



Save the Children

***EC SHARE- Ethiopia Program:
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***Building Resilience Capacity and Recovery for the Vulnerable
Population of Wag Himra Zone Amhara Region, Ethiopia***

Wag Hemra Social Transformation Programme

Assessment and Preliminary Design

May 2016

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Executive Summary

This report contains four sections. The first assesses the agricultural capacity of the Wag Hemra Zone and the number of people who might be sustained from purely rural livelihoods. Currently about 500,000 people live in the zone of whom at least 50% live on holdings that are too small to provide a adequate livelihood, leading to seasonal urban migration as an increasingly important means of survival. If land were to be redistributed so that each holding was adequate to support an average household, HEA analysis suggests that no more than 370,000 people could be supported from purely rural livelihoods, while 130,000 would be obliged to migrate to towns.

As a consequence of that analysis, a Social Transformation Programme is described in the second section that would facilitate the transition to urban livelihoods. The programme design is based upon interviews with stakeholders including migrant youth, urban employers, brokers and relevant authorities. Logical Framework Analysis of their responses led to a three pronged programme based upon the needs to:

- a). enhance skills,
- b). find employment,
- c). change the mindset of both employers and employees from one focussing on a short term relationship to one in which longer term employment can give rise to an increased return on employer's investment, improved productivity, higher remuneration and ultimately a sustainable urban livelihood for each employee.

The activities proposed to achieve these ends are not described in detail. Instead, the programme design focusses on the institutional arrangements under which the necessary activities might be implemented. Three institutions are proposed:

1. YES hubs in rural areas.
2. Brokers' Associations in urban areas
3. Social centres in urban areas for migrant youth, based on the principles of the Edir.

The programme design considers each institution in turn describing where necessary how each might be set up and which activities might be conducted under the auspices of each one. A summary highlights the advantages of the institutional approach in terms of sustainability and discusses the critical assumptions upon which the programme is based, especially that of Zonal and Regional authority support.

The third section considers an alternative approach to youth employment focussing upon existing businesses set up within Wag Hemra Zone by groups of rural youths, that may have potential but are undercapitalized. The proposed programme would broker investment into such businesses. The brokerage function would require the identification of businesses with potential together with willing investors. The two parties would then be introduced and the programme would facilitate the negotiation of an appropriate business relationship allowing the investor to take a substantial share in the business in return for financial investment and (as much as possible) business experience and contacts). The programme would oversee the investment and would monitor the business for a reasonable period to ensure the resulting arrangements were equitable for all parties. It is envisaged that such a programme might attract matching grant finance, in which case, the programme would also be required to manage the disbursement of that finance to the business.

The fourth section considers two supplementary sources of income that might be developed in Wag Hemra, based upon indigenous tree products. The first - frankincense - is limited in its usefulness by the low density of *Boswellia papyrifera* that remain in the Zone. It is not expected that the harvesting of resin would provide much increase in revenue under current conditions. Nevertheless, a programme incorporating frankincense might be more appropriately developed as a response to soil conservation and climate change rather than as an immediate source of income. From that perspective, the development of new *Boswellia* stands that would generate income in 15-20 years time might be worthwhile. If such a programme were to be financed using the substantial funds available to address the issue of climate change, it might also make a difference to current income levels for a limited number of households tasked with the planting and care of young trees. Such activities might also be considered as alternatives to exiting PSNP public works which appear to have done little to improve productivity within the area.

The second product - Baobab fruit powder - is derived from the fruit of trees that are common in parts of the Zone and which are currently not utilized. The powder fetches substantial prices in retail and wholesale markets and the number of baobabs in Wag Hemra is sufficient to support a viable value chain. The technology of extracting the baobab fruit powder is simple and could be undertaken at the village level. The process of collection can be readily organised. While these factors suggest that the exploitation of baobab fruit powder might significantly enhance incomes within the Zone, such benefits are very much dependent upon the development of the market to absorb the product. The key challenges to improving livelihoods through baobab fruit powder thus lie outside the Zone in the development of appropriate relationships in international markets. If this can be achieved, the product will undoubtedly have the potential to impact rural livelihoods in parts of Wag Hemra quite substantially.

Introduction

Chronic impoverishment is endemic in Wag Hemra. In 2002, 20.2% of households considered themselves to be very poor (Devereux et al). By 2009 that proportion had increased to 32.8%¹ and in 2015, 30.2%² of the zonal population were supported by the PSNP.

It has always been recognized that the PSNP was not an adequate solution to chronic impoverishment. The “Other Food Security Program” funded by the World Bank from the outset of the PSNP was intended to complement the “asset protecting” activities of the PSNP with “asset building” investment, but the exercise was largely unsuccessful. A more carefully designed and administered program has been the Household Asset Building Program (HABP). That program was designed with a full understanding of the issues facing poor rural households and the need to look beyond agricultural activities to achieve sustainable livelihoods, but limitations in its implementation have restricted its activities to potential solutions that are either agriculturally-focused, even if they are designated as off-farm (e.g. poultry rearing, shoat fattening, beekeeping or fishing) or business focused (e.g. petty trade).

In Wag Hemra, agricultural solutions have a limited success rate, and business solutions are consequently correspondingly more important. Nevertheless, it is an essential aspect of human nature and the of humanity’s aversion to risk that only 10-20% of all individuals will be willing to risk their savings in a business venture. Moreover, 45% of all such ventures can be expected to end within the first five years of operation. Finally, and most significantly, if such businesses do succeed, they will almost inevitably do so by relocating to urban or peri-urban areas where they have really access to utilities, goods and services and especially, clientele.

Inevitably, 80% minimum of the rural youth that cannot be accommodated by the agricultural carrying capacity of the land will not start a business, but will instead look for employment. Migration for short term employment has been a feature of the livelihoods of the poorest in Wag Hemra for at least 13 years and as population numbers increase, so must the number of young people migrating for employment. This study looks at those young people and considers their reasons for migration and experiences as migrant workers in the context of their long term future.

In the short term. most young people consider migration for work to be a temporary response to an inadequate cash flow, but the evolution of society in other countries suggests that ultimately such temporary migration will become permanent. This study looks at the current situation in which CSA population statistics suggest that temporary migration is indeed now trending towards a more permanent response, in which while the rural population of Wag Hemira is expected to grow at 1.1% annually, the urban population is expected to increase by 5.6%.

The transition to more permanent employment (as opposed to short term casual labor) can be socially disruptive, but economically beneficial. This study makes no value judgement as to the pros and cons of a “drift from the land” but notes that in the process there will be successes and failures, and that such failures can be highly detrimental to those who experience them. For this

¹ 146,956 PSNP beneficiaries out of a total census derived population of 447,790

² 151,869 PSNP beneficiaries out of a CSA-estimated population of 502,616.

reason it considers ways in which the process of migrant employment of rural youth can be facilitated to reduce the incidence of failure.

It is important to note that this study does not consider the subject of job-creation which is both expensive and often unsuccessful - especially if it drifts into the area of “picking winners”. It *is* about employment promotion and facilitation and the indirect employment effects that will come from an increased urban population willing to invest locally in its own future rather than remit everything to rural areas.

In undertaking this study, the Statement of Work required first an assessment of the agricultural carrying capacity of Wag Hemra Zone. This is addressed at the beginning of this report and its conclusions (of the inadequacy of the existing natural resource base, and the inevitability of urban migration) form the basis of the main part of the report.

The main part of the report contains the observations, analyses and conclusions derived from the assessment of the problems faced by young men and women migrating to look for urban employment as well as those faced by those employing them, and the brokers who act as intermediaries in that process. That assessment highlighted three aspects of the employment process that can be enhanced through program support namely, the development of the skills most required by employers, the process of finding employment, and the development of the social capital that allows temporary urban employment to metamorphose to a permanent urban livelihood.

Programmes that can facilitate skills development and enhance employment potential are already being developed and implemented with some success. This social transformation programme does not intend to reinvent that process, but rather looks to build upon it by incorporating key aspects of those programmes. In addition, it seeks to achieve a change in attitude amongst all participants in the employment process (employers, brokers and employees) that will result in a shift from temporary employment and seasonal migration to more beneficial permanent urban livelihoods. The mechanisms involved are based upon two institutions namely, the Brokers’ Association and the *Edir* for migrants, neither of which currently exist, but which could both result in changes in attitude for employers and employees alike as well as providing points of attachment for other programmes, including on-the-job training and social development. The report describes these two mechanisms and proposes ways in which these institutions might be developed, supported and harnessed to create the framework necessary to change attitudes.

An alternative programme designed to create employment by enhancing investment in struggling rural businesses (Independent Private Offerings or “IPO”s) is also described. This can be considered as either an adjunct or an alternative to the social transformation programme.

Also, in addition to the consideration of urban migration and employment, an assessment of two alternative livelihoods was requested. Sections on these are appended at the end of the report.

The report was compiled on the basis of field work undertaken between February 9th and March 3rd, as well as discussions with Save The Children field and office staff, donor representatives and external agencies, including the Toronto and Guelph Ethiopian communities. A numerical survey of 50 employers of women in Sekota, Gondar, Bahir Dar and Woldiya was also

undertaken under the auspices of AKLDP. The results of that survey have informed the discussion and are referred to in the text.

Assessment of Agricultural Carrying Capacity

Background

The total area of Wag Hemra is 904,000 ha of which 125,000 ha (13%) are farmed, grazed or forested. The remaining 87% consists steep slopes, gullies, and flooded areas. The total farmed area has grown over the last nine years at an average rate of 2.5% per year, and while CSA land use survey data suggests that rural population growth rates have been as high as 5%, nevertheless rural and urban populations of Wag Hemra are now projected to grow at rates of 1.1% and 5.5% to 2017. (11-20% and 5-10% of area held in 2001/2)

Productivity levels of the six woredas in Wag Hemra are all low, (although Gaz Gibla, Dehana and Sekota are generally more productive than Sehala, Ziquala and Abergele), but unexpectedly, average yields are not substantially below normal. The average holding size for the Zone (1.1ha) is only slightly below the national average (1.2 ha), while the average household size (4.5) is less than the national average (5.1) so that holding size per person (0.25) is actually above the national average (0.23). Average livestock numbers per household are slightly below the national averages for cattle, sheep and poultry but double the national level for goats. These results are somewhat surprising given the very high reliance of Wag Hemra upon both emergency and developmental relief.

Nevertheless, the Zone is outstanding in its level of fertilizer use. Wag Hemra uses less artificial fertilizer than any other zone in the four main Regions (Tigray, Amhara, Oromiya and SNNPR) with the exception of Argoba Special Woreda and Borena. This may be partly because of the limited distribution of fertilizer outlets in the Zone, but also because of the considerable variability of the weather. The Zonal coefficient of variance for monthly rainfall (calculated from RFE records from 2001-2015³) for Wag Hemra is 0.40, implying that at any given month in the Meher season, there is a 32% probability⁴ that monthly rainfall will be either 40% more or 40% less than the monthly average. Such odds do not promote investment in inputs.

The variability from year to year makes it difficult to assess the long-term agricultural carrying capacity of the Zone from average production levels. For long-term survival, a household must have the resilience necessary to survive one or more poor years in a row. The spare capacity required to do this could be calculated on a theoretical basis, but such a calculation would require numerous assumptions regarding levels of input, yield, carryover stocks, and expenditure on both food and non-food items. Lacking the data necessary to determine these factors, a more valid approach would be to determine the farming systems of those households who are not obliged to rely upon safety net support to achieve year round food security. This has been determined through the Household Economy Approach (HEA) for the two livelihood systems that prevail throughout Wag Hemra, namely mixed cereal cultivation at higher altitudes and mixed cereal and livestock in the hotter and dryer lowlands.

³ Kindly supplied by FEWSNet.

⁴ Assuming that rainfall distribution in any given month is approximately normal (Gaussian).

Analysis

HEA analysis undertaken in 2007 suggests that in most of Dehana, Gaz Gibla, and Sekota, where the main livelihood is mixed cereal cultivation, 50% of the population were considered poor or very poor and were perennially dependent upon food aid, while the middle income and better off were not. These appeared to be discrete populations, in that a substantial gap in land holding was evident between the poor and the middle income group. The HEA data suggested that for a household to avoid dependence upon food aid, it should have on average 5-7 members, a holding of 1-2 ha, and own 1-3 oxen, 2-4 cattle, 10-14 shoats, 0-2 donkeys, 5-7 chickens and 2-4 beehives.

In Sehala, Ziquala, and Abergele, the main livelihood is a mixture of cereal and livestock production under relatively infertile conditions. In these areas, only the better off households are able to sustain a living without dependence upon food aid. The average characteristics that allow them to do so, were determined to be a household size of 6-8 people, a holding of 2-2.5 ha, and ownership of 2-4 oxen, 5-8 cattle, 20-40 goats, 0-7 sheep, 1-2 donkeys, 1-3 beehives and 4-10 chickens.

Land use statistics gathered by the CSA agricultural sample survey for 2013/14 suggest that 28,700 ha (23% of the total cultivated area in the Zone) is made up of 64,000 holdings of less than 1 ha in size (i.e. of a size that HEA data suggest to be effectively non-viable). Based upon an average household size of 4.47, these holdings support 286,000 people. At least 50% of the Zonal population live on holdings that are inadequate to sustain them.

If land was redistributed so that the minimum holding size became 1 ha, then the number of holdings would be reduced from 64,000 holdings to 28,700 and 35,300 holdings would be effectively absorbed. Those 35,300 holdings are currently supporting (albeit inadequately) 163,000 people. Most of these people would be obliged to give up their holdings so that those remaining would have enough land to ensure a sustainable livelihood, although the additional carrying capacity of these larger holdings (estimated by the HEA to support six people on average) would reduce the number displaced to 120,000.

