilitate the provision of technical assistance to beneficiaries in project preparation;
 - evaluate, in cooperation with appropriate entities, the income generating project proposals of beneficiaries and communicate the accepted projects with a support document to micro financing institutions or the bank, as the case may be;
 - follow up and evaluate the execution of beneficiaries' projects; prepare semi-annual and annual reports and submit same to the Ministry of Youth and Sport.
- 3. Commercial Bank of Ethiopia (CBE) was required to:**
- transfer the proceeds of the fund to beneficiaries through micro financing institutions in accordance with Article 9(1) and (2) of the Proclamation;
 - without prejudice to the provision of Article 11(1) of the Proclamation, carry out through its branches the functions of micro financing institutions in places where micro financing institutions were not available;
 - Submit to the Ministry every six month a consolidated report of the utilization of the proceeds of the fund it received from micro financing institutions pursuant to Article 11(2) of the Proclamation and also submit annually to the Ministry an audited statement of the funds' finance together with the audit findings in accordance with Article 15(2) of the Proclamation within one month of the completion of the audit
- 4. The micro financing institutions were required to:**
- enter into an agreement with and provide the required amount of loan to beneficiaries in accordance with the terms and conditions set out by the Ministry upon receipt of income generating project documents of beneficiaries evaluated and approved by the appropriate authority and where it is deemed satisfactory and feasible
 - submit a detailed report on the utilization of the proceeds of the fund to the bank every six month.
- 5. The Ministry of Women, Children and Youth shall:**
- Coordinate the activities of the appropriate authorities with regard to the utilization of the fund and render the necessary assistance thereto;
 - Evaluate the semi-annual and annual reports on the implementation of beneficiaries' projects it receives from the appropriate authorities and submit an annual consolidated report to the Council of Ministers and the House of Peoples' Representatives.

Results

Table 4 shows the estimated size of the youth in 2017, the amount of fund budgeted for each region, and the amount of fund distributed to the regions until 8 Jan. 2019. From the table, the total number of youths estimated in 2017 was 29,975,958. Around 92% of the fund was distributed to the regions. Addis Ababa, Amhara, SNNP and Harari took the entire budget allotted to them before 8 Jan. 2019 while other regions had not accessed the balance of their allotted fund. The fund was released based on the performance of the previously released installments.

Table 4. Total revolving fund distributed as of 8 Jan. 2019

Region/city	Total estimated youth number in 2017	Budgeted fund	Distributed fund	Remaining fund (on 8 Jan. 2019) to be distributed
Oromia	10,314,2	3,440,847,609.96	3,096,766,853.96	344,080,756
SNNP	5,643,731	1,882,000,000.00	1,882,000,000.00	0
Amhara	8,024,773	2,677,069,826.33	2,677,069,826.33	0
Tigray	1,578,463	526,576,349.21	315,945,809.51	210,630,539.70
Addis Ababa	1,255,486	419,000,000.00	419,000,000.00	0
Dire Dawa	164,762	54,964,717.21	43,971,773.61	10,992,943.60
Harari	80,259	26,774,457.93	26,774,457.93	0
Benshangul Gumuz	338,433	112,901,483.01	79,031,037.51	33,870,445.50
Gambela	150,414	50,178,214.50	35,124,751.80	15,053,462.70
Somali	1,806,539	602,662,660.57	361,597,596.37	241,065,064.20
Afatr	618,827	206,441,115.48	82,576,446.18	123,864,669.30
Total	19,661,687.00	9,999,416,434.20	9,019,858,553.20	979,557,881.00

Source 5. Ministry of Finance, March 2019

Table 5 shows the performance of the revolving fund in terms of the amount of fund allotted for the rural youth, the number of jobs and businesses created and of the amount of the loan returned for re-lending. As indicated earlier, the Youth Revolving Fund was designed for youth aged between 18 and 34 years. According to the data received from the Ministry of Agriculture (MoA), 4.22 billion ETB of the 10 billion ETB (around 42.2%) was distributed to the rural youth. The fund was allotted to 224,297 youths (i.e., 224,297 jobs were created). On average, each individual received 18, 812 ETB (around 803 USD), and a total of 39,003 businesses were established since the establishment of the revolving fund. Some of the youth had already started repaying the loan, and a total of around 553.88 million ETB of the loan was returned and made ready for re-lending at the time of the data collection. The actual amount of the fund distributed to the youths, the number of jobs created and the amount of the fund repaid could be higher as the figures did not include the performance of the fund in regions Afar, Dire Dawa (administrative city, not region), Harari and Somali, which did not submit their reports to the Ministry of Agriculture (MoA) as at the time of data collection.

