

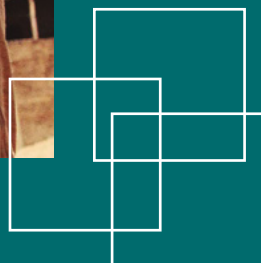
State of **SKILLS**



International
Labour
Organization



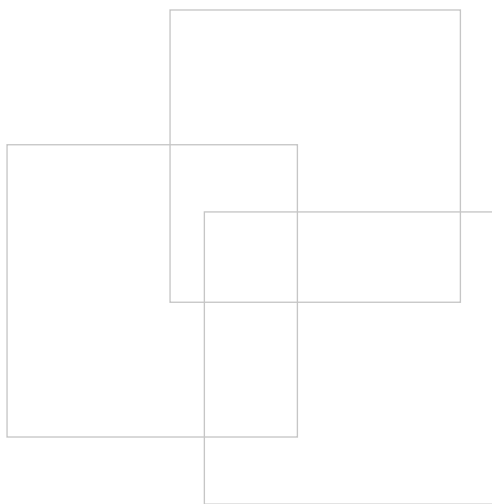
1919-2019



Ethiopia

State of

SKILLS



Ethiopia

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The socio-economic context

Despite a recent slowdown in population growth to 2.5 per cent per year, Ethiopia remains the second most populous country in Africa. With an urbanization rate of less than 20 per cent, it is also one of the least urbanized countries on the continent. The vast majority of the country's people live in rural areas. While agriculture has remained the linchpin of the economy throughout the twentieth century, its contribution towards GDP (36 per cent) has slowly receded, and has recently been surpassed by the service sector (39 per cent) (NPC, 2018).



Ethiopia has been one of the fastest growing economies worldwide in the past two decades.

Since 2003/2004, growth has averaged around 10 per cent a year (WDI, 2018). This growth spurt has been accompanied by a significant reduction in headcount poverty, falling from 44 per cent in 2000 to 23 per cent in 2016. However, economic growth is largely driven by the non-tradable sector, such as investments in infrastructure and social services. Indeed, trade's contribution to growth has declined, with the import and export share of GDP falling from nearly 50 per cent in 2010 to 31 per cent in 2017. Export has remained heavily dominated by agricultural products, such as coffee, sesame seeds, khat and livestock, with coffee alone contributing about one quarter of export earnings (NPC, 2018). While new sectors such as floriculture have become important export earners in recent years, the Government's plan to diversify exportable commodities and enhance exports from the manufacturing sector has been met by a multitude of challenges. For example, manufacturing export as a share of total merchandise export has remained at less than 10 per cent (NPC, 2018). Structural problems related to expanding supply, poor terms of trade, lack of skills, bureaucratic hurdles for customs clearance, and poor trade logistics, are often cited as important impediments faced by exporters (Gebreyesus and Demile, 2017).

Since Ethiopia is projected to become a middle-income country by 2025, its economy will have to become more diversified, with strong implications for the education and training system. Indeed, evidence from employer surveys suggests that despite increasing numbers of graduates from TVET centres and universities, employers often face difficulties in recruiting qualified staff (Abebe et al., 2017).

The Ethiopian education system has mostly focused on expanding access and increasing participation.

Formal education in Ethiopia is a fairly recent phenomenon, dating back to the nineteenth century. Due to incessant civil war, droughts and violent regime change, the sector remained weak for much of the twentieth century (Joshi and Verspoor, 2013). Since the early 1990s, access to education has increased substantially. Net student enrolment in primary schools grew from 21.6 per cent in 1995/1996 to 99.9 per cent in 2016/2017 (see Figure 1),¹ and the literacy rate reached 50 per cent in 2013 (JCC). Net secondary enrolment, however, only stood at 25 per cent in 2016. Consequently, a high proportion of the population lacks education (see Figure 2). Further, access to general education still remains limited in some rural areas, such as Somali, Gambella, Benishangul and Afar regions, where 95% of the population do not go beyond primary school (Figure 3) (JCC, 2013). Finally, the Government's focus on expanding access to basic and higher education has not always been matched by improvements in the quality of education and training (Akalu, 2016; Reisberg and Rumbley, 2015).

¹ Primary school is defined as Grades 1 to 8. Net enrolment considers students within the official age group for a given level of education. In primary school, the net enrolment ratio only considers those between 7 and 14.