The calculation above is a best case scenario that assumes that all non-viable land holdings are found in the mixed cereal livelihood zone, where the minimum viable land holding is only 1 ha. Under a more realistic scenario, where different holding sizes are distributed between the two zones in proportion to their relative populations, the impact upon Dehana, Sekota and Gaz Gibla (which contain 73% of the zonal population) would be to reduce the number of holdings by 25,700, while the impact upon Ziquala, Sehala and Abergele would be to reduce the number of holdings (on the basis of a 2 ha minimum viable holding size) by 16,000. The total reduction would be 41,700 holdings, currently supporting 187,000 people. Additional carrying capacity would absorb 56,000 people so that 131,000 would be effectively displaced.

Offsetting the above is the continual increase in land area that has been observed over the last ten years. There is no doubt that land is available, within the Zone, especially in the low lying areas. Nevertheless almost all of the unused land remaining comprises stony, steeply sloping, shallow soils of low fertility that would be unlikely to provide significant additional income.

Conclusion

The calculations described above are not only simplistic, but based upon data that is nine years old and should be revalidated before more concrete conclusions could be drawn. Nevertheless, they suggest that the effective carrying capacity of rural Wag Hemra is no more than 370,000 people. On this basis, at least 25% of the Zone's rural population needs to find livelihoods that do not rely upon the land if the remaining 75% are to be able to achieve sustainable survival. It is also important to recognize that the figure of 370,000 still includes some households that rely upon the temporary migration of some members outside the area in order to reduce their own costs, although this number would be reduced as compared with the current scenario.

The CSA population predictions for rural Wag Hemra recognize this issue. The rural population, representing 90% of the total is expected to increase at a rate of 1.1%, although the national rate of increase is close to 2.5%. Unless the birth rate of Wag Hemra is substantially different to the national average, migration is expected to occur at a level of 1.4% or approximately 6,500 people per year. Even then CSA data still project an increase in rural population, suggesting that the situation will continue to deteriorate and that the size of the population that must be relocated will continue to grow unless other forms of income generation can be found.

The key conclusion of this analysis - that the Zone is able to support no more than 370,000 people on a sustainable basis (i.e. without regular assistance from GoE programs) might vary if additional rural sources of income could be developed. Two potential sources are detailed in the following section, although it is unlikely that either would allow any significant increase in carrying capacity in the short term.

Social Transformation Programme

Framework of Analysis

A central aspect of the SOW was to understand the issues surrounding urban migration and to find ways to facilitate the process. Recognizing that almost all such migration is driven at least in part by the need to earn a living, this assessment interviewed a number of different stakeholders, including representatives of government institutions in Wag Hemra (including the Bureau of Labour and Social Affairs (BOLSA), the Ministry of Youth and Sports, the Ministry of Children and Women, the Small Scale Enterprise Development Office, Zonal and woreda agricultural officers and District Advisors and Technical College staff) but especially young men and women who had migrated out of the area looking for work - who were all interviewed in their rural communities within Wag Hemra zone - as well as the employers in urban areas to which youth migrate including Sekota itself, Woldiya, Gondar and Bahir Dar, and private employment brokers. The survey was limited and possibly biased by the fact that young people who had already migrated to urban areas were not interviewed. Two rounds of interviews were conducted. The first being more general focus group discussions and the second being a more detailed assessment of the issues faced by women undertaken by AKLDP. Interviews took place in February, March and April 2016. Questionnaires used in focus groups and interviews are annexed to this report.

The responses from different stakeholders were varied, but consistent themes emerged in each case. These are reported below in the section of "Observations". The observed needs formed the basis of a logical framework analysis, being the constraints to which solutions were required. The derivation of solutions is described under the section of "Responses" which includes the logical framework of desired results, activities and assumptions. Before conducting that analysis however, it is important to describe the key observations and issues that were discussed from different perspectives.

Observations

Discussions with young men and women in rural communities confirmed that roughly 50% of both men and women left for work outside the community each year. For men, the primary focus was on agricultural work in places such as Sudan, Metema, Gondar, Humera and Raya. Most work would be undertaken for two or three months from January/February onwards. Some young men went to towns, where they could find employment as casual labourers on construction sites as well as guards, market porters and hawkers. Young women focused more upon urban employment as domestic servants, waitresses, hotel staff and commercial sex workers. In most cases women would stay longer away from home. The minimum domestic service contract was reported to be three months and in some cases, women would stay away for two or three years.

The levels of remuneration achieved by migrant workers in town were substantially higher than those on offer at home. Men stated that they could earn as much as ETB 80 per day, (shoeshine boys in Sekota reported that they could earn up to ETB 60 per day - double that if

they could work from a permanent stand), but costs living were also substantially more so that their capacity to save was minimal. Women earned ETB 400 per month as domestic workers. This may seem much less, but their accommodation and food was largely paid for so that they reported that it was possible for them to save as much as ETB 200 per month from such employment.

Significantly, when men were asked what their financial goal was - i.e. how much money they were looking to save before they would think of returning home, the most common response was that they would save virtually nothing. Return home would be possible when they had managed to save enough for the bus fare⁵. Clearly however, accumulating money was not a high priority of the migration exercise. For women, the responses were more nuanced. Those with children were concerned to earn money to cover costs of education and health. In some cases there was a goal of accumulating the cash to start a business, but for the majority there was little clear vision.

It is very clear both from the earlier analysis of carrying capacity and from responses to FGDs that for a large proportion of both men and women, migration is driven mainly by a push factor - namely that life at home has become impossible due to the inadequacy of resources so that temporary migration is vital in order simply to survive. The ideas that higher incomes might be earned from work outside the area to provide remittances or savings, or that a better standard of living could be achieved through migration, are entirely secondary and in any case generally not correct.

Confounding the above observation is the fact that a certain proportion of people migrating out of the area state that they do so in order to improve their education. The World Bank study on urban migration found that as many as 50% of all urban migrants fell into this category. In most cases, the prospective students intend to finance their education and their costs of living by finding some form of regular employment. Often, students work in the service sector as waitresses or hotel staff, where shift work allows them to work part of the day and night and to study at other times. The reasons for furthering education include the possibility of a higher paying job in the private sector, or more often in government, but education is also seen as being of social value in the community and as an end in itself. Irrespective of the reason, it is as hard enough to find urban employment, harder still to find employment that covers the costs of education as well as allowing time for study and the drop-out rate is reportedly high.

Leaving home to further education may be harder than leaving home simply to work, but in both cases, the net effect is to move away from an environment in which survival is almost impossible⁶ to one in which it can be achieved, even though it may not be easy. It is possible that urban migration remains primarily “push”- driven, even when it may be justified by the desire to further one’s education.

⁵ One group of young men reported that they left home “when the money runs out” and that they would return from town “at the beginning of the season, or when we can afford to”.

⁶ But not absolutely so. As one focus group noted - there is always begging as a survival strategy at home.

Finding employment was reportedly not easy. Women in particular noted the importance of having a network of contacts (family and friends) who could provide information. Some but not all groups of women reported that they used brokers to find jobs, but that they charged a half month's salary for the service⁷. This may seem exorbitant, but the alternative - of looking for work on one's own - could take a week on average, during which time, the women would be obliged to find their own accommodation and food through whatever means possible. Men reported similarly that contacts were helpful and that without them, they would spend a week or more looking for work, during which time they would beg for food and sleep under whatever shelter they could find.

While such conditions might appear harsh, they were certainly not enough to deter young people from migrating to look for work and in fact seemed to be a generally accepted aspect of the process.

Overseas employment: Some women within the area are leaving the area to work as domestic servants in the Gulf States. This is much more common amongst women from moslem households who are not only more used to the moslem lifestyle but are also more likely to have the contacts necessary to find a position. Group responses suggest their experiences are generally no more positive than those of women finding work within Ethiopia. Although the remuneration can be significantly greater, the work is deemed to be harder and living conditions (including the risk of abuse) less favourable. In some cases, women earn between ETB 4,000 and ETB12,000 per month, while in others they have returned with nothing. While some women return with considerable earnings and are able to start a new life of their own, others report that the work and conditions can be debilitating and that their remittances were all used up by their families. Such international migration thus appears to be a "high risk/high reward" venture undertaken by those willing to take the risk. Nevertheless, given the difficulty of finding work locally, overseas migration will inevitably occur.

Needs: Both men and women noted the need for assistance in identifying job opportunities. The three main sources of information appeared to be: a) friends and family, b) brokers and c) noticeboards in town. These did not appear to be adequate however. The other clearly identified need was for training in the skills necessary to undertake more remunerative work. A common issue, which can be expressed as a need, was the abuse of workers by employers. This can take many forms ranging from beating (young men complained that in Sudan "they beat us with sticks") to confinement (women complained of not being allowed to leave the house they were employed in), but in all such cases there is a need for a greater degree of respect from employers.

Significantly few young people referred to a need for accommodation or food during the job-finding period, or for medical or financial assistance. It would appear that hardship in these areas is accepted as part of the employment process.

Reluctance: Perhaps the most striking observation that consistently underpinned all discussions was the reluctance of almost all stakeholders to leave Wag Hemra zone. Despite

⁷ These were informal brokers who charge employees to find them work. Formal brokers charge the employer for finding an employee.

the obvious hardship inherent in the majority of rural livelihoods, there was a clear sense that migration out of the area was a necessity to be tolerated rather than an opportunity to be embraced. This attitude was most prevalent amongst those in authority, who appear tireless in their attempts to develop solutions that would allow young people to remain within their rural communities. This study found that most of those in authority are adamant that urban migration will lead to instability and should not be encouraged. They are not at all supportive of the idea that the process of migration should be facilitated by NGOs, preferring instead that those NGOs should support attempts to develop local enterprises.

Official Position: In this position, officials reflect the philosophy of the “Developmental State”, which does not support the concept of individual entrepreneurs as much as group enterprises, owned and operated by small numbers of young people who have been trained in the technical and business skills necessary for success. Official activities therefore focus on the training of youth in the skills needed to operate and manage a business. The subsections in which rural youth might find business opportunities within Wag Hemra are limited and officials reported that the majority of rural youth focus on irrigated vegetable production, cattle and goat fattening, beekeeping, petty trade, fishing and poultry rearing. Other services, including hair dressing, tailoring, masonry and carpentry, but these are in the minority. Nevertheless training in all of these areas is widely undertaken.

The revenues that can be derived from such group enterprises are low and often insufficient to provide a means of survival and the failure rate is high. This is in part due to the limited local market that can be rapidly oversupplied if too many similar enterprises are developed, but is mainly due to a shortage of investment capital. This constraint prevents most groups from developing beyond a rudimentary level, particularly in terms of infrastructure and marketing opportunities. The official response is that the cash constraint is an opportunity for intervention by the donor community, but it is unlikely that the situation would be resolved through the injection of cash alone. Marketing and management experience and contacts are probably just as important as well as the advantages that are inherent in an urban or peri-urban business location.

Apart from the development of group enterprises, official responses to youth unemployment are couched almost exclusively in terms of training/education to achieve public sector employment. The universities, colleges, and TVET resources are geared towards delivering men and women, who have been trained in the required numbers and skills currently needed by the public sector. Graduates who are not able to find public sector employment are often obliged to work in positions that are completely unrelated to their training and lack any sort of pathway or competence through which they might find appropriate private sector employment.

Discussions with authorities consistently highlighted the need to develop the private sector, but through group enterprises that were owned by the staff. The concept of promoting or facilitating employment appeared to be almost insignificant and the term “wage employment” almost completely alien outside of the public sector.

The idea that young people might migrate out of the area to find temporary agricultural employment, as has been the tradition in Wag Hemra for many years, is accepted as normal. Indeed in 2016, 1,361 young people have been assisted by the Ministry of Youth and Sport to find three months’ work at Ayu Agricultural Centre, but this was an organized initiative in which wages were renegotiated by GoE and youth were selected from specific woredas to work from

predesignated camps. This is rather different to pure private sector employment and it was notable that no-one migrated to work at Ayu outside of the GoE program.

Other Stakeholders: Nevertheless, it was very evident from discussions with GoE staff that while temporary rural migration might be considered acceptable, migration for urban employment was not to be encouraged. Such a position was not confined to GoE staff however. It was almost as evident amongst NGO staff. This is not surprising. New business development is in many ways more appealing and the encouragement of entrepreneurs, skills training and business development support is in many ways easier to undertake than facilitating employment. Yet, it is more through the employment of staff, than the development of new businesses that economic growth will ultimately be achieved.

This is not to deny that small business development is not essential to economic growth - there would be no employment without small businesses - and yet it is an almost universal empirical observation that more than 80% of humanity will ultimately be employed by the less than 20% that own small or large businesses. From this perspective, facilitation of that employment process will clearly promote the process of economic development and is as important as the initiation of new businesses themselves- if not more so. Liaison with potential employers to determine employment and training needs, to assist in the development of standards, and human resource management capacity should be as central to a development NGO's portfolio of activities as the development of small businesses themselves. This does not seem to be the case and many NGO staff appear distinctly more comfortable organizing focus groups of beneficiaries and talking to GoE staff than they do talking to private sector employers.

Rural Communities: Attitudes within the community towards migration for employment varied between stakeholders. Men considered it to be a necessary annual aspect of their livelihood for those who lacked either the means to survive throughout the year at home, or were not willing to beg for their survival. Women reported that unless they had managed to achieve grade 10 education then their opportunities within the village were limited and they were obliged to look for employment elsewhere. The attitude of the older community was somewhat more nuanced. There was a reluctance to admit that women were leaving the community⁸ and although it was not openly stated, there was the tacit assumption that young people would return to their local communities later each year to fulfill their responsibilities (including not only the cultivating and harvesting of crops, but also their social responsibilities to the community).

This latter aspect of young people's roles within the Wag Hemra rural communities is important. Focus group discussions and interviews confirmed that social ties are particularly strong within these communities and that young people are under peer pressure to conform to social norms. The boundaries of their vision for self-development are constrained by these norms. As a result of both this and rural isolation, it is difficult for young people to envisage any kind of livelihood beyond that which generations before them have followed.