Male youth who benefited from the budget was 2.5 times the number of female youth. This clearly indicated that much work needed to be done to make young women benefit from the fund.

The Southern Nations, Nationalities and People (SNNP) region performed best in terms of the number of businesses established, number of jobs created, amount of the fund distributed and amount of the loan returned despite the fact that SNNP received lesser amount of fund than Oromia and Amhara regions. The probable reason for the relatively better performance of the SNNP region could be because

the region commenced region-wide rural employment creation in 2012 while other regions established rural youth job creation administrative structure after the launch of the Youth Revolving Fund (Woldehanna et al., 2018).

Table 5. Revolving fund distribution and performance in the last two and half years since its establishment

Regions	No. of businesses established	Beneficiaries size			Amount of fund distributed	Amount of loan returned
		Male	Female	Total		
Oromia	6,206	3,1581	16,476	48,057	755,664,015	164,741,436
Amhara	9,380	24,718	6,223	30,941	1,752,999,133	-
SNNP	23,022	95,903	38,669	134,572	1,403,467,987	388,780,157
Tigray	-	3,246	1,134	4,380	259,757,937	-
Gambella					185,749	113,446
Benshangul Gumuz	395	5,479	868	6,347	14,662,279	245,183
Harari	-	-	-	-	32,685,754	-
Dire Dawa	-	-	-	-	-	-
Somali	-	-	-	-	-	-
Afar	-	-	-	-	-	-
Addis ababa	NA	NA	NA	NA	NA	NA
Total	39,003	160,927	63,370	224,297	4,219,422,853	553,880,222

Source 6. Ministry of Agriculture (MoA), March 2019

The Youth Revolving Fund was better than the regular fund in terms of the grace period it provided (1 year versus 6 months), the amount of deposit required (10% versus 20%), the duration of the maximum loan repayment period (5 years versus 3 years).

Other related projects, programs and plans

i. The Agricultural Growth Program (AGP), since 2011

The Agricultural Growth Program (AGP) objectives were to increase agricultural productivity and commercialization of smallholder farmers. The AGP has been running in Ethiopia since 2011 in two rounds of interventions. The first round was designed as a five-year (2011 to 2016) program focusing on targeted, potentially rich, but underdeveloped 83 woredas from the regions Amhara, Oromia, Tigray and South Nations, Nationalities and People (SNNP). The woredas were selected for their agriculture suitability, potential for irrigation, infrastructure and institutional capacity. The main target beneficiaries were small and medium-scale farmers in the woredas with an average land holding of less than one hectare. Due attention was also given for the participation of women and youth. The second round AGP commenced in March 2016 and will continue until February 2021. The objectives of AGP II were increasing structural yield, commercialization of smallholder agriculture, value addition and nutritional diversity with a special attention to women and youth (EDRI, 2017).

One of the means AGP-II aimed to increase commercialization of smallholders was by establishing and strengthening Common Interest Groups (CIGs) of women and youth. The youth and women groups were selected to engage in selected value addition to crops and livestock production and marketing. The groups have been receiving compressive support including provision of capacity development trainings, financial support, supply of inputs and creation of market linkages for their products as well as development of market infrastructure including roads, bridge, market centres and market shades (PSI, 2019).

In its two years of operation, AGP-II established 1,066 youth CIGs having 13,390 members and 2,123 women CIGs having 14,406 members. In addition to establishing new CIGs, the AGP-II also planned to strengthen the already established CIGs. Accordingly, 2060 youth CIGs having 25,198 members, and 3,755 women CIGs having 21,936 members were strengthened. The CIGs have been engaged in producing selected crops such as wheat, potato, coffee seedling and forage seed as well as livestock (chicken, fattening bulls, sheep and goat) and dairy products (PSI, 2019).