Figure 1. Enrolment in TVET centres by gender

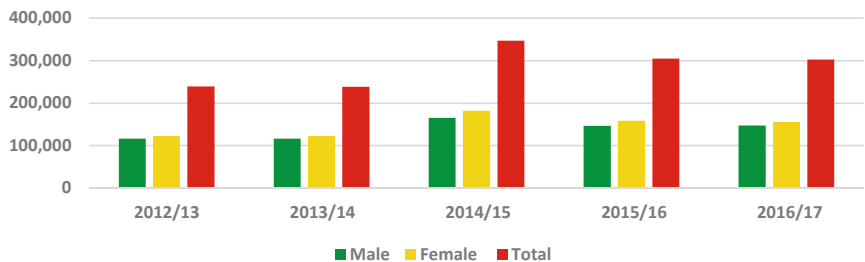
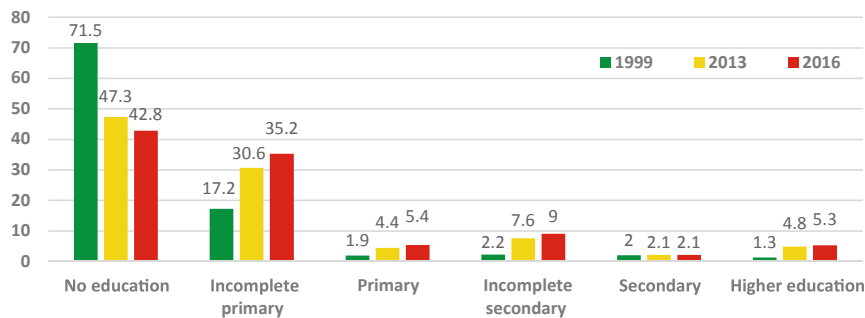


Figure 2. Level of Education of the Labour Force (2013) % ent in TVET centres by gender

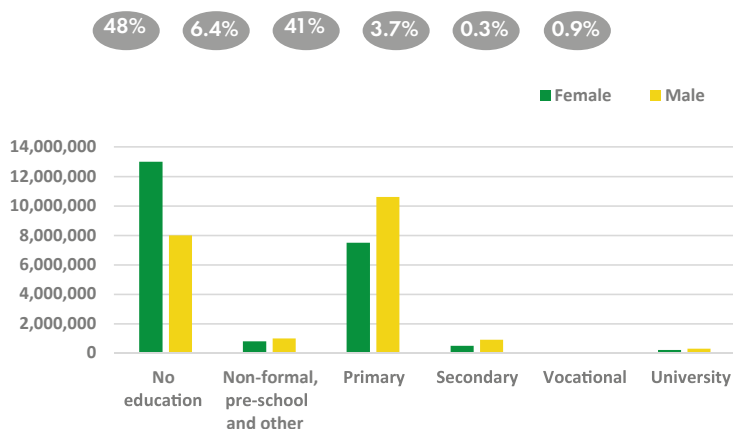


Ethiopia's labour force has more than doubled in the past 20 years, and in excess of 1.8 million people are entering the labour market each year (World Bank, 2018).

Labour force participation rates in both rural and urban areas had reached 83.5 per cent and 66.5 per cent respectively by 2013 (CSA, 2013). The upturn is mostly driven by growing women's participation in the labour force in rural areas, which increased from 65 per cent in 1999 to 78.6 per cent in 2013. Similarly, the national unemployment rate has declined from 6.5 per cent to 5.2 per cent, with the largest decrease stemming from the rise in women's participation, and their expanded labour market opportunities. For example, the female unemployment rate declined from 10 per cent to 7.5 per cent between 2003 and 2017. Yet at 17 per cent, the urban unemployment rate remains high, and, in rural areas, underemployment continues to be a key challenge. High unemployment rates among graduates also highlight issues regarding the quality and relevance of training offered. Research indicates that even among the employed, a skills mismatch is prevalent, with many employees either lacking the appropriate technical skills, or being overqualified for the kind of jobs that they hold (Mekonnen and Tekleselassie, 2018).²

² Mekonnen and Tekleselassie (2018) report that over-qualification is a common problem in Ethiopia's urban labour market. However, they admit that using education as opposed to skills to measure the extent of labour market mismatch has several limitations, and hence advise their results to be taken as 'lower bound estimates', implying that the extent of mismatch could be much larger than that uncovered in their analysis.