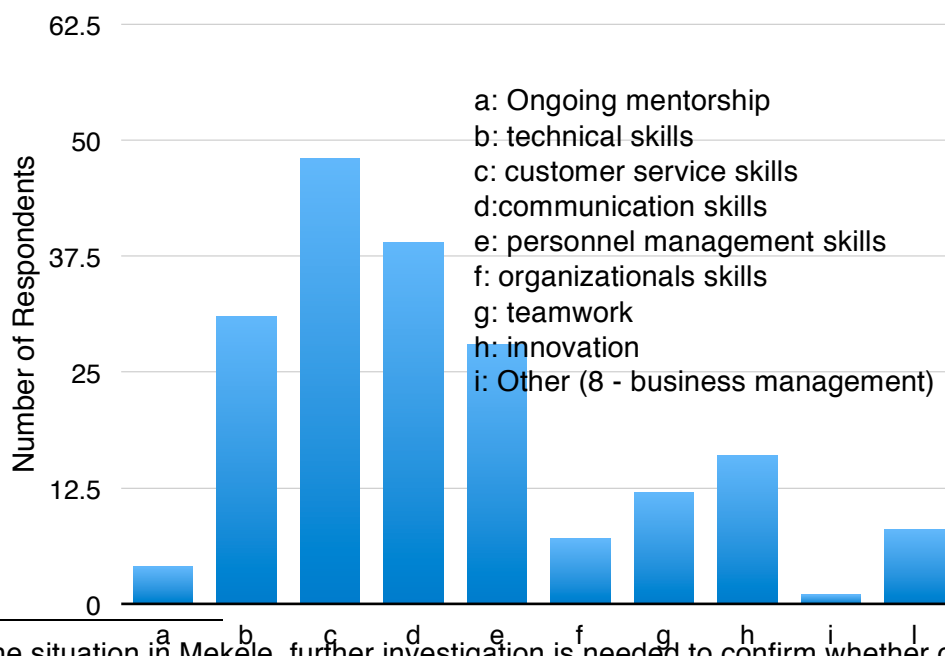
⁸ In one village a group of elders reported that no women left to look for work. On their own however, women were categorical "there is nothing for us here and at least half of us leave (to look for work) each year".

Employers: This assessment and the subsequent AKLDP survey of employers of women spoke to urban employers of between 2 and 200 people. It specifically avoided large companies who might employ 1,000 or more employees. The reasons for this are two-fold. First, the small businesses contribute at least 50% of all employment opportunities and secondly, large employers, especially factories base their employment decisions mainly upon economic considerations that are unlikely to be influenced by an NGO project. On the other hand, small businesses represent an area in which there might be scope for both the facilitation of employment and improvement of both employment conditions and productivity.

Perhaps the clearest response from almost all employers⁹ was that businesses, especially service businesses, were expanding and that they almost all foresaw a need to employ more staff in the future. This is perhaps not surprising given the current rate of increase of urban populations of around 5.2 - 5.7%. Nevertheless, it highlights a clear need. What was more surprising was that most employers (and brokers) indicated that the number of potential employees was much less than the number of jobs available.

This response must be understood in the context of the term “potential employee”. When asked what qualities employers looked for in employees two aspects stood out. The first was that employees should possess the skills necessary to do the job, and the second (noted by over 90% of respondents) was that they should be “trustworthy”. The term “trustworthy” covered a variety of aspects including not only that the employee should not be looking to steal money or goods from the employer, but also reliability in terms of turning up to work regularly and on time, consistency in terms of competency and standard of work and being committed to the success of the business.

Figure 1: Training needs of women employees as reported by employers.



⁹ This was the situation in Mekele, further investigation is needed to confirm whether or not it is true of other towns such as Gondar or Woldiya.

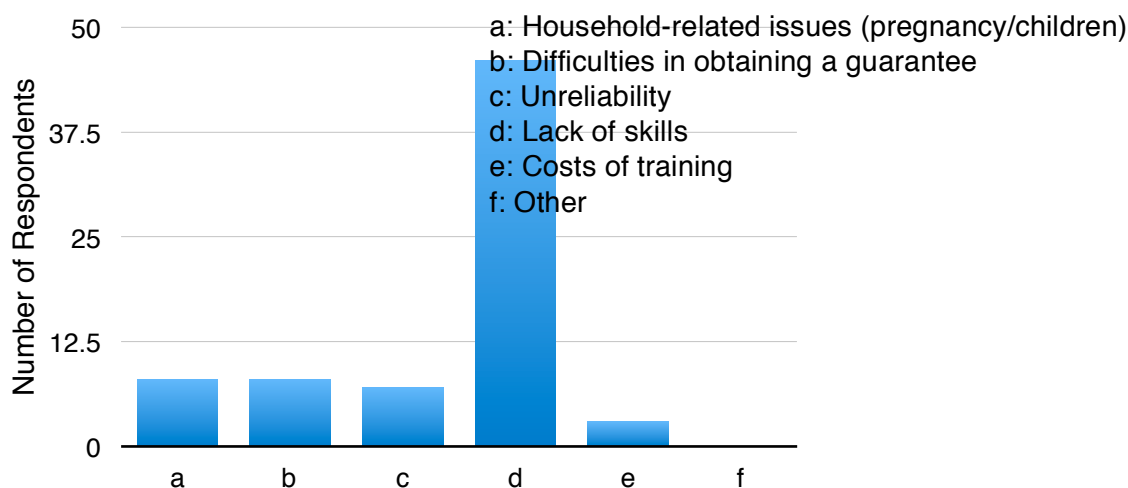
A third, but less emphasized important quality was that of personal behaviour and attitude, which was considered essential for some service positions (especially in restaurants, and bars, coffee shops, and hotels) and was noted to be inadequate in many cases.

The survey of employers of women reported that without exception, all 50 respondents considered that their employees would benefit from further training, showing clearly the how considerable need “on the job” training in a number of areas.

As shown in Figure 1, the training needs that are required by employers include not only greater technical proficiency, but also (and more frequently reported), customer service skills, and communication skills (both written and oral). Personnel management also ranked almost as highly as technical skills. There appears to be a definite need for training in such areas, that is not met by the TVET institutions, but which could be provided by a brokers’ association supported by an ongoing project.

Employers of both men and women highlighted the need for skills development in the list of challenges that they faced when employing staff. The survey of employers of women placed this above any other challenge. Less than 25% of respondents found any other factor to be significant. Interestingly, reliability was not a major issue in this survey, although a similar characteristic - trustworthiness was the greatest issue in an earlier more general assessment. This may reflect a difference between men and women as employees. Certainly in the same survey of employers of women, loyalty was observed to be the most common characteristic shown by employees. At the same time, experience was a very limited characteristic as was creativity and multitasking.

FIGURE 2: CHALLENGES FACED BY EMPLOYERS (OF WOMEN)



The interpretation of characteristics most shown by women employees may be ambiguous, but the fact that out of 50 respondents, only 2 considered their employees performance to be insufficient, suggests that loyalty, an understanding of the commercial world, adaptability and an ability to speak well were the most important characteristics of employees who were valued by their employers, and by implication, the most important characteristics that employers might look for in staff. Amongst these, it can also be inferred that loyalty would be associated with reliability even though unreliability was not considered to be a major problem.

FIGURE 3 MAIN CHARACTERISTICS SHOWN BY WOMEN EMPLOYEES.

The other aspect of employment that employers emphasized was the long-term nature of the positions vis a vis the short-term commitment that was characteristic of many employees. Frequently employers noted their frustration that staff would be taken on and trained in a position only to leave within two or three months. The initial training period generally represents a time when new staff are less efficient as they learn to operate within each unique work environment. As such it represents a major investment by the employer in the new employee, in terms of not only training, but also revenue foregone. Nevertheless the temporary nature of most employees commitment appears to be a common complaint amongst many urban businesses and may be one reason for the poor attitudes towards employees reported by some youths.

In these aspects, small businesses differentiate themselves from the factories employing thousands. For the latter, employees are in many cases substitutes for machines and aspects such as trustworthiness are of secondary importance. Indeed, for many larger businesses, labor is a cost to be minimized and access to a liquid labor market where employees regularly leave or become available might be considered beneficial, allowing labor costs to be matched to current demand. By contrast, small businesses look to develop new labor capacity to the point at which it becomes useful and then to retain that capacity. For small businesses, if adequate technical skills are considered a *sine qua non*, then it is reliability and trustworthiness that are most important to employers. More often than not, small businesses are looking for new staff who can work in a flexible manner as part of a team to which they are committed rather than simply fulfilling a specific set of duties. They hope (and it is in their business interests) that such new staff will develop within the company over the long term to justify the initial investment made in them.

Brokers: Brokers are important stakeholders in the employment business. Formal brokers are licensed by the government and obliged to work from fixed premises. Informal brokers operating without a licence use mobile phones and have no fixed place of business. Interviews indicated that their modes of operation were quite different. In Mekele, informal brokers tend to frequent the area surrounding the bus station. They approach young people arriving in town looking for work and offer their services for a fee. (Generally half a month's expected wages, or in the case of Mekele, ETB 200). Services could range from the contact details of potential employers, to the full brokering of a contract of employment, but are more commonly restricted to the former. By contrast, the licensed broker's client is the employer who will approach the broker looking for staff and will pay a full months wages for the service. Potential staff visit the broker's office where they are registered and then placed in suitable jobs as they become available, without cost. The licensed broker is responsible to the employer for the quality of the staff provided and in the event of dissatisfaction, will try to resolve any issues, including finding replacement staff if necessary, and undertaking arbitration and reconciliation services including legal action in extreme situations.

Both the formal and informal brokers provide useful services. Young women in Wag Hemra reported that the informal broker can considerably reduce the time taken by a young person to find work (which would otherwise average about one week, but can be reduced to a single day), but that is all. The formal broker can provide the same service, but with the added responsibility to the employer that the staff will be capable of working as required. This may involve

subsequent arbitration and even the substitution of new staff. The function of the formal broker is clearly the more complex and potentially more equitable.

In Mekele the formal brokers who were contacted estimated that there were about 10-12 licensed brokers in the city and many more informal brokers. Informal broker numbers fluctuated according to demand with the peak period (and peak number of informal brokers) running from February to April and the slackest month being October. The brokers interviewed reported that they individually handled about 25-35 employment contracts per month, or in total about 3,500 - 4,000 contracts per year.

Formal brokers complained that while they were abiding by Government regulations, they received little support from Government and were instead obliged to incur higher costs to maintain their premises to an approved standard (including toilet facilities), while no action was taken against informal brokers. They wanted to form some form of network or association that would allow them to standardize their operations and would potentially increase their efficiency, and were looking to government to assist them in this, but without result so far.

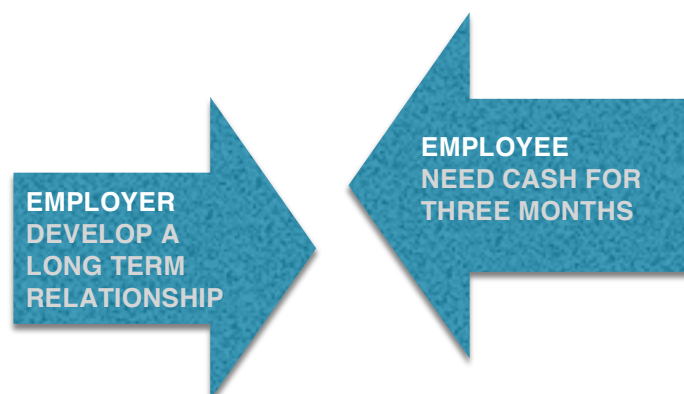
Brokers also complained of unrealistic expectations and of poor practices by employers. Domestic staff in particular were vulnerable to poor treatment. The fact that an employer was obliged to pay a month's salary to the broker sometimes meant that they would not allow the domestic worker to leave the premises for at least three months (in order to cover the costs of their investment). Fear of theft was another cause of similar restrictions. It might be possible to implement a system of insurance amongst brokers to reduce the concerns of employers, but this would stand little chance of success unless it could be linked to employee remuneration. In some cases, employers would resolve the issue themselves by (illegally) withholding a domestic servant's wages as insurance against theft. A more sensitive approach might be to develop a savings system to which an employee would be obliged to contribute, but which would also stand as guarantor for the employee.

There was a general concern that on the one hand, employers complained too much that the broker had misrepresented the skills of the employee, while on the other, the employee was not always truthful about their own capabilities. There is a system according to which domestic staff are graded at one of three levels: (1. capable of undertaking all five types of activity within the household proficiently, 2. capable of undertaking at least two types of activity proficiently and 3. Not yet capable of working at any activity without supervision), but this is simplistic and open to interpretation. A greater degree of standardization would be beneficial to all parties not only with regard to domestic service but in all other trades.

General observations: It is important to note that the issue of staff turnover appeared to be unrelated to the source of the worker, neither urban nor rural workers but young people in general were singled out for criticism. Similarly, there appeared to be no consensus amongst employers as to whether urban or rural employees were better technically skilled, socially skilled, harder working, more ambitious or more demanding.

Nevertheless, interviews with urban employers highlighted a key disparity between the expectations of employers and employees with regard to the employment transaction. On the one hand, employers are mainly looking to fill a gap - either in their lifestyle (for the employment of domestic staff) or their business. They view the employment transaction as part of a progression in which an initial assumption of risk and investment in training will result in greater

efficiencies or profits down the line. On the other hand, employees from rural areas have little



consideration of risk or investment and are mainly looking to fill a gap in their cash flow. They do not foresee any element of progression, but rather a short term hardship to be endured *before returning to their original way of life*.

FIGURE 4: DISPARITY BETWEEN EMPLOYERS' AND EMPLOYEES' EXPECTATIONS OF THE EMPLOYMENT TRANSACTION

This disparity lies at the heart of the current urban employment issue. It is one reason why both employers' and employees attitudes to youth employment can sometimes degenerate into cynicism and can be a driver of the poor conditions of employment noted by some youth. It is also a key reason why urban employers are complaining that they cannot find enough staff. Most importantly, it is the reason why many young people appear to be mired in the trap of perpetual temporary migrant work, that provides little in the way of benefit beyond survival in an alien environment, when resources at home are inadequate. This disparity is reinforced by the strong community traditions, ties and other responsibilities that dominate the mindset of many rural youths. For them the eventual return home each year is a recurrent inevitability.