The AGP-II also supported the promotion of CIGs to primary farmer cooperatives. 679 CIGs were promoted to primary farmer cooperatives, and 313 primary farmer cooperatives were established. Moreover, 2,715 primary farmer cooperatives were strengthened (PSI, 2019).

Once the CIGs and cooperatives were established and strengthened, AGP-II planned to improve financial access to cooperatives and CIGs through capacity development and by strengthening Rural Saving and Credit Cooperation (RUSACCOs) and through creating linkages among CIGs, microfinance institutions (MFIs) and unions. In this regard, 997 RUSACCOs were strengthened, 72 market linkages were created between primary farmer cooperatives and RUSACCO/MFIs, and 232 market linkages were created between RUSACCOs and MFIs (PSI, 2019).

ii. Growth and Transformation Plan-I (GTP-I), 2010/11 to 2014/15

The GTP-I was developed with the objective of mainlining at least 11% real GDP growth rate; to expand and to ensure quality education and health services; to establish suitable conditions for sustainable nation building and economic growth; and to attain the Millennium Development Goals. One of the seven pillars of the GTP-I was to promote women and youth empowerment; and equitable benefit. The GTP-I planned to facilitate self-employment, support formal and informal employment opportunities, and encourage active participation and benefit of the youth and women in economic development, democratic system and good governance. The plan also gave particular focus to developing traditional sports and strengthen the support to high performing athletes.

With regard to empowerment, the GTP-I planned to

- Improve organizational set up and encourage participation of women and youth
- Improve information exchange, advocacy and create awareness.
- Encourage women and youth employment creation
- Implement packages and initiatives that aimed at empowering women and youth
- Encourage women and youth to engage in non-farm income generating activities by providing packages of skill and business management training, credit and access to markets.
- Engaging women and youth in bee keeping integrated with watershed development
- Enhance the benefits of women and youth from the micro and small enterprise sector so as to reduce unemployment and poverty
- Make the TVET is to support women and youth to gain working skills and competencies that ensure they are economically self-sufficient

Implementation strategies planned for youth development included strengthening of youth associations and organizations, and their all rounded participation through awareness creation by introducing youth to information and knowledge exchange activities, and encouraging youth entrepreneurship.

Achievement of GTP-I with regard to youth (NPC, March 2017):

- Youth organizations at all levels witnessed growth in terms of expanded membership, strengthened organizational capacity and leadership. However, the capacity of these organizations has not yet reached the desired level in terms of membership, as well as organizational and leadership capability.
- Youth agendas mainstreamed in the country's development and governance strategies
- Better participation of the youth in the country's economic development and political affairs
- 5.5 million youths participated in micro and small-scale income-generating programs
- 2.4 million youth have been engaging in and benefited from the agriculture sector
- 2.43 million youth were engaged in and benefited from non-agricultural income generating activities
- 1,684 youth centres constructed in 553 woredas, in which around 11.4 million youth served various services
- Skills enhancement training and awareness creation activities conducted mainly in the areas of harmful traditional practices and social norms

iii. Growth and Transformation Plan-II (GTPII), 2015/16 – 2019/20

The GTP-II aimed to ensure rapid, sustainable and broad-based growth through enhancing productivity of agriculture and manufacturing, improving quality of production and stimulating competition in the economy, for the country to become a low middle-income country by 2025. The GTP-II was designed after taking lessons from the achievements, failures and challenges experienced during the implementation of AGP-I.