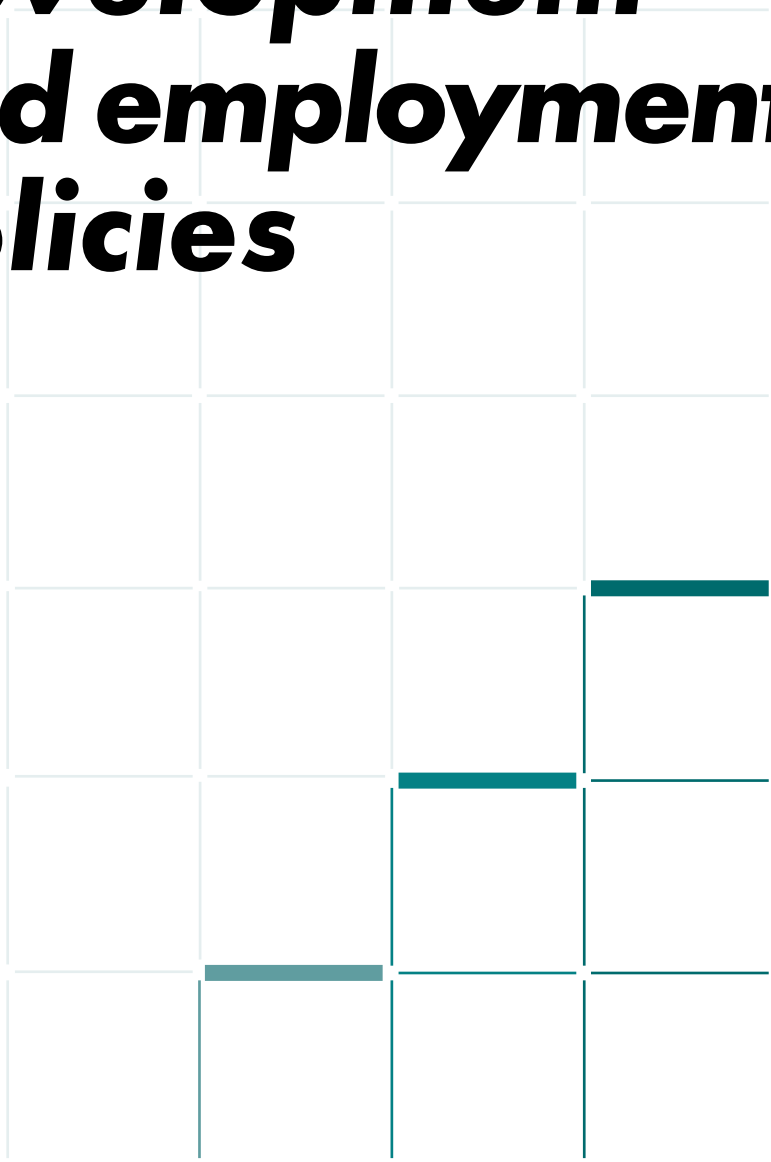
Figure 3. Education status of the rural population (2013)



The vast majority of employment is generated either in the unpaid family or self-employment sectors.

In recent years, the Ethiopian economy has experienced substantial improvement with regards to the creation of formal employment opportunities, particularly for female workers. According to the latest labour force survey, shares of informal employment had fallen from 36.5 to 18.1 per cent in 2013. However, formal and well paid jobs are highly concentrated in urban areas, where 45 per cent of the workers are employees. By contrast, only 4 per cent of workers work in similar occupational categories in rural areas. However, excluding employment in subsistence agricultural and private households, informality is more common in urban areas and among female workers than in rural areas and among male workers.

Development and employment policies



Since the early 1990s, the key policy anchor for the Ethiopian economy has been Agricultural Development Led Industrialization (ADLI). ADLI seeks to transform the economy through modernization of the agricultural sector. The development of agriculture is aimed at spurring industrial growth through backward and forward production linkages.

Benefits expected to ensue from modernization of the agricultural sector – and ultimately to promote the competitiveness of the industrial sector – include a more stable supply of agricultural inputs, the creation of markets for industrial products, and the preemption of a rapid rise in urban wages. Aligned with the broader strategy of ADLI, various policies and programmes have been launched, including the Sustainable Development and Poverty Reduction Program (SDPRP) 2002/03–2004/05, and the Plan for Accelerated and Sustainable Development to End Poverty (PASDEP) 2005/06–2009/10. With the introduction of the first Growth and Transformation Plan (GTPI) in 2010, a more aggressive orientation towards the industrial sector was articulated. In 2015, GTP II was launched, with a greater focus on the need to attract foreign investment and meet the Sustainable Development Goals.