It is tempting at this point to suggest that to return home is the more desirable solution and that GoE and NGO resources should be dedicated to improving the rural livelihood so that such migration is not necessary. This ignores the situations discussed at the outset of this report, namely that the agricultural carrying capacity of the land in Wag Hemra is inadequate to support a greater population and that business development in a rural vacuum is leading nowhere. Currently the young people of Wag Hemra are in a state of transition that will ultimately see a large proportion moving permanently to towns to find their livelihoods. At the moment however, tradition and the needs of their families still bind them to their rural communities, but those traditions and ties commit them to livelihoods that are quite literally "going nowhere". If they were able to commit to an urban livelihood, the currently expanding urban markets for employment, provide opportunities for personal and economic growth and development that potentially exceed those to be found in rural areas - especially for those who prefer to work for a wage or salary.

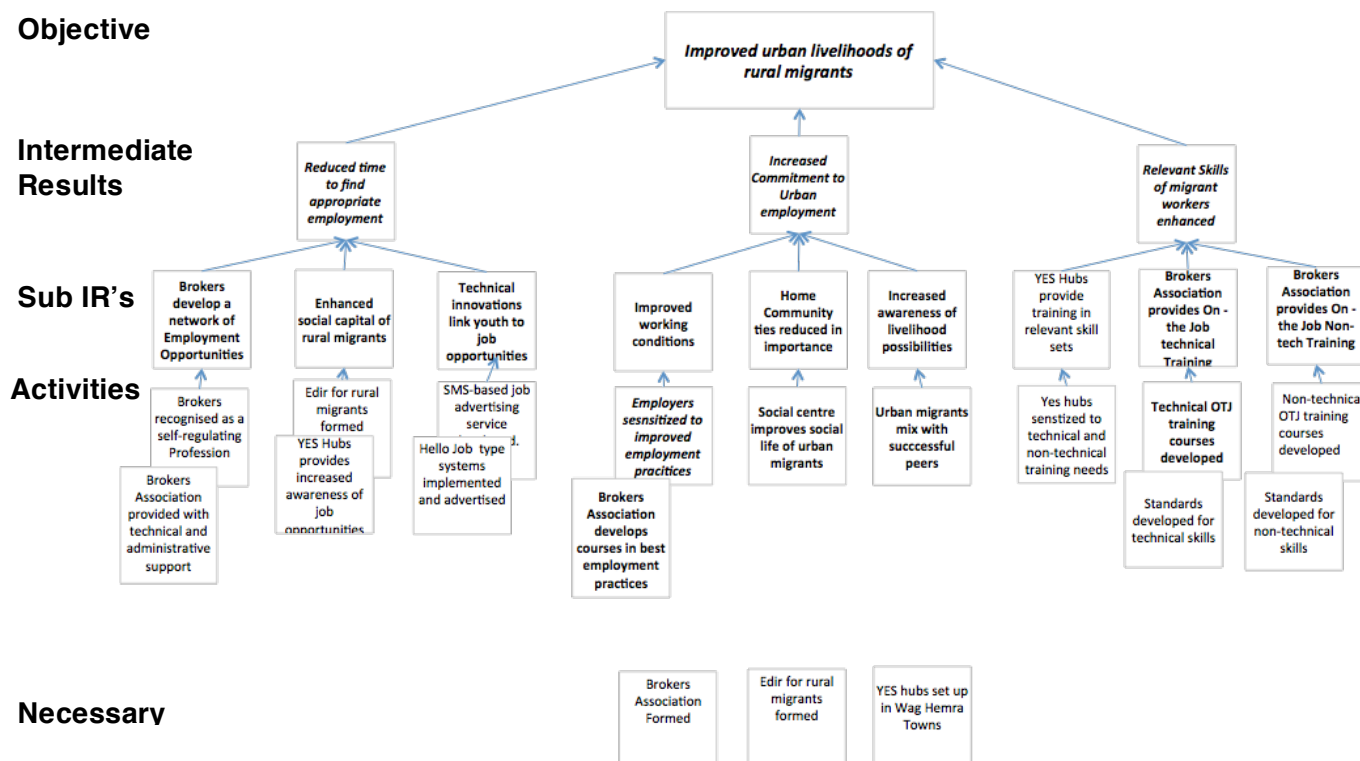
Logical Framework Analysis

The preceding observations highlight the issues facing both employers and employees in the development of urban employment. Briefly these needs can be summarized as :

1. From the employee's perspective:
 1. The means to find a job (social/formal network or other mechanism).
 2. A job that pays enough to survive in an urban environment.
 3. Board and lodging during the initial period of finding employment.
 4. Training in the skills relevant to their job.
 5. Due respect from employers (absence of abuse).
2. From the employer's perspective:
 1. Adequately skilled employees (technical skills).
 2. Adequately trained employees (other skills - customer service, organizational skills, etc).
 3. Reliable employees that justify investment in training and development.
 4. Employees who have the necessary attitudes and personal behaviours required of their positions.
3. Most NGOs would also suggest that potential employees would benefit from the provision of health care counselling and/or services as well as assistance in financial management/savings and possibly other services (such as business development). In practice these were rarely mentioned by either employees or employers, even though their provision might be extremely beneficial.
4. The need that was not expressed by any party is the need to achieve congruency between the expectations of the employers and those of the employees. At the moment, there is a clear gap between the needs of employers seeking to invest time and money in training employees to fit the employers' operations, each of which will be unique, and the needs of the employees who are seeking short-term employment to avoid temporary hardship at home.

The issues expressed by both rural youths, urban employers and other stakeholders were listed and categorized in the form of a problem tree which was then inverted to develop the logical framework shown below.

Logical Framework:



The logical framework highlighted three potential pathways that would lead to intermediate results which will in turn enhance the urban livelihoods of rural migrants, namely:

1. Networking,
2. Changes in attitude and ,
3. skills development.

The three pathways reflect the needs of the stakeholders, but are not independent of each other. Indeed, in terms of programme development, they are based upon the formation of three institutions, each of which will contribute towards each of the three pathways. The basic interactions are described below:

1. **YES Hubs** - formed in each of the main urban centres in Wag Hemra - will contribute to networking and to skills development.
2. **Brokers Associations** - formed in the main destination towns - will contribute to networking, to changes in attitude through the development of standards of employment and to the development of skills, through standards and on-the-job training. The creation of a network between brokers could also create greater efficiency in terms of communicating job opportunities to multiple candidates (and vice versa). There are a number of substantial advantages to be derived from the formalizing of a brokers' network. Nevertheless, it does place the broker in a position of power with considerable rent-seeking opportunities, and for this reason, such a development needs to be carefully considered. In some cases, when professional associations have looked for exclusivity without regulation, their costs have escalated dramatically. To avoid this it will be necessary to cooperate with government to

develop a legislated framework to monitor and set fee levels if the brokerage system is to be developed.

3. **Migrant community Social Centres** - formed in each of the main destination towns - will contribute to networking through the development of social capital, to changes in attitude through the creation of an enhanced social environment and to skills development through referral to either YES hubs or on-the-job-training.
4. A fourth institution that would lead to another intermediate results was also considered namely the development of **hostels** designed to provide initial support to new migrants. Programs that have successfully provided board and lodge to job seekers have been designed for the last 50 years or more, and it was expected that such hostels might usefully improve the conditions faced by migrants as well as acting as potential points of attachment for employment networking on the one hand and training on the other. Nevertheless, responses of migrant youth suggested that the provision of initial board and lodge is probably not a critical component of a programme such as this. The hardship endured during the initial job-seeking process does not appear to be an unacceptable barrier to most of those interviewed. Nevertheless, a hostel-type institution might be of significant benefit under specific conditions and particularly for women. This aspect of the program was not developed further, but further assessment might be warranted. If necessary, a hostel service for migrants could be developed either as a standalone institution or under the auspices of the Edirs.

Each of the pathways are addressed in the table of activities and results, shown below:

	Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Strategic Objective	Improved urban livelihoods of rural migrants	HICE data, Rural and Urban population data	CSA HIES, HEA Surveys	Political support Local community support Continued urban investment and growth
Results	1. Reduced time to find appropriate employment 2. Increased commitment to urban employment 3. Relevant skills of migrant workers enhanced	Unemployed urban migrant data Average timespan of employees' urban residence Employer satisfaction data	Specific survey Specific survey Survey of employers	Employment opportunities exist Local communities allow commitment Training courses meet employers' needs

	Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
Sub Results	1.1 Network of employment opportunities developed amongst brokers	Existence of network system	Programme reports	Brokers willing to adopt network
	1.2 Social capital of urban migrants enhanced	Employee data	Specific survey of migrant workers	Migrant workers willing to participate in social centres
	1.3 Technical innovations link youth to employment opportunities	Installation and implementation of technical innovations.	Programme reports	Youth and employers willing to participate in new approaches to finding employment/employees
	2.1 Improved working conditions	Employee data	Specific survey of employees	Employers accept need to adopt improved employment practices
	2.2 Reduced community ties	Migrant residence data	Survey of migrant population flows	Local communities do not resist delinkage
	2.3 Increased awareness of urban livelihood potential	Migrant data	Survey of urban migrants	Sustainable urban livelihood opportunities exist
	3.1 YES hubs provide training in rural areas	Training attendance	Programme reports	Trainees attend
	3.2 On-the-job training in technical skills provided through BAs	Training attendance	Programme reports	Employers participate in development and use of OTJ training courses
	3.3 On-the-job training in non technical skills provided through BAs	Training attendance	Programme reports	Employers participate in development and use of OTJ training courses
Implementation	Activities	Means	Costs	

	Intervention Logic	Objectively Verifiable Indicators	Sources of Verification	Assumptions
	1. Brokers' Associations formed and provided with necessary technical and administrative supports 2. Edirs (Social Centres) set up and provided with necessary administrative support and finance .to acquire assets 3. YES Hubs set up and linked to employers	Brokers' organization and programme support Migrants in urban areas, programme support and programs finance. Urban employers, programme activities.	To be determined	

The final program design requires activities to be undertaken not only within the original target area (Wag Hemra), but also beyond, in the various urban centres to which the youth of Wag Hemra migrate to find work. In this case, it is recommended that activities are also undertaken in Mekele, Woldiya, Bahir Dar and Gondar. Addis Ababa might also be considered. As such, this program is of a more complicated design than many and while it does have a specific geographic focus, its ultimate effect will extend far beyond the original area.

Target group: Given the current situation in which the majority of young men in Wag Hemra that undertake temporary migration do so to find agricultural work, it is not expected that so many will yet be found in urban centres. Although there are groups of young men walking around the main towns looking for work, they represent a smaller proportion of the migrant population than do the women, for whom rural work is less attractive and who therefore move predominantly to towns. Hence it is recommended that this project should focus predominantly upon women aged between 18 and 30 who are migrating to urban centres seeking work.

Most of the activities designed to address the issue of urban employment have already been undertaken in existing projects, and it is not the intention of this analysis to repeat their successful designs in detail here, but rather to note that they are an essential part of the overall program required to facilitate urban employment.

Achievement of Intermediate Results

The pathways leading to the three intermediate results are described in more detail below

Skills Development: Almost all responses from both employers and youth emphasized skills training, increasingly on a demand-driven basis, in order to be able to secure a job. The activities needed to provide these skills are already well designed within programmes such as POTENTIAL. The formation and development of YES hubs is a process in which STC is already well experienced. These cover not only technical skills, but behaviours, and response to the realities of employment. This is a critical area, both domestically and overseas. To a certain

extent, programs such as POTENTIAL do address this need, which relates to such issues as reliability, punctuality, personal hygiene and other aspects that are peripheral to job skills, but essential to successful employment. Nevertheless, there is a need to broaden the scope of such training to include the specific issues associated with overseas employment. In particular, it is important to sensitize all women who may be opting for urban migration to the different options available, including overseas employment, and to indicate the risks and likely outcomes, based upon experience to date. Trainers should include those who have first hand experience of overseas employment and can emphasize the high risk/high return aspect of this course of action. Furthermore, overseas employment, especially in the Gulf States should be understood within the context of a range of employment opportunities including not only local employment, but also more remunerative employment in other countries outside the Gulf (including Europe and North America) that may offer higher rates of remuneration under more amenable conditions.

Although much is being done already, responses of employers strongly suggest that training needs go beyond technical skills and that additional training in areas such as customer service, communications and personnel management are also necessary, even amongst existing employees. It is suggested that the experience of the YES hubs should be utilized to identify non-technical training needs and develop on-the-job training systems to address those needs. Such systems could initially be subsidized to promote the investment by employers in their employees through the provision of additional training in these important aspects of the workplace. If effectively designed, they might ultimately be offered at a commercial cost.

This assessment was originally tasked to consider different forms of on-the-job training (such as internships, apprenticeship schemes or day-release courses) and determine which might be most effective. It was discovered however that the concepts were not readily understood by employers and that little useful information could be gathered without a lengthy explanation that was not possible in the course of short interviews. Accordingly it will be necessary for those developing such training to investigate the most appropriate mechanisms more fully as part of the programme itself.

One aspect of any type of training that currently gives rise to confusion is the recognition of common standards of skill level. Employers are not able to predict with any certainty what capabilities a future employee might possess. This contributes to high rates of staff turnover. At the same time, employees are not always certain what might be expected of them and are often unaware of their deficiencies - especially in non-technical skills. A system of common standards would considerably facilitate the process of placing employees and reduce staff turnover rates accordingly. This could be expected to result in greater efficiency, improved employer satisfaction, and more amenable working conditions.

In order to provide both technical and non-technical training, it is probably feasible to replicate the YES hubs in the main urban centres, but it might be more useful to develop training facilities as a service to be provided by the brokers' associations. This would both strengthen the associations and provide an effective exit strategy for the programme.