The GTP-II's targets regarding youth included:

- Provision of all round support to educated youth to enable them organize and engage in agriculture, especially in the production of inputs for agro-processing industries and for the export market through provision of land, including rehabilitated mountains, machinery leases at affordable prices, capacity building trainings, inputs and appropriate market infrastructure..
- Creating market linkage between small and medium investors with educated youth agricultural investors and large investors
- Raising the total number of job opportunities created by the manufacturing sector to 1.5 million, and make women and youth to be the main beneficiaries
- Engaging 7.43 million youth in small and micro enterprises, and increase the rate of youth participation in micro and small enterprise from 59 percent in 2014/15 to 90 percent by the end of the plan period
- Organizing and benefiting 1.35 million youths from social cooperative associations.
- Proving 10.98 billion ETB loan service to 2.19 million youth.
- Creating market linkages for 2 million youth
- Engaging 4.32 million youth in agriculture and 3.64 million youth in non-agricultural activities.

Implementation strategy to achieve the goals for youth:

- Organizing the youth in organized development army in different levels and to mobilize them to serve as a driving force in the implementation of AGP-II
- Identifying and scaling-up best practices
- Developing strong monitoring, support, evaluation and feedback system
- Developing and empowering youth organization to influence public policies and actions.
- Improving the quality of higher education institutions and TVET to unleash the potential of the youths
- Improving youth's technical and practical knowledge and skill in science, technology and innovations
- Supporting and creating conducive environment for the private sector to create job opportunities.

Achievement so far (mid-term evaluation (NPC, 2018; Tilahun, 2018)):

- The economy growth rates for the years 2015/16 and 2016/17 were, respectively 8% and 10.9% while the target was 11% growth rate.
- The agriculture, industry and service sectors registered an average of 4.5%, 19.7% and 9.5% growth rates, respectively. Agricultural value addition target was not achieved due to the El Nino induced drought in 2016 and the unrest in some parts of the country in the past three years
- The small and medium manufacturing sector achieved 2.5% and 2.8% growth rates in the 2015/16 and 2016/17 years, respectively while the projected growth rates were 21% and 21.3%, respectively
- Export had low level of performance though the performance of horticulture, livestock and meat products exports had been encouraging. The major challenges identified in the export sector were illegal export chains, poor quality of exportable products and contraband, due to the decline in the international price of coffee and gold.

E. Untapped/under-tapped potentials

There were enormous unexploited potential for job creation in rural Ethiopia including

- Agro-processing
- Agribusiness
- Fishery
- Tourism
- Seed and forage production
- Mining and minerals extraction
- Forestry and timber production
- Construction material supply

F. Discussion and Conclusion

Majority (around 81%) of the youth in Ethiopia lived in rural areas. Most of the youth in rural Ethiopia shared their parents' land with their parents and other adults. As a result, the land size that the youth

had access to became increasingly insufficient over time. Moreover, the youth were the hardest hit by poverty, group with the highest number of unemployed individuals in the society and had limited job creation opportunities in rural Ethiopia while the number of jobseekers was increasing over time. Critical problem in rural areas hindering job opportunity creation included poor infrastructure (roads, electricity, information, etc.), finance, markets (access to inputs, output market, transportation, etc.), human capital (skill, knowledge, entrepreneurship, etc.) and limited access to land. These unfavorable conditions contributed to unabated and excess rural-urban migration. To curtail rural unemployment and underemployment problems, the Ethiopian government started developing youth employment initiatives, packages and policy very recently.

The Ethiopian government introduced the National Youth Policy in 2004 to make sure that the youth participated and benefitted from the political, social and economic development of the country. The main principles of the policy about youth employment stated that various capacity development activities should be implemented to consolidate the overall employment of the youth. The NYP suggested that the government alone could not solve youth unemployment problem. Hence the policy aimed to create enabling conditions for the youth to create own jobs, and for the private sector to create jobs. However, the policy was general, and it did not set specific, achievable and measurable objectives and targets (for example, by how much to reduce youth unemployment and underemployment knowing that 67% of the unemployed were the youth, how to get the resources needed for materializing the targets, etc.). Also, evaluation report of the effectiveness of the policy was not available. However, the policy clearly indicated that there would be monitoring and evaluation of the effectiveness of the policy, so as to ensure that the youth benefited from the policy.