The Government's development framework is centred on structural transformation, with particular attention paid to the manufacturing sector. Both GTPs aim to achieve double-digit economic growth through an emphasis on export manufacturing. In addition, the Government aims to ensure sustainability by fostering a stable macroeconomic framework and climate-resilient green economy. Further to boosting agriculture–industry and the rural–urban linkages, manufacturing is expected to create labour-intensive jobs, with the capacity to lift many out of poverty.

The Ethiopian National Employment Policy and Strategy' (NEPS), which is grounded in the Labour Proclamation (No. 377/2003), recognizes the absence of strong regulatory instruments and institutions that protect the rights of workers in the formal and informal sector. It is therefore geared towards improving employment relations through social dialogue, as well as the provision of labour market services that enhance employment and rights protection.

In line with the five-year development strategy, the employment policy emphasizes the need to create more quality jobs to reduce the number of working poor, especially by reducing informal employment, which tends to be precarious, insecure and low-paid. To achieve the above objective, the NEPS highlights the importance of improving the quality of general education and technical and vocational education and training (TVET), as well as job creation in the formal sector, fostering entrepreneurship and facilitating the transition to the labour market (MoLSA, 2009).

The employment policy may change considerably in the next few years. The labour law has been under revision for the past few years, with the aim of attracting further foreign direct investment. There is growing concern among workers, unions and the Confederation of Ethiopian Trade Unions (CETU) that the amendments might tilt the balance against barely organized, poor and vulnerable workers (The Reporter, 2017).³

³ The author of this report had a discussion with CETU on its view about the ongoing revisions to the labour proclamation.

“The State shall pursue policies which aim to expand job opportunities for the unemployed and the poor and shall accordingly undertake programmes and public works projects.”





– Constitution of the Federal Democratic Republic of Ethiopia

Article 41

The Ethiopian skills system

TVET policies and reforms

Technical Vocational Education and Training (TVET) is a key pillar of the Government's efforts to strengthen the education and training system. The TVET system consists of a two-pronged approach of offering formal and non-formal technical and vocational training programmes. The formal TVET system caters to students who complete at least grade 10 of their education, and proceed to attend one to five years of TVET training courses. Depending on their completed levels in TVET colleges, students then obtain a certificate, diploma or advanced diploma⁴.

⁴ TVET levels range from 1 to 5, with the quality of the certificate increasing according to the levels completed.



The non-formal TVET system provides short-term technical and vocational training to “a wide range of different groups including, school leavers, drop-outs, people without formal education including illiterates, entrepreneurs and employees, farmers and their families, people from marginalized ethnic groups and other groups” (Edukans Foundation, 2012).⁵ In line with the objective of targeting the poor, the non-formal training programmes mostly recruit trainees from the ranks of unemployed youth and destitute women who have an interest in self-employment.

The first formal TVET strategy was introduced in 2002–2005, and focused on infrastructure development and increasing enrolment. In subsequent reforms (formulated within PASDEP and GTPI) the Government attempted to strengthen the employability of graduates and the quality of the training programmes.

⁵ Data on the relative share of formal and informal TVET enrolment are not available.

The latest TVET strategy was drafted in 2008, and focuses on:

- I.** Improving access to TVET by expanding the coverage of centres at federal and regional levels.
- II.** Strengthening outcome-based training through the creation of an integrated yet decentralized and results-oriented system that responds to the dynamics of skills demand, by closely monitoring occupational standards.
- III.** Improving quality assurance and skills assessment through a process of competence assessment based on occupational standards and labour market needs. Key targets include assessing all TVET graduates, increasing the share of employers who use occupational standards from 10 per cent to 60 per cent, and increasing the percentage of competent industry workers from 2 per cent to 35 per cent.
- IV.** Improving the quality and relevance of training programmes through social dialogue, ensuring flexibility to changing labour market circumstances, and fostering linkages among professionals at various levels and sectors.
- V.** Strengthening the employment of TVET graduates by designing training programmes that closely follow occupational standards, and by creating stronger linkages with employers using the cooperative training and apprenticeship programmes.⁶
- VI.** Intensifying support to micro and small enterprises (MSEs) through industry extension and technology transfer services.

⁶ While no legislation on apprenticeship exists in Ethiopia, policy-makers use the term cooperative training and apprenticeship interchangeably.