Training provided through the brokers' associations could be extended to include the training of employers and the development of standards of employment beyond the legally stipulated

minimums, on the basis of increasing the efficiency and effectiveness of employees through “best employment practices”. Training in best employment practices would serve to (at least partially) formalize the employment practices associated with domestic workers and others working under similar conditions. The association with and endorsement of “best practices” by employment brokers would then strengthen their position as central, but independent agents within the employment process and would assist in the brokerage and arbitration activities that they commonly perform. In a similar manner, the employment brokers association could act as overseer of apprenticeship schemes and certification of trainees, especially in the case of trainees who were not associated with trades that were already organized to undertake such certification. In such a situation it will be necessary to develop the standards necessary for such certification as well as the various mechanisms through which certification might be recognized and conferred.

All of the above activities serve not only to enhance the skills of employees, but to formalize the process of employment in a manner that is beneficial to both employee and employer. Such formalization can be expected to contribute towards a change in attitude amongst both parties to each other and to the brokers that can play a central role in the relationship.

The development of skills by employees is probably the single most contribution of a programme such as this towards improved urban livelihoods. It is evident however, that the process need not be housed in a single institution (such as the YES hubs), but can be associated with others such as brokers (as recommended here) other training institutions and even social institutions as described below.

Networking: The development of a network of employment information is an essential aspect of the program that should be undertaken through a multiplicity of channels. Networks should exist amongst brokers, between brokers and Edirs, between Brokers and YES hubs and between YES hubs and Edirs. In this way, the networks would extend not only amongst destination communities, but between destination and Wag Hemra communities as well (through the YES hubs).

Networking amongst brokers currently occurs only informally and to a minimal extent, although there is a general recognition of its potential value to their activities. The formation of a brokers’ association would allow the Social Transformation Programme to develop an SMS/internet based network for the association that would multiply the number of both opportunities and candidates available to fill them. The technology for such a system already exists including database designs that are self maintaining so that subsequent technical maintenance requirements are minimal. All or part of the information held within such a database could also be shared with YES hubs and Edirs to extend the reach and impact of the system. In addition to such a shared database.

Technical innovations have been implemented in a number of countries, including Syria and Rwanda using SMS and internet together to store employee data as well as employment opportunities and to broadcast each to suitable candidates. In Ethiopia, the “Hello Job” system is working in this direction with some success, but it is possible that other approaches using similar technologies but in different configurations that have worked elsewhere might also be considered.

It is also possible to develop a short term system of information sharing that would allow employers looking for casual labor to find migrant workers more rapidly using a simple SMS network. This would be based around a much smaller database of workers who would register their phone numbers upon reaching a city. Employers seeking labor would phone or email their requirements to a central (manned) terminal from which bulk SMS messages could be sent to all registered workers informing them of each opportunity as it arose. Such systems have been effectively implemented in New Delhi to reduce the search times of migrant workers. Nevertheless they are more focused towards casual labor placement and do not necessarily contribute towards the social transformation that this programme seeks to achieve.

Changing the paradigm of temporary employment: While the above inputs are essential to the facilitation of urban employment, they do not support the paradigm shift necessary to move from temporary migration to long-term urban livelihood. It is that change more than any other that underpins the transformational move away from rural poverty and into a world of elevated potential. For that reason, this third element of the program design - that of a change in attitude that results in increased commitment to an urban livelihood - is essential. This pathway depends upon changes in attitude on the part of both employee and employer. In the latter case, employers will need to shift from considering employees as short-term labor that can rarely justify investment, to an appreciation of their value as an asset that can be developed through appropriate training and management. Many employers would prefer this latter approach, but at present a significant number report that they operate more under the former conditions.

Nevertheless, it is the shift in the attitude of the employee that will be the primary driver of social transformation, namely the shift in mindset from one looking for temporary employment to meet a short-term cash-flow deficiency to one looking for long-term employment to achieve personal development beyond that which can be achieved at home in a rural community.

It is that change in attitude amongst rural migrants seeking urban employment that is the essence of transformational change. Without it, any program no matter how well managed will perpetuate the short-term employment paradigm that has existed in Wag Hemra for at least 13 years. This change is inevitable. Every society (including most recently Chinese rural society) has seen people move from the rural to urban environments as part of the process of industrialization. In Ethiopia that same transformation appears to be driven more by the needs of a growing middle class that seeks to enjoy as many of the benefits of modern society as possible and is prepared to work to do so. Dual income urban families are becoming increasingly common and the services that they require both within the household and outside of it are creating an expanding market. As a result, the expansion of hotels, restaurants, retail outlets and other service sectors is now accelerating and opportunities for urban employment are growing. Rural youth can respond to this expanding opportunity by adopting a longer term mindset to urban employment, or they can continue to focus upon short term work. The former alternative can lead to a stronger and more effective working relationship with employers that should ultimately lead to increased efficiency and remuneration, albeit at the social cost inherent in relocating from a rural to an urban environment. The latter response will ultimately result in youth being crowded out of the market by more expert and committed employees so that while they may continue to find some short term work, opportunities may be more limited and less well remunerated.

As discussed in the narrative, those seeking employment in urban centres tend to group together both in their search and in their social life after work according to their original

communities. This grouping is the beginning of the social change that is the one of the key elements of this project, namely the creation of a social environment that is conducive to a long-term existence in an urban centre. There are at least two aspects of this social change that can drive the change in attitude. On the one hand, there is the amenable environment of similar migrants from the same home area that can serve as a stepping stone into a more alien (urban) world. Such an environment can be both a useful retreat as well as a point of departure. It can provide a link with the traditions and culture of home as well as the information and experience needed to cope under new and potentially strange circumstances. On the other hand, there is exposure to peers who have already adapted to and benefited from long-term urban employment. Such people will have migrated to town in the past, have taken up employment and have remained to enjoy a higher standard of living than they might expect if they had returned home as most migrants currently do. These successful adaptors serve both as examples of what might be achieved, and as guides to achieve it. Their inclusion in the social environment is critical to the change in attitude that is required.

Both of these elements should be present in the Edir - the institution favoured as being most appropriate to support that change in attitude and which needs to be developed as part of the Social Transformation Programme.

Institutional Development

The following section discusses the three institutions whose creation will form the basis of the Social Transformation Programme, namely the rural YES Hubs, the urban Social Centres and the Brokers' Associations. These three pillars provide points of attachment for different activities, all of which are designed to achieve the results shown in the log frame that will lead to the achievement of the three IRs and the ultimate objective of enhanced urban livelihoods for rural migrants.

YES Hubs

The POTENTIAL program has already demonstrated the effectiveness of the YES hubs as institutions that can provide both technical and non-technical training as well as a point of liaison with employers. The existing program has the experience and expertise to replicate these hubs at key urban centres in Wag Hemra, notably, Sehala, Ziquala, Abergele, Tsetema and Sekota itself. Given the remoteness of the villages in the area, it might also be worthwhile to set up "pop up" YES hubs, that are staffed and open at weekends - or given days - only, using community or GoE facilities for a short period in the more remote areas. The YES hubs envisaged under the Social Transformation Programme would not necessarily provide all of the services currently provided under POTENTIAL, but would focus on demand-driven training in technical and non-technical skills as well as the communication of employment opportunities fed to them from the brokers network. Importantly, these YES hubs would not focus at all on the development of small businesses or entrepreneurial skills. Employers have reported that commercial skills are clearly necessary for employees and these would be taught, but the focus of the training would be upon employee skill sets rather than upon business development.

It is not proposed to enlarge further upon the creation or development of YES hubs, since adequate (and probably the best) experience already exists within STC that is much more aware of the issues, concerns and processes than any other party.

Social Centres

Remuneration alone is not sufficient to encourage migrants to stay in their work environment. Indeed, the situation may be a classic case of “negative slope of supply” according to which the supply of labor may actually decrease once remuneration has surpassed a certain level if the rural home environment is considered more amenable than the urban work environment. Instead, what is required is the creation of a social environment based around the culture of the rural community, which can substitute as a “home away from home”.

There are many examples of such environments throughout all countries to which people have migrated. In most cases migrants have coalesced around a social centre that is specific to their original culture. Religion can play an important role in this process, but this is not always the case and in many instances it is language and tradition that are the main ties. Nevertheless, the environment is generally centred around a fixed meeting place (not always specific to the purpose) where migrants know that they can socialize with others of their own culture and community.

The other key element of the project is the presence of peers within the social environment who have succeeded in making the transition between temporary migration and long-term urban employment. Such people are critical as examples for new arrivals who can not only learn the skills needed to survive and enjoy an urban environment, but can also see what sort of future is possible under such circumstances. Those who have adapted successfully to an urban existence serve as role models for those who might otherwise be satisfied with the more conventional route of temporary employment.

The development of a civil society organization that can meet the needs outlined above requires investigation of the existing social environment and assessment of pre-existing communities. Often, these will already exist in varying states of organization. The social aspect of the project is definitely not something that can be developed without first assessing the existing situation. In doing so, the project should: a) focus on social groups that have a long-term existence, although these may not exist, in which case it will be necessary to work with the communities of migrant youth, which experience suggests will almost certainly exist, but will be of a rudimentary and temporary nature and b) Try to find umbrella groups that cater for the whole migrant community from Wag Hemra, rather than just one woreda. In this case, the most likely common feature would probably be the speaking of the Amtigna language, but other factors may be equally or more relevant.

Three key issues are:

1. To establish a juridical entity that can act on behalf of the migrant community
2. To establish a physical meeting place. (An online presence can also be useful - especially as a means of advertising the community to young people, but cannot replace the physical meeting place).
3. To identify and recruit the best people to take ownership of the entity once it has been formed.

1. Juridical Entity

A number of different juridical entities could be used to represent the migrant community, but probably the most appropriate for such a CSO is the *edir* which may be registered under the Ethiopian Charities and Societies Agency. *Edirs* were originally formed to support bereaved families in the costs of mourning, but have developed far beyond this to now undertake a range of financial and social functions. The Ethiopian societies of Seattle in Washington and of Sydney in Australia are both formed as *edirs*. The constitution of the Seattle *Edir* is appended

Members of the *edir* normally pay a subscription that used to fund the operations of the association (as well as a being a savings fund to be drawn on to meet funeral costs). It is recommended that this process should be subsidized on a declining basis during the first two years of operation. It is recommended that new members should be entitled to free membership for the first year after registration. This will allow newly migrating youth to enjoy the benefits of the *Edir* at a time when they would otherwise have limited disposable income.

Inevitably, the *Edir* will undertake a savings function, but the project specifically requires the encouragement of other functions. First and foremost, the *Edir* must serve a social purpose. A physical meeting place will greatly enhance this function, and while not absolutely critical, is a key aspect of the project (see below). It is expected that the social purpose will focus on eating, drinking, recreation (television and dancing) and sports. The necessary licenses to accommodate all of these activities will be eventually be required, although initially it may be possible to undertake them on an informal basis. Other social functions may be identified according to the needs of the community. The essence of the project is that it should not be prescriptive and that as long as proposed activities serve to enhance the social lives of the members of the *Edir*, then they should be considered.

It is expected that the financial function of the *Edir* will be expanded beyond the funereal to accommodate general domestic savings (e.g. to meet the costs of driving lessons). In addition, the *Edir* may provide financial management assistance, health and family planning counselling as well as employment networking, and business readiness and on-demand skills training. All of the above functions may be provided by the project on a subsidized basis using the *Edir* as a point of attachment. In each case, it would be preferable that the additional functions should be demand driven and that some element of the cost should be born by the *Edir* members.

2. Meeting Place

A physical meeting place would ideally be purchased or built on purchased land, but may initially be rented. It is expected that the project will meet the initial rent costs and/or to assist in financing the purchase or building of a meeting place. It is expected that premises will initially be rented on a once or twice per week basis until numbers justify the acquisition of space that is available all the time. It is expected that the project will take the lead in renting part-time space, but that full-time space will be leased by the *Edir* with the project's assistance if required. Indeed the commitment to lease space full-time should not be made until there is a parallel social commitment to form and register the *Edir* so that it can enter into such a transaction.

The ideal meeting space should have the capacity to accommodate meetings (ideally more than one) and both drinking and dining facilities as well providing enough space for dancing and recreation. It will require staffing, (although the drinking and dining facilities can be leased out at

a profit to an external company) and this can be undertaken on a voluntary basis by one or more *Edir* members. Maintenance costs will also be incurred. It is expected that all of the above will be ultimately met by the *Edir* as a self-sustaining body, but that initially the project will subsidize these costs.

3. Recruitment of Role Models

More important than the meeting place however are the people who will lead and run the *Edir*. A key aspect of the project is that migrant youth should be exposed to the company of people from the same community who have adopted a long-term urban lifestyle and have become successful in their chosen environment. These people can serve as role models for new migrants, as examples both of the lifestyles that are possible and of the pathways required to achieve those lifestyles. In the latter role, they can also help new migrants to navigate those pathways.

The importance of role models who can represent an alternative to a life of short-term intermittent migration cannot be understated. Those looking for wage labour do not necessarily have an entrepreneurial mindset and cannot be expected to think beyond their own experience. They need to interact with people who can act as examples to demonstrate the possibilities that exist beyond rural society. This will be achieved through the membership and especially those leading and running the *Edir* who should be drawn from the community of successful urban migrants.

This is why it is essential to undertake an audit of existing associations, both to identify those social initiatives that are already occurring that the project could support and develop but also more particularly to identify and recruit potential role models to become engaged with migrant youth. Experience elsewhere suggests that the process is not difficult and that many successful urban migrants feel some obligation to assist youth in this way. It is also not necessary (and might even be counter productive) for such role models to be leading entrepreneurs. Rather, they should represent those who have developed successful livelihoods through salaried or waged employment - the particular goal of this project.

Once these three key issues have been resolved, the projects interactions with the *Edir* should be two-fold. First, to assist it to become as self sustaining as possible and secondly to provide additional services (especially counselling and training) on an on-demand basis. It is intended that the *Edir* will become the main vehicle for the project's social development of migrant youth.