Acknowledging that the rural and urban youth faced distinctive challenges, the Ethiopian government developed a separate youth development package for urban and rural youth in 2006. The National Rural Youth Development Package (2006) was the first package, to the best of our knowledge, which explicitly and specifically targeted the rural youth unemployment and underemployment problems. The package stated that youth would be supported to engage in the agriculture sector, non-farm activities, agro-forestry and supply of inputs for the construction sector. To solve the land problem, the package aimed to provide the youth communal land and mountainous areas for agro-forestry, to resettle the youth in areas where there was abundant and unused land, and to provide training for the youth and parents on how to productively use the family land together. To curtail the finance problem, the package aimed to strengthen RUSACCOs, and to make special borrowing arrangements for the youth. To address the market problem, the package planned to encourage the youth to be members of cooperatives and to form cooperatives; youth to receive information about demanded products; and youth to be informed about emerging and existing markets. Unfortunately, data and impact evaluation document were not available to evaluate the effectiveness of the package. For example, data and literature about by how much rural youth unemployment and underemployment decreased, how many rural youths received land and finance, etc. Indeed, the National Surveys indicated that rural youth unemployment declined from about 5% in 1999 to around 3% in 2005 and further to around 2% in 2013, indicating that the government's youth interventions may play a role in addition to the overall economic growth observed in the country.

The Rural Job Opportunity Creation Strategy (RJOCS) was another rural-specific intervention adopted in May 2017. The strategy aimed to integrate rural job opportunity creation efforts with the country's

broad and sectoral policies, strategies and programs, particularly to align with the objectives and targets of the second Growth Transformation Plan (GTP-II) and the Climate Resilient Green Economy (CRGE) plan of the country. Unlike the urban unemployment problem, the RJOCS stated that the main type of unemployment problem in rural areas was underemployment that individuals worked fewer hours than they wished because of absence of job and seasonality of the rain-fed farming. The target beneficiaries of the expected job creations were the rural jobseekers, primarily the unemployed and underemployed women and men above 15 years of age; those without regular and sufficient income; landless and school drop outs; technical and vocational trainees; university graduates; farmers evicted from their land due to the expansion of urbanization and industrialization; and those who needed special support because of disability. The strategy identified four pillars as main source of employment including wage employment, self-employment, expanded rural productive public workfare programs and diversification of livelihood. It also indicated that four inputs were critically important to create job opportunity: finance, land, technology and improved human capital through trainings and capacity development. As a source of finance, the RJOCS indicated that the Youth Revolving Fund, the Matching Fund (regional funds to support the YRF), MFIs and commercial banks should be expanded, and special arrangements should be designed for the unemployed and underemployed. Moreover, the strategy listed out various sectors that should be used to create rural job opportunities. Even though we could not find performance evaluation of the RJOCS, the data from the Ministry of Agriculture indicated that the strategy might contribute to increasing rural youth employment. For instance, slightly over one million rural youth received land and around 6.2 billion ETB (4.2 billion from the revolving fund and the remaining from regular fund) was distributed to the rural youth during the last 2.5 years.

The Youth Revolving Fund (YRF) was a youth-specific intervention that addressed both the urban and rural youth. The Federal Government allotted 10 billion ETB for the youth to serve as a permanent source of finance for the youth to engage in self-employment. The fund was allotted exclusively for the youth aged between 18 and 34 years old, who are unemployed and have business plan, can save 10% of the loan and are well-behaved. Compared to the regular financial sources, the YRF charged low interest rate (8% versus 10 – 18% for conventional loans), the initial deposit required to get loan (10% versus 20% for other sources of loan) was low, did not require collateral and provides longer period to return the loan (5 years versus 3 years for other funds). The fund distributed around 4.2 billion ETB to 224,297 rural youth, and around 0.56 billion ETB loan was returned during the last 2.5 years of operation. According to key informants from the Ministry of Agriculture and the Ministry of Women, Children and Youth, the main reasons for low return of the loan than the government aimed to recover included the wrong perception of some youth and implementers about the fund (considering the fund as if it was grant), quality of some of the business plans the youth engaged in, and the market linkage problem that the youth were facing after starting business.