Governance

In theory, the TVET system is governed by the National TVET Council that includes eight ministries⁷ and is chaired by the Ministry of Education (MoE). The National TVET Council is supposed to develop policies, strategies and reforms, but is not currently functional.

Since October 2018, and following a series of institutional reorganizations in the past two decades, the TVET system has fallen under the responsibility of the Ministry of Science and Higher Education (MSHE), which recently became independent from the Ministry of Education. Executive bodies at federal and regional level are responsible for its implementation. The MSHE chairs the skills sub-council of the National Jobs Council, an inter-ministerial body created under the newly established Jobs Creation Commission. The sub-council includes the key Ministries in charge of skills development, yet does not include employers' or workers' representatives.

The federal TVET agency is responsible for financing the TVET system, the preparation of occupational standards, as well as training guidelines, handbooks and manuals. It is overseen by a council composed of members from various line ministries, including the MSHE. Employers' and workers' organizations are not represented on the council.

⁷ 1. Ministry of Education, 2. Ministry of labour and Social Affairs, 3. Ministry of Agriculture and Rural Development, 4. Ministry of Health, 5. Ministry of Trade, 6. Ministry of Industry, 7. Ministry of Urban Development, 8. Ministry of Youth, Women and Children.



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The regional TVET agencies and bureaux have substantial roles in planning and monitoring the operation of public TVET centres. Regional TVET agencies and bureaux can also secure funding for the construction, maintenance and staffing of TVET centres. They are responsible for running industrial extension services, quality assurance and certification in TVET centres that fall under their jurisdiction. The accreditation and regulation of private TVET centres also fall under the purview of the regional TVET bureaux in towns and cities, except Addis Ababa and Dire Dawa, which are federal cities.

Social dialogue

While there are occasional events, programmes, projects, consultations and initiatives that bring together a variety of social partners, such as workers' unions like CETU, employers' organizations like the Ethiopian Employers' Federation, and chambers of commerce, there is little evidence of genuine social dialogue that reflects the views of the principal labour market actors in the policy-making process. There is, for example, no single coordinating body nor a ministry to oversee and coordinate skills development by various government institutions and non-governmental organizations.

In general, social dialogue does not feature prominently in the TVET ecosystem, with strategy discussions and policy formulations often dictated by the Ministry of Education (and now by the MSHE), and by the federal TVET agency, which reports directly to the MSHE. Lack of social dialogue has led to fragmented and often duplicated efforts by the Government, the private sector, and non-governmental organizations, resulting in wasted resources.



Financing

The TVET system is mainly financed by the federal budget from the MSHE, and the regional Government Education Bureaux. Employer levies for training do not exist. Federal funding for TVET education constitutes to be less than 10 per cent of the total education budget (MoE, 2015). Indeed, the share of education expenditure spent on TVET declined from 8.4 per cent in 2009/2010 to about 5 per cent in 2016/17 (MoE 2010; GIZ, 2018). While public spending on the construction of new TVET centres and the expansion of private TVET institutes has contributed to increased enrolment, TVET learners still make up just 1 per cent of all students enrolled in education and training (MoE, 2017).

Although regions also contribute to the construction and maintenance of TVET centres, their funding is limited, and when available, contributes to improving access rather than quality. For example, the limited federal and regional budget allocated to the TVET system is mainly spent on paying teachers' salaries and covering maintenance costs of TVET centres. Little funding is available for equipment, research and capacity building. While a small number of employers are engaged in the cooperative training system, they do not support the TVET system financially.