Brokers' Associations

Formal brokers are licensed by local authorities and are obliged both to pay for that privilege and to maintain certain standards of their premises as well as their businesses. In return, they look for some measure of support from the authorities, but complain that they receive none and are placed at a disadvantage with informal brokers as a result. Their apparent lack of standing weakens their positions as arbiters in the event of disputes between employers and employees, or more often, the broker that placed the employee in question. They are often claimed to exaggerate the capabilities of the employees that they place, and are obliged to find replacements without cost in the event that an employee is found inadequate or absconds. By comparison, informal brokers take a fee from employees who once they have been placed in employment, rarely hear from them again. Informal brokers enjoy virtual freedom from liability

and can lower the reputation of the profession as a result. It is because of these issues that licensed brokers have been looking to create a Brokers' Association that would formalize their position amongst both employers and authorities.

The formation of a Brokers' Association can be undertaken by Ethiopians as a "mass based association" under Proclamation 2009b. While such an Ethiopian CSO may face constraints as to external funding in some areas, (especially those related to domestic governance) it can be supported by external NGO finance for specific developmental purposes, especially those associated with the development and implementation of training programmes as well as the development of networks for the sharing of employment opportunities and potential employees.

In addition to the above, the formation of a formal Brokers' Association would provide a platform for the standardization of skills, grades and practices as well as strengthening the standing of the broker and his/her capacity to secure the necessary commitment by both parties to the employment transaction. Moreover, a Brokers' Association would play a central role in the development of standards for their own brokers fees, code of conduct, responsibilities and extent of liability.

A key aspect of the Social Transformation Programme is therefore to provide support to brokers to develop a formal association, recognized and regulated by government. The programme should also assist brokers to strengthen their services to employees and employers through the development of standards and best practices, through outreach and training of not only potential and existing employees but also employers (in effective employment practices).

Potential activities

Networking: The creation of a network between brokers has already been mentioned as a simple and direct mechanism to increase the efficiency of individual brokers by allowing them to communicate job opportunities to a wider range of candidates and vice versa. Additional opportunities exist in developing networks between brokers' associations and both YES hubs and social centres.

Development of standards: if licensed brokers were working to a common standard across the formal network, there could be a better understanding of the employee's skills required to achieve a given level of remuneration, as well as of the standard responsibilities of the employer. The concept of standardization has been central to the development of employment systems in many European countries (through apprenticeships, guilds and exams/tests of competence/demonstrations of excellence required to demonstrate experience and skill), but it requires an institution within which those standards can be agreed and set. The National Bureau of Standards lacks the immediacy and capacity to meet the evolving needs of tradespeople and it is incumbent upon local institutions that are representative of local conditions to set the benchmarks by which employer and employee performance can be judged. A Brokers Association is well placed to undertake this role.

Training: As shown in Figure 1, the training needs that are required by employers include not only greater technical proficiency, but also (and more frequently reported), customer service skills, and communication skills (both written and oral). Personnel management also ranked almost as highly as technical skills. There appears to be a definite need for training in such

areas, that is not met by the TVET institutions, but which could be provided by a brokers' association supported by an ongoing project.

It might be argued that such a training program could equally well be developed and attached to an employers' association, but there are two counter arguments to be considered. First, there are no comprehensive employers' associations that include not only commercial businesses but domestic employers. Given the significant proportion of rural migrants who work in domestic service, it would be more effective to develop a training program around a point of attachment that is actually relevant to domestic employers and employees, both of whom interact with brokers. Secondly, the role of brokers as intermediaries and arbiters in the inevitable tension (no matter how light) between employer and employee can be reinforced and strengthened if the broker is seen to be the guardian of the standards of employment as they relate to the capacity and behaviour of not only the employee but also the employer.

It is critical that such training should be demand driven. Employers commented on recent government regulations which were obliging employers to offer employees time-based contracts with stipulated minimum periods. This was being done to ensure that the students of TVET institutions should find equitable employment, while employers would prefer greater flexibility in the contracting process. Effectively, the employers are being obliged to support a supply driven system which does not necessarily meet their needs. They repeatedly emphasized their need to find and hold on to good employees, but do not want to be forced into such a permanent relationship by legal restrictions. It might be more effective to promote on the job training of employees on a demand driven basis where the skills taught are those required by employers.

Beyond the immediate impacts, listed above, the most substantial benefit of developing the brokerage system could be to provide a point of attachment to the social support program described above. The possibility of an effective nexus between the various functions of a social centre and those of the employment broker should also not be ignored

All of the above would serve to formalize the process of waged employment within a commercial and demand-driven context that would be licensed by, but independent of government.

Summary

The Social Transformation Programme proposed above is designed to assist migrant youth to adapt successfully to long term urban employment. In doing so it aims to achieve a more sustainable and enhanced livelihood than might be available to them in their rural communities.

The programme is driven by the results of the initial simple analysis that clearly demonstrates the unsustainability of the current situation in the rural communities of Wag Hemra. The programme proposed to resolve this situation is based upon the principle that training alone is not enough to facilitate the change from a rural to an urban lifestyle. A substantial shift in mindset is also required, without which the goals of employees will continue to differ from those of employers resulting in an unresolved tension in the workplace. That tension is characterized by less than optimal employer attitudes and practices, and repeated seasonal migration.

In order to overcome these constraints, a three-pronged approach is proposed, based upon the already proven impacts of YES hubs, but accompanied by a social component (the Edirs) designed to ameliorate the social conditions experienced by migrant workers, as well as the development of Brokers' Associations as a means to achieve greater formality and accountability in the labor market as well as a platform to introduce standards of performance and on-the-job training.

The proposed programme requires the development of institutions in both Wag Hemra (the YES hubs) and in the destination cities (Edirs and brokers associations). Although it may be focused upon beneficiaries in a single Zone, many of its activities will take place outside of that Zone, and even in a different Region in a separate urban environment. This reflects the location of the employment opportunities and the ultimate home of the beneficiaries, but it can be expected to complicate programme administration. In this regard it is possibly significant that a programme designed to address a quite fundamental issue facing Ethiopia's young population does not fit that well within existing NGO administrative structures. New forms of working with local authorities may be required to address what is more than just a Zonal or even Regional issue.

While the effectiveness of the YES hubs has been proven, the effectiveness of a social centre (Edir) as a means of changing attitude, and of a professional association (brokers association) as a means of enhancing performance in the workplace, are both more speculative. Much of what is proposed is unproven and as such merits pilot activities that might allow the proposal to be validated.

It is clear from the above that a number of activities are required to facilitate urban employment of migrant youth, and that many of them can be undertaken by more than one of the recommended institutions. This report has listed the required activities, but has not specified them in any detail. Instead it has concentrated on the institutional development aspects. The reasons for this are twofold. First, the activities are generally those in which most NGOs have some expertise, (especially needs assessment and all aspects of training) and it is not intended to reinvent those wheels here. Secondly, the problem facing migrant youth is a long-term issue that will almost certainly outlive an individual programme. From that perspective, meaningful solutions must be embedded in the local environment and culture, both for their own long-term sustainability and to allow the implementing NGO a reasonable exit strategy.

It is therefore proposed that the development of the three institutions should be the initial focus and that the required activities should follow, and - as noted - upon as much of a demand driven basis as possible.

All of the above is dependent upon three things. First, continued economic growth and development. This is not always a linear process and it is quite possible that stagnation may occur and with it new opportunities for long-term urban employment may diminish. At present however, such opportunities appear to be showing robust growth. Secondly, It is also dependent upon the political willingness of local authorities to permit and even encourage urban migration. This is by no means a foregone conclusion, indeed the general sentiment is against such movement, favouring instead increased rural development (which is one reason why the additional response of the "IPO"s is included in this report. It will be necessary to harness the limited political support for urban development that exists and to conduct a careful public relations campaign in order for a proposed programme such as this to actually be implemented on the ground. Finally, it is dependent upon the willingness of Wag Hemra communities to

engage with the programme. For the youth, such support is almost foregone conclusion, but for the older generation that will remain behind, such migration could well mean that supplies of seasonal labour would be diminished if the youth were to remain working in towns, and the support of the elder members of the community may well not be forthcoming. This issue has not been addressed in this report, since it was not investigated in the field, but it is necessary to flag it as an area that will require further attention before a social transformation programme can be successfully implemented.

Nevertheless, it should be emphasized that this is not a job-creation project. The process of job-creation requires substantial investment that is considerably beyond the budget of most programs. Moreover the creation of the economic incentives that would most cost effectively encourage employment has been a key aspect of most national economic policies and has yet to be determined with any degree of certainty. Instead, this project seeks to ameliorate an observed mismatch between the current needs of employers and rural youth migrating in search of employment, by creating the conditions necessary to achieve the change in attitude required to develop as a reliable employee.

“Independent Private Offerings”

Introduction

The current policy of the small scale enterprise development offices in Wag Hemra has two key aspects. First, the policy is to train youth in business and technical skills and to assist them to go into business in groups. Secondly, it is to assist, as much as possible, the rural population to remain where it is, i.e. in the rural areas. Such a policy has a number of weaknesses. First, there are a limited number of opportunities for appropriate off-farm enterprises. Those well suited to rural areas include beekeeping, poultry rearing, fishing (in the waters impounded by the Tekeze dam, and shoat fattening. Non-agricultural opportunities do exist, but most of them can be more effectively undertaken in urban or peri-urban areas where there are the necessary clients, utilities and other supports. The lack of any encouragement for the urban migration necessary for success in these enterprises means that most youth are de facto restricted to a limited menu of quasi-agricultural options. Secondly, the capital necessary for both investment and operations is limited to the relatively small loans provided by MFIs and RUSACCOs so that most enterprises are under-capitalized and thirdly, the marketing of “traditional” off-farm products is rudimentary and the remoteness of producers in rural areas can limit their access to larger more lucrative markets.

Despite the inherent limitations of traditional “off-farm” enterprises, it might be possible to enhance their sustainability if they had greater access to both capital and markets. One potential mechanism to achieve both these ends is through the introduction into the business of an investor with the necessary connections to the market. It is important to emphasize that such an investor is not merely a passive “angel” supplying capital for a return, but an active participant in the business, supplying both capital, a market and business experience.

Proposed Model

The basic model would be to transform a group enterprise of (say) ten young people working for themselves into one in which the ten people would cede 49.5% ownership of the business, as well as (a variable proportion of) its management to an investor in exchange for capital. The original owners would retain 49.5% ownership and 1% would be ceded to an independent third party (STC), whose vote would be called upon in the event of disagreement. The ceding of ownership would be based upon the original business partners’ continued employment by the business, as well as their ability to access 50% of the net profits.

Under such a model, an investor would gain access to a business generating product with a trained and motivated workforce, while the original ten partners would achieve regular employment, an enhanced market and access to 50% of the net profits from the business. They might also benefit from the management experience of the investor, although this aspect of the arrangement might vary according to circumstances.

STC plays a number of roles in such a model. These are:

1. The identification of enterprises whose existing owners would be interested in exchanging 50.5% business ownership for investment and employment.

2. The identification of businesses/individuals already involved in appropriate sectors who would be interested to invest in up-stream integration.
3. The bringing together of the two partners and brokering of an investment deal.
4. The longer term monitoring and management of the arrangement to avoid excessive exploitation by either party.
5. It might also be possible to stimulate (if necessary) investment through the provision of matching grant funding. In such a case, STC or a subcontracted party would be responsible to manage the disbursement of funds against agreed benchmarks.

Key Conditions

For such a model to be successful number of conditions must be fulfilled:

1. The existence of small enterprises willing to trade a share of ownership for capital. It is well recognized by both young people and the small scale enterprise development institutions that the supply of capital as a key element of small scale enterprise development is inadequate. The concept of foregoing an element of ownership is alien to the conventional business development model that such institutions currently propound and so some initial resistance to the concept into be expected. Nevertheless, it is possible that the young people who are struggling to make a success of their new enterprise would be more pragmatic in their decision making. Given the option of regular employment and a possible share in profits as compared with the currently common situation of limited and uncertain income, existing business owners might be quite willing to consider the possibility of diluting their ownership to increase their income. The fact remains that many rural enterprises exist that will fail to grow and will eventually decay unless they can source capital and steady markets for their products.
2. The converse of the above requirement is equally critical - namely the existence of investors who are themselves either directly or tangentially active in the value chain (necessary to provide access to markets) and who are willing to invest in upstream activities in order to secure, diversify or otherwise enhance their supply. The existence of such investors is not a foregone conclusion, but it is nevertheless reasonable to suppose that some level of interest should exist for the following reasons:
 1. Greater returns can be obtained on investments in property, but this market is now becoming much tighter as new regulations restrict opportunities.
 2. The proposed model allows investors to become involved in areas that are specific to their own business activities, thus leveraging the effectiveness of their own pre-existing investments.
 3. The model allows investors to “kick the tires” of the new business opportunity, so as to identify strengths and weaknesses of an existing business before investing in it.
 4. If a matching grant finance is provided to attract the investors, it would represent a significant opportunity to develop a business at a reduced cost.

Matching grant finance.

It might be possible to increase the amount invested in a business beyond the amount to be provided by either the investor or the pre-existing business partners through the provision of grant finance designed to match any additional finance being introduced by the investor into a

business. Thus if a business was deemed to be worth ETB one million and the investor invested that amount to obtain 49.5% ownership as a “basic deal”, then any additional funds provided by the investor might attract matching donor finance *provided on behalf of the pre-existing owners*. This would allow increased capitalization of the business while leveraging private finance. In order for such finance to be disbursed it would be necessary to:

1. Draw up a business plan specifying the levels of additional investment to be undertaken and the uses to which the additional funds would be put.
2. On provisional acceptance of the business plan, a disbursement agreement would be negotiated between the investor and fund manager specifying key benchmarks against which disbursement of matching grant finance would be made.
3. Upon completion of the “basic deal” an additional agreement would be signed against which donor funds would be committed to be drawn down against an agreed set of benchmarks to be overseen and verified by the fund manager.

For example, if an investor agreed to invest ETB one million in a fishery business and expected to spend that money on the provision of transport, boats and refrigeration equipment, that might be considered the “basic deal”. Nevertheless if the investor recognized that the profitability of the enterprise might be significantly enhanced through the development of a marketing program, then a business plan, specifying the key elements of the plan and their costs could be drawn up by the investor. In conjunction with the fund manager, the purchase of individual components of the program by the investor would be specified as benchmarks against which funds would be made available to the business on a matching grant basis. As the marketing program was carried out, so funds would be made available to offset 50% of the cost of upgrading the marketing aspect of the business.