Other intervention that aimed accord fair benefit for the youth from economic, political and social developments reviewed included AGP, GTP-I and GTP-II. One of the four major components of the AGP-II was to increase market integration of smallholders. The AGP-II considered establishing and strengthening women and youth Common Interest Groups (CIGs) engaged in production and marketing of selected value addition to crops, livestock and livestock products as one means of increasing market integration of smallholders. In its two years of operation, AGP-II established 1,066 youth CIGs having 13,390 members and 2,123 women CIGs having 14,406 members. In addition to establishing new CIGs,

the AGP-II also strengthened the already established CIGs. Accordingly, 2060 youth CIGs having 25,198 members, and 3,755 women CIGs having 21,936 members were strengthened. The CIGs have been engaged in the production of selected crops such as wheat, potato, coffee seedling and forage seed as well as livestock (chicken, fattening bulls, sheep and goat) and dairy products. Similarly, a number of jobs were created for the rural youth in GTP-I and GTP-II.

There were a number of challenges that remained as bottlenecks for rural youth job opportunity creation. First, despite the policy documents clearly indicated that data and information regarding youth employment status should be collected, networked and communicated, it remained difficult to get data about rural youth employment status. Second, there was lack of evidence about how effective the policies and packages have been in rural areas, making it difficult for policy makers to understand how effective the interventions have been and to fill-in the gaps. Third, the initiatives (e.g. NRYDP and RJOCS) stated that all the government ministries and agencies should incorporate youth issues in their programs. However, there was lack of co-ordination as there were too many implementing institutions with insufficient co-ordination among them (training, procurement of training material and equipment, post-training coaching and access to low-interest credit/micro credit). Fourth, limited access of finance and land remains the challenging tasks to implement. Other bottlenecks for job creation were lack of complementary investments, electricity and transportation.

Regarding the lessons that could be drawn from the intervention discussed before, the fund distributed to the rural youth from the YRF (4.2 Billion ETB) was almost doubled the fund distributed at the same time period to the rural youth from the regular fund (2.2 billion ETB). This was because the YRF had been cheaper for the borrowers and the requirements needed to obtain the loan were relatively easier than the regular fund. It would have been more insightful to know how many jobs have been created by the YRF excluding those who shifted borrowing from the regular fund to the YRF since the latter was cheaper and easier to access. Indeed, the 8% interest rate charged for loans from the YRF may not be profitable for the private financial institutions to accommodate considering the prevailing two digit inflation rate. One mechanism of ensuring profitability for both the financial institutions and for the youths' businesses was that interest rates were restructured in such a way that the interest rates increased with the duration of the repayment period. For instance, zero interest for a couple of months (grace period), then say 8% is charged after about 6 month, 12% after 1 year, 15% after 1.5 years. This arrangement may also encourage timely return of credits, which was identified as the main challenge in the YRF management.

Table 6. Summary of initiatives implemented since 2000

No.	Initiative	Geographical coverage	Duration (start-end date)*	Implementing organization	Expected impacts	Outcome	Implementing partners
1	National Youth Policy (NYP)	All over the country	2004 – undefined	The then Ministry of Youth, Sports & Culture (MYSC)	Ensure fair participation & benefit of the youth from the developments	No evaluation made	Government, family and civil societies
2	The National Rural Youth Development	Rural and pastoral youth	2006-undefined	1. The then MYSC		No evaluation made	Government

No.	Initiative	Geographical coverage	Duration (start-end date)*	Implementing organization	Expected impacts	Outcome	Implementing partners
	Package (NWYDP)	all over the country		2. Regional youth and culture offices 3. The then Ministry of Agri. & Rural Dev. 4. National saving & credit institutions 5. Other gov't agencies			
3	Rural Job Opportunity Creation Strategy (RJOCS)	Rural and pastoral youth all over the country	2017-undefined	<ul style="list-style-type: none"> All federal and regional gov't ministers, agencies and offices Independent taskforce formed for the purpose 	Job creation for the rural youth		
4	Youth Revolving Fund (YRF)	All over the country	2017 – undefined		Self-employment of youth boosted by making finance access easy for the youth	Job created for 224,297 youth as of 8 Jan. 2019	