Project Activities

The first two key activities of the project will be to:

1. Develop a portfolio of potentially viable small enterprises within Wag Hemra whose owners are interested in foregoing an element of ownership and management interest in order to achieve a secure wage income and to increase the capital and profitability of their business. This will require canvassing Small Scale Enterprise Development offices for lists of existing businesses and interviewing the young people who are involved in each one. The interview will serve three purposes: to determine their level of interest in the model, to ascertain the potential viability of the business and to allow a rough estimate of the initial level of investment required to be made.
2. Develop a portfolio of interested investors. This is a more intricate activity to be undertaken over a longer period at a number of levels. The interest of the investor community at large can be stimulated through a series of workshops as well as participation in business development fora organized by such entities as the Addis Chamber of Commerce and other chambers. At such fora, the numbers and scope of potential enterprises would be displayed in a general sense along with the scale of investments required, with specific examples being provided in only one or two cases. Nevertheless full details of all potential investments should be available for those that might have more specific requests for information. The interest of a short-list of businesses that have shown some level of interest can be further stimulated through emails, Facebook or website in order to keep investors updated on new or upgraded investment opportunities, as well as opportunities to source soft finance as and when they might become available. The interest of specific potential investors can be sustained by arranging (and financing if necessary) field trips that will allow them to assess

the businesses that they might invest in and their owners at first hand as well as gathering the information necessary to develop their own business plans.

3. At this point it is important to highlight a key area of activities that **will not** be undertaken by the “broker”, namely any aspect of business plan development that might be used either in support of a final “basic deal” or to obtain soft finance. In undertaking such activities, an investor must undertake their own due diligence and make their own assessment of the potential of the businesses and the risks involved. The broker should have no interest in “selling the investment” beyond the achievement of a sustainable and equitable business relationship and to that end should avoid any representation or involvement that might create a liability on their part.
4. Notwithstanding the caveat above, the project will act not only to bring the parties together, but will also act as an impartial mediator in the negotiation of a deal. In this context, such impartiality is nuanced to obtain a sustainable and equitable arrangement that avoids excessive exploitation. Apart from providing advice to both parties in such a way as to expose potential risks, such an arrangement can be promoted in two ways, first through the use of the one percentage shareholding that would be vested in the project and could be used to tip the balance in the event of a deadlock in negotiations and secondly by using soft funding as leverage to obtain an equitable arrangement.
5. Once the project has brought parties together and negotiated an investment in an enterprise, it will be necessary too provide ongoing monitoring and mentorship of the arrangement to ensure the security of both parties. This will be facilitated by the one percentage interest in each enterprise which, although not profit-bearing will provide the project with the right to intervene in any key voting decision where the two parties (original business owners the one hand and new investor on the other) might be at an impasse.
6. Ongoing monitoring will also be necessary to determine the success and failure rate of the investment arrangements and to advertise these results so as to either promote or (in the event of unexpectedly poor results) to discontinue such investment activities. It is expected however that positive feedback will be the more common result and this can be used to advertise other possible investments.
7. Finally, monitoring and indeed management will be required if soft funding has been used to support the business development. In this case, as described in the section “Matching Grant Funding” both negotiation and subsequent management of fund disbursement will be necessary.

Requirements.

The key factors required for a successful project of this nature will include the following:

- Knowledge of local business opportunities - this can be derived either from existing field staff, or from seconded GoE SSSED staff. In either case it will be necessary for those involved to be able to identify existing consortia of youth undertaking the different enterprises and to be able to determine their needs and level of interest in taking an investor into the business in exchange for a share of ownership. This will require close knowledge of the people involved and of their business capacity. The bankers’ principle: “know your client” will be of paramount

importance in being able to represent each investment opportunity accurately to potential investors.

- Knowledge of potential investors – this knowledge requires local experience of the Ethiopian business world. It is especially important that the investors should be more than mere sources of capital but should be able to bring business acumen and marketing potential to each of the businesses in which they invest. For this reason, it will be as important to have as sound a knowledge of the stakeholders in the relevant areas of business as knowledge of the capital markets. Indeed a viable investment may well come from a businessman who must borrow to put up the necessary capital, but who can see the potential of the business opportunity.
- Brokerage experience – this may not be readily available within the Ethiopian context, yet it is the holistic appreciation of the synergies to be gained from bringing the parties together that is the driving force behind the project. From that perspective, the brokerage function is central and all other aspects of the project flow from it. It will be critical to appoint a mature broker who has the experience necessary to act with impartiality and can protect the interests of both parties, including the failure to consummate a deal if it is not in the long term interests of both parties.
- Financial management capacity - Any entity managing the disbursement of funds should be capable both of negotiating a series of benchmarks for disbursement, and of the oversight necessary to monitor those benchmarks rigorously. If necessary this function may be subcontracted to a company with audit or financial management skills (e.g. Deloitte, KPMG, Price Waterhouse etc).

Alternative Value Chains

Frankincense/Olibanum Collection

Background

Frankincense (sometimes called olibanum) is the hardened resin collected from four main different species of *Boswellia* tree. *Boswellia sacra*, grown in Somalia and Yemen produces the highest quality frankincense. *B. serrata* is found mainly in India where its exudate is used primarily for medici *B. frereana*, grown in almost exclusively in Somalia produces Coptic Frankincense that is used mainly by pilgrims to Mecca, Finally *B. papyrifera*, found in Sudan, Ethiopia and Eritrea produces what is often regarded as the original frankincense, used domestically by churches and coffee houses alike as well as being exported as a medicine.

Production

B. Papyrifera is found in northern Ethiopia at elevations of between 400 m and 1,400 m growing on steep and rocky soils in warm, frost-free climates where the rainfall is at least 600 mm per year. The species' distribution is mainly limited to the Zones of North Gondar, North West Tigray and Western Tigray, but it is also found in the Tekeze valley that extends into Wag Hemra. The resin is extracted from the tree by making a small shaved incision from which sap will exude and solidify. This prevents further exudation unless the shaving is repeated and enlarged. A process that must be repeated between nine and 12 times during the course of a season in order to harvest up to 2 kg of frankincense per tree (although the average expected yield is only 0.5kg). Harvesting does reduce the vigour of trees and it has been considered good practice to tap trees for no more than four years and then allow a two year period for recovery. (This is reported to be happening less frequently now).

The resin is collected during the dry period between September and June. In 1990, individual harvesters in Tigray were reported to have collected between 1,000 and 1,500kg of resin annually, so that income derived from *B. Papyrifera* trees could exceed that from traditional cropping or livestock rearing under the arid conditions in which the trees were found.

In Ziqala and Sehal, *B. papyrifera* is found growing on the slopes above the columnar basalt plateau that forms the upper edge of the Tekeze River canyon. The slopes at the canyon edge are slight and much of this land has been cultivated, but slopes rapidly increase with distance from the canyon edge and the steep and stony terrain is ideal habitat for the tree. Unfortunately however, while *B. papyrifera* was once a dominant species of such environments (Figure 5), its numbers have declined dramatically over the last 20 years and it is now protected.

The harvesting of resin in protected areas is restricted by licence, but there appears to be little enforcement either of collection licensing or indeed the protection of the tree at all. Trees have been frequently destroyed as land has been brought under cultivation, or have succumbed to the browsing of cattle or goats. During harsh seasons as have occurred with increasing frequency over the last ten years, trees have been cut and sold for firewood.

Resin that is dark or contains fragments of bark is considered low grade and may often be ground to remove impurities. Light coloured “tears” of resin without inclusions are graded highest. The processing of frankincense usually involves little more than drying, sorting and grading (as well as grinding when necessary). The latter is an arduous task since most commercial grinders operate at speeds that tend to melt the resin and although low speed grinders have been developed it is often carried out by hand. It is possible to refine the product through melting and/or distillation but this is not usually required by the wholesale market. Packaging of wholesale products is simple, and woven polypropylene sacks are most commonly used on the domestic market.



FIGURE 5. WOODLAND DOMINATED BY *B. PAPYRIFERA* (NOTE LIMITED UNDERGROWTH).

Marketing

Ethiopia’s domestic consumption of frankincense is considerable since it is used daily by every church and coffee seller. One estimate made in 1990 put the figure at two million kg per year. It is difficult to determine whether this figure will have increased as populations have grown, or decreased as supplies have dwindled. Exports have however remained roughly constant at about 2,300 MT per year (2014) of which slightly over 50% is sent to China where it is used almost exclusively for its medicinal properties. Almost all of this production is derived from *B. papyrifera* and is considered to be a medium quality frankincense that is sorted into at least five grades according to its level of purity (see table below).

The domestic collection and marketing of frankincense is based upon a limited number of trading companies that specialize in gums and resins as well as individual traders who will aggregate the product and distribute it on a wholesale basis across the country. The largest company is the state-owned Natural Gums Processing and Marketing Enterprise (NGPME) which contributes approximately 40% of exports, but there are at least 30 traders overall.

Traders may buy from individuals, or cooperatives, while some trading companies may employ harvesters to collect resin from specific areas. The price paid to individual collectors amounts to approximately 20% of the ultimate export value of the product, (i.e. about US\$ 0.60/kg), while cooperatives that have accumulated significant volumes can command twice as much, suggesting that the cost of aggregation is a significant factor within the value chain. This is supported by the fact that traders can take as much as 40% of the wholesale price. Exporters who buy the product at just over \$3 per kg are able to sell it at a 20% markup.

Frankincense is normally traded in quintal sacks which a trader in a terminal market will sell to a retailer either undivided or in small amounts. The retailer will then sell to the end user in lots of one kg or more. Traders may deal with larger consumers, such as churches directly.

Approximate Wholesale Prices and Grades for Tigray type Frankincense				
Grade	Subgrade	Description	Normal Proportion	Price (US\$)
1	1A	Size: ≥ 6 mm; white	15%	\$5.00
	1B	Size: ≥ 6 mm; creamy white	5%	\$3.80
2		Size: $\geq 4 < 6$ mm; white	7%	\$3.70
3		Size: $\geq 2 < 4$ mm; mostly white	3%	\$3.20
4	4 – special	Any size; brown	20%	\$2.30
	4 – normal	Any size; black	22%	\$2.05
5		Powder and bark	0%	\$1.11
		Total	72%	
Kasha, Tefera and Fitwi: 2011.				

The lowest grade frankincense is not exported, but fetches ETB20-ETB25/kg on the domestic market. Considering all grades in proportion, the average value of export grade frankincense (wholesalers' selling price to exporters) is just over \$3 per kg and it is exported at an FOB price of US\$3,650 per metric ton¹⁰.

¹⁰ MoFED Customs data for 2014

Three wise men of unknown origin seem to have generated the common perception that frankincense is immensely valuable and indeed *B. papyrifera* incense can be purchased on the internet at a price of \$2.75 per ounce (almost US\$100,000 per metric ton). Nevertheless, the commodity is advertised (also on the internet) at wholesale prices of US\$3,500 - US\$ 4,200 per metric ton and its price is generally of the same order as that of coffee.

While there is clearly a substantial margin to be made from the process of distributing and marketing the product to homeopaths, aromatherapists and other fringe markets, the wholesale price suggests that the actual volume that can be absorbed by such markets is rather small.

Local Potential

NGPME are interested to increase the amount of frankincense that they trade. They report a general decline in *B. papyrifera* throughout Ethiopia over the last 20 years and are anxious to identify potential new sources of production. From that perspective they stand ready to assist in the development of whatever *B. papyrifera* resources exist, through the provision of training in both harvesting and stand management as well as providing a market for all resin harvested. Nevertheless, when staff of the NGPME assessed recent photographs (e.g. Figure 6 below) of the area, they suggested that while the collection of frankincense would be possible in parts of Ziquala and Sehal, the volumes obtained would be low and it was unlikely that the returns would be sufficient to justify the effort involved.

NGPME staff strongly recommended that a more detailed assessment of *B. papyrifera* density should be undertaken throughout the lower lying parts of Ziquala and Sehala before proceeding further. The Zonal Agricultural Officer in Sekota indicated that he is prepared to allocate woreda-level natural resource officers to undertake such an assessment, provided the survey costs can be met (essentially per diem and transport costs). Discussion with these officers in both Sehala and Ziquala suggested that they might need some training in the identification of the tree before



such a survey could be carried out effectively (NGPME would be able to do this).

FIGURE 6. TREE DENSITY ON THE BORDER BETWEEN ZIQUALA AND SEHALA WOREDAS.

Notwithstanding the above generally negative perspective, it is possible that a substantial project might nevertheless be built around *B. papyrifera* on the basis of future revenues and environmental impacts. The planting and regeneration of the tree could be a productive part of soil conservation programs, significantly increasing the potential future return of food for work activities beyond the benefits normally associated with contoured terracing.

Given the significant funding available for climate change adaptation activities, a long-term program that set up *B. papyrifera* plantations on terraced land could be feasible. Such a program could be developed in conjunction with a commercial partner willing to provide a reasonable price and market for the resin on the one hand and with community groups (loosely identified as primary cooperatives) of the type that have collected frankincense and sold it for a higher price than individuals in other parts of Ethiopia. Such a project would assist in the organizing of such groups and in mediating their relationship with the buyer.

The key to such a project is the funding for adaptation to climate change that is an almost universal component of agriculturally-focused program finance (especially for USAID -funded programs, but also for the EC and other donors). In this case the drought tolerant characteristics of *B. papyrifera* make it an ideal candidate for “climate smart” livelihood diversification,

especially if the initial capital costs of establishing *B. papyrifera* plantations can be financed through a donor-funded project.

Such a project is not however without risk. Regeneration rates of *B. papyrifera* over the last 20 years have been low. The reasons appear to be linked to both low vigour seed produced by trees that have been over-tapped, as well as high seedling mortality due not only to fire and grazing, but also to the competitive effects of other species, and possibly other factors. In fact, the forestry practices necessary to ensure the effective growth of *B. papyrifera* plantations are not yet completely understood. While a number of best practices can be compiled from the literature (e.g. collecting seed from untapped trees, closing up land from grazing, cutting down weed growth), there is as yet no guarantee that the application of all such practices would result in the growth of adequate stand.

Nevertheless, it is quite clear that under certain conditions *B. papyrifera* can regenerate and has regenerated well enough in the past to form the dense stands that are now rapidly diminishing. It is therefore recommended that initial and ongoing research and information gathering should be included as part of any program that might be undertaken in this area. Appropriately designed research activities can be expected to increase the probability that seedlings will germinate and grow into mature trees for harvesting. As such these activities will undoubtedly generate a cost-effective return on investment.

Conclusion

One of the main tree species that produce frankincense resin *B. Papyrifera*, is present at low densities in Sehala and Ziquala woredas. Although a more detailed survey might prove otherwise, evidence to date suggests that the tree densities are too low to generate significant or worthwhile returns from tapping activities. Nevertheless, more detailed surveys by BoARD staff are technically feasible and can be undertaken at relatively low cost if it is wished to verify this conclusion.

On the other hand, there is little doubt, given the presence of *B. papyrifera* in the area, that a program could be developed to enhance current PSNP4 food or cash for work activities through the use of “climate change” finance to support the establishment of *B. papyrifera* plantations on otherwise unproductive slopes where soil conservation works are currently being undertaken. This would lead to the development of an alternative “climate smart” livelihood ten years in the future, as well as contributing to the conservation of sloping lands.

Nevertheless, it is not a foregone conclusion that such regeneration would be immediately successful and ongoing research should be a key component of any such program if adequate stands are to be reasonably expected.




Baobab Fruit Powder (BFP)

Background

In Ethiopia, baobab tree fibres have been used locally to make rope and the fruit is used as a source of tartaric acid, as well as being mixed with milk to make a drink. It appears to have few other domestic uses. Fruit is collected on an opportunistic basis and is occasionally sold in local markets, but is more often consumed directly by those who collect it.

Internationally, baobab fruit have been used as a source of oil and most recently as the basis for a drink, either flavoured or plain, that is rich in vitamin C, anti-oxidants and fibre. Baobab fruit powder (BFP) retails in the United States at up to \$31/lb, (Figure 7) while wholesale volumes fetch up to \$27/kg (for volumes to 250 kg) or \$10/kg for volumes of 20MT or more. The market has been in existence for at least ten years, mainly supplied from West Africa into Europe, but now also from South Africa into both Europe and the United States. Volumes exported out of South Africa are unknown, but on average West Africa has supplied approximately 300t annually. The market potential for BFP is not yet known. It appears to have potential for growth,

Shop for baobab fruit... on Google Sponsored ⓘ

 <p>MRM, Organic Baobab ... \$15.18 iHerb.com</p>	 <p>Ecoideas Organic ... \$23.29 Well.ca</p>	 <p>POWBAB, Organic ... \$24.76 iHerb.com</p>
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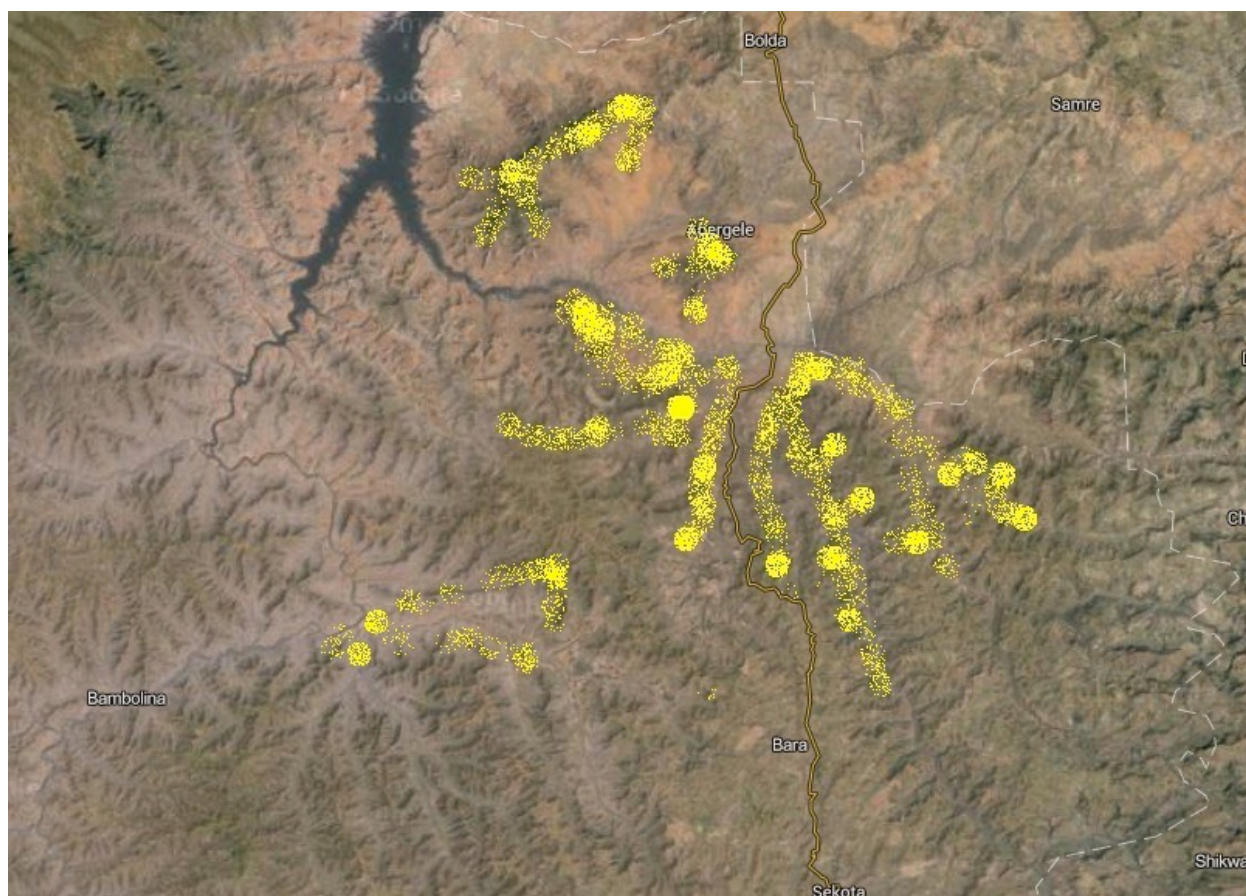
but much will depend upon the manner in which it is marketed.

FIGURE 7: SCREEN SHOT OF A GOOGLE ADVERTISEMENT SHOWING THREE DIFFERENT BRANDS OF BFP.

Baobab trees occur in almost all Regions of Ethiopia, especially below 1,500 m. The main areas within Wag Hemra in which baobab trees can be found lie in Ziquala and Abergele on the basalt plateau directly above the Tekeze river gorge, at an elevation of 1400 - 1500m above sea level.

Observations

Analysis of the area using Google maps indicates that extent of the distribution of baobab trees within Wag Hemra lies between $12^{\circ} 49' 50''$ and $13^{\circ} 02' 52''$ and between $38^{\circ} 43' 53''$ and $39^{\circ} 03' 28''$ with an outlying area to the west of Abergele. (see Figure 8). Within this area there are very few trees on the higher interfluvies, but many on the flat plateaus that run below and often surround the cultivated areas as well as the rocky slopes that lie beneath these plateaus. There are relatively few trees south of $12^{\circ} 50'$ and none at all adjacent to the southern tributary of the Tekeze that is the north eastern border of Ziquala. High densities are found throughout much of the valley of the tributary of the Tekeze that crosses the road 5 km north of the Debre Hamelmal Monastery and then proceeds first south easterly and then southerly towards Sekota. Many of the side valleys running both east and west from this tributary contain significant numbers of



baobab trees.

FIGURE 8. APPROXIMATE DISTRIBUTION (YELLOW SHADING) OF BAOBAB TREES IN WAG HEMRA

Overall, the area containing the most baobabs is estimated to be approximately 160,000 ha in extent. Of this, cultivated and interfluvial areas make up approximately 90%, so that the actual area in which most baobab trees can be found is estimated at 16,000 ha. Within that area a conservative density of 1 tree per ha has been used to estimate a total of 16,000 trees.

The trees produce fruit from September onwards. (Figure 9) The fruit dries as it hangs on the tree and falls in November/December. The average weight per fruit is 500 gm and although production may vary considerably both from tree to tree and from year to year, it is estimated to



average 200 kg, (i.e. 400 fruit per tree per year).

FIGURE 9: BAOBAB TREE AND FRUIT SHOWING LUMPS OF POWDER

The ratio of BFP to raw fruit varies by size of fruit (higher for larger fruit), but is on average 25%. An average tree will therefore yield 50 kg of BFP per year. The Abergele area can therefore be expected to produce approximately 800 MT of dried fruit powder per year. This is substantially greater than the volume exported out of West Africa on a regular basis.

Processing: BFP is produced from dry fruit which have fallen from the tree. This removes the need for artificial drying. Fallen fruit should be collected as soon as possible after they have fallen, to minimize contamination or losses from goats or other animals. The fruit is cracked open and the dry pulp, in which both fibres and seeds are embedded is removed from the furry shell. The pulp is gently pounded and then rubbed through a sieve to separate the seeds and fibres. The sieved material can then be pounded more intensely to produce fine BFP. It is estimated that at least 50 kg of raw fruit could be prepared by one person in a day.

Shipping: If moved by containerized sea freight, the initial cost of transport from Sekota to Djibouti is estimated to be \$0.15/kg. Sea freight to the US Gulf is estimated at \$0.1/kgCIF. If shipped by air, the cost of moving the material to Addis Ababa is estimated at \$0.10/kg, and subsequent airfreight to Washington DC at \$3.0/kg, which is prohibitive for wholesale volumes.

Analysis

Based on the figures shown in the table below, at a market value of \$10/kg, a price of \$40 (ETB 8040) per 100 kg grain bag of baobab fruit (expected to weigh 25kg), would allow a 20% margin to cover the costs of administration and marketing.

Costs of BFP	Cost (USD)	Unit	Cost: USD/kg BFP
Payment for fruit	40	100kg bag (25kg fruit)	6.40
Collection	100	5MT Isuzu (1,250 kg fruit)	0.32
Processing	10	day	0.8
Bagging	4	25 kg	0.16
Inland Freight	0.15	kg	0.15
Sea Freight	0.1	kg	0.1
Total Bulk Cost			7.93

Such a margin is feasible if the product is to be sold as a raw commodity in bulk (i.e without any further marketing input). At current prices of \$10/kg, the US\$0.207/kg margin would generate \$20,700 to cover marketing and administrative costs if a volume of 100 MT could be sold. This is a reasonable return for a small marketing and administrative input. Higher volumes sold would obviously generate greater profit.

The reason for setting the price of \$40/25kg of fruit is that such a price would not only be commensurate with the effort involved, but would be expected to inject about \$1,250,000 into the Abergele community, equivalent to \$25 per person (assuming a population of 50,000), or \$125 additional income per household per year. In all probability, people would collect baobab fruit for substantially less than this price. In which case, the additional profit generated from the value chain could be ploughed back into the community through other projects. Nevertheless, a price of \$40/25kg allows the collectors to benefit directly.

Nevertheless, the scenario is clearly very different to that of the \$27/kg product, (or even higher returns from the retailing off smaller volumes). These prices are obtained as a result of more intensive branding and marketing (including packaging and shipping), of the BFP as a health product. This appears to be a small market in which different producers attempt to differentiate and sell on the basis of social responsibility, environmental friendliness and perceived qualities ("naturally dried", "no ingredients added", etc). While all players are attempting to gain an edge in this market, some recognize that increasing the profile of BFP through a multiplicity of marketing channels benefits all of them and are committed to the promotion of BFP per se.

Conclusions

Essentially there are few, if any constraints to the collection and processing of substantial quantities of BFP. The estimate of 800t is deliberately conservative but demonstrates that a business might be viable even if the outlet is the raw commodity market. The challenge in this instance lies in the development of a market that can absorb the product in a value added form (as opposed to a raw commodity).

Without the capacity to add value through branding and marketing as a health food, a program to produce and market BFP as a commodity would be feasible, but the greater margin lies in the onward marketing of the raw material. If Ethiopian BFP is to achieve this greater margin it needs to establish itself within the branded market. STC can provide an innate advantage in this market since its name is strongly linked to social responsibility and any institution operating in partnership with or supported by STC would gain an immediate advantage from that.

Nevertheless, the key to the fast-tracked development of a most profitable BFP program lies beyond rather than within Ethiopia, in the selection of a partner that can network and market large volumes of the product to the niche markets. Potentially the most profitable marketing policy would be to partner with an operation with a strong network. A north american or European multiple outlet selling health foods either alone or as part of a wider range of foods would probably be the most effective partner¹¹. Interestingly, although all of the “big six” grocery outlets in the US use BFP as an ingredient in granola bars, smoothies, “fruit bites” and even baobab and onion kale chips, only one (Walmart) sells BFP as a health food in its own right. This suggests either that the market is too limited to sell large quantities of the powder alone, or that it is as yet undeveloped.

This solution may not be the best aligned with STC’s vision of corporate social responsibility, and it is equally possible to support a locally operated processing and marketing company that would first sell the bulk of its produce as raw material, and then gradually develop a network to promote niche market sales. Nevertheless, as long as the price to collectors was to be maintained, the initial returns for such a company would be small - even if 800 t of BFP were to be sold in the first year, the total amount available to cover that company’s profit and operating costs would be \$80,000 - essentially a one or two man operation. The most robust scenario undoubtedly depends upon the development of the international health food market that can both absorb large volumes and generate larger margins.

¹¹ E.g. Zehrs or Loblaw’s in Canada, Sainsbury’s or Tesco’s in the UK, Carrefour in Europe or Walmart, Delhaize, Albertsons, Supervalu, Kroger or Publix in the US)