Note 1. * The end date of the projects is not defined

Table 7: SWOT analysis of some of the youth-focused empowerment

Programs No	Initiative	Strength	Weakness	Opportunities	Threats
1	NYP	<ul style="list-style-type: none"> • Acknowledged the youth problem • Aimed to engage the youth in politics, social and economic activities • aimed to encourage the youth to organize, to engage in and benefits from democratization and economic development 	<ul style="list-style-type: none"> • lacks specificity on how the youth to get resources to reduce unemployment • Did not set targets by how much to reduce unemployment • No evaluation was made about its effectiveness & impact 		<ul style="list-style-type: none"> • The 2005 election might induce the government to focus on issues that were crucial for the election than on implementing the policy.
2	NWYDP	<ul style="list-style-type: none"> • Acknowledged distinctive challenges of the rural youth • Clearly indicated where critical inputs (land, finance) would be obtained for the youth • Aimed to incorporate youth issues throughout the gov't structure 	<ul style="list-style-type: none"> • Lacks specificity on how many jobs to be created or by which much to reduce rural youth under/un-employment 		
3	RJOCS	<ul style="list-style-type: none"> • Acknowledged distinctive challenges of the rural youth • Indicated where critical inputs (land & finance) should be obtained for the youth • Aimed to incorporate youth issues throughout the gov't structure 	<ul style="list-style-type: none"> • No specific objective about the number of jobs to be created • Market access problem unresolved 		The political instability affected job creation and smooth operation of businesses
4	YRF	Lessoned the capital problem of the youth, which was one of the critical inputs to start business	<ul style="list-style-type: none"> • No specific objective about the number of jobs to be created • Market access problem unresolved 		The political instability affected job creation and smooth operation of businesses

NPC, ብሔራዊ የፕሊን ኮሚሽን (2017). የመጀመሪያው የዕድገትና ትራንስፎርሜሽን ዕቅድ የአምስት ዓመት (2003-2007) የተጠቃላቅ አግባብ ግምገማ ሪፖርት. የኢትዮጵያ ፋዳራላዊ ዲሞክራሲያዊ ሪፐብሊክ, መጋቢት 2009 ዓ.ም.

National Bank of Ethiopia (Dec. 2017). የኢትዮጵያ ወጣቶች የዕድገትና የልማት ፓኬጅ የፈንድ አስተዳደር ማዕቀፍ (Framework). The Federal Democratic Republic of Ethiopia

Schmidt, E. and Bekele, F. (2016). Rural youth and employment in Ethiopia (Vol. 98). International Food Policy Research Institute

The Federal Democratic Republic of Ethiopia, Ministry of Youth, Sports and Culture (2004). National Youth Policy, 12 March 2004. Manual.

The World Bank and IFAD (2017). Rural Youth Employment. Report. [https://www.bmz.de/de/zentrales_downloadarchiv/g20/Rural Youth Employment - WB-IFAD-Synthesis Study DWG.pdf](https://www.bmz.de/de/zentrales_downloadarchiv/g20/Rural_Youth_Employment_-_WB-IFAD-Synthesis_Study_DWG.pdf)

Tilahune, T. (2018). Ethiopia: Medium Term GTP II Performance Highlight. AllAfrica.com, July 26 2018. <https://allafrica.com/stories/201807260674.html>. Retrieved 21 March 2019.

Weldegebriel, Z. B., Folloni, G., and Prowse, M. (2015). The Determinants of Non-Farm Income Diversification in Rural Ethiopia. Journal of Poverty Alleviation and International Development, 6(1), 109-130.

White, B. (2012). Agriculture and the generation problem: rural youth, employment and the future of farming. IDS Bulletin, 43(6), 9-19.

Woldehanna, T., Gebreegziabher, T. and Endale, K. (2018). A Review of Rural Employment Creation Programs in Ethiopia with Emphasis on Self-Employment program. A report submitted to the World Bank and the Irish Aid, 31 March 2018.

Yu, W. and Jensen, H. G. (2010). China's agricultural policy transition: impacts of recent reforms and future scenarios. Journal of Agricultural Economics, 61(2), 343-368