Skills anticipation

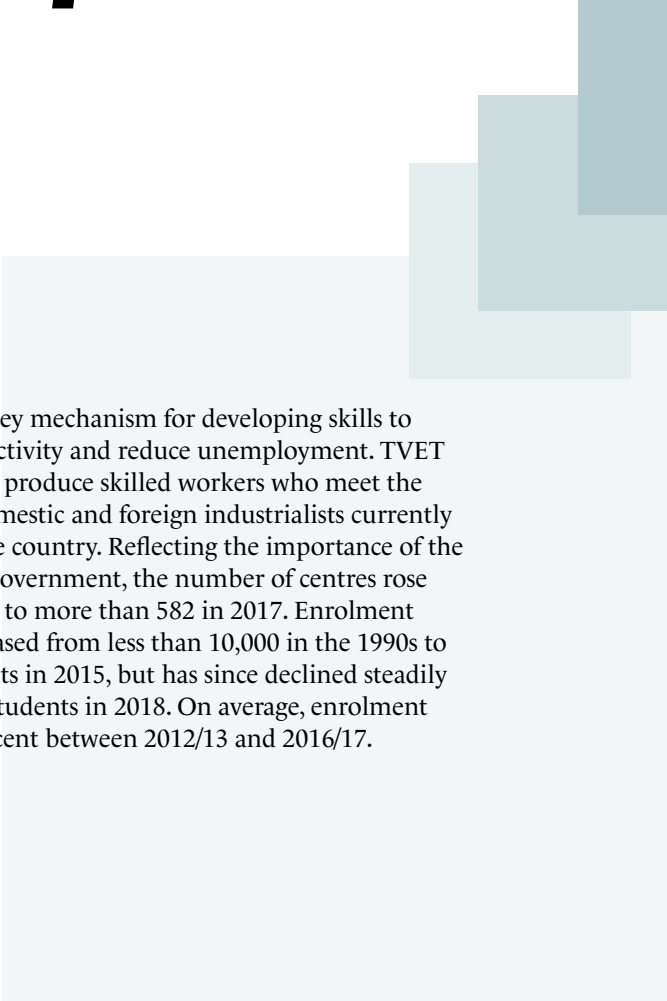
Collection and analysis of labour market information is important to ensure the systematic monitoring and assessment of the economy's skills requirements. In Ethiopia, labour data collection is mainly carried out by the Central Statistics Agency (CSA), which conducts the National Population Census, the annual Urban Employment and Unemployment Surveys and the periodic National Labour Force Surveys, among others. While these surveys provide crucial information on the supply side of the market, such as what TVET qualifications people possess, it does not capture the state and changing nature of skills that are required by the economy. The lack of good quality data on the skills demand for different occupations and industries has made it difficult to monitor the immediate skills needs of the economy, and anticipating its future skills needs. Indeed, the Ministry of Labour and Social Affairs (MoLSA) recognized the importance of setting up a comprehensive Labour Market Information System (LMIS) as early as 2011 (MoLSA, 2011). Yet the LMIS has yet to become effective, due to technical capacity constraints and funding challenges at the ministry (MoLSA, 2011).⁸

⁸ Key informant discussion with senior labour market expert at the MoLSA suggested that the funding problem still remains a major bottleneck to setting up the LMIS.

In addition to the CSA and MoLSA, several government and non-government bodies, such as research, training and education institutes, produce labour market information. Increasingly, development partners are also engaged in the country's skills development ecosystem. Notwithstanding their potential contribution to skills development, the activities of these non-governmental organizations do not appear to be harmonized and aligned with each other, and with government activities. Further, few of these programmes consciously embed tools to generate labour market information that enables the skills requirements of the country's economy to be anticipated. As a result, information from these sources is often fragmented, outdated and limited in scope and geographical coverage, and therefore of scant use in predicting the economy's skills.



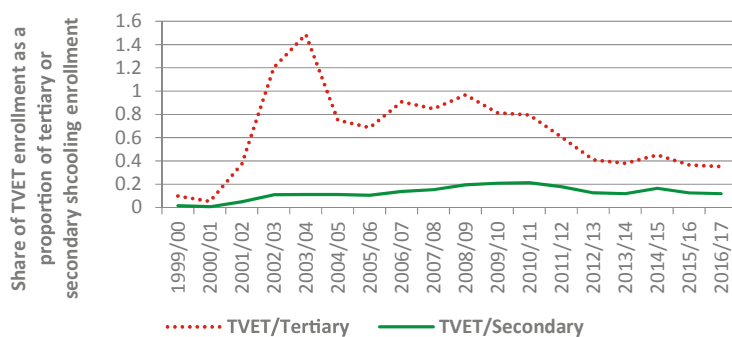
Skills development



TVET is considered a key mechanism for developing skills to improve labour productivity and reduce unemployment. TVET centres are expected to produce skilled workers who meet the skills needs of both domestic and foreign industrialists currently investing heavily in the country. Reflecting the importance of the TVET system for the Government, the number of centres rose from barely 15 in 1994 to more than 582 in 2017. Enrolment has substantially increased from less than 10,000 in the 1990s to around 350,000 students in 2015, but has since declined steadily to just above 300,000 students in 2018. On average, enrolment grew at a rate of 6 per cent between 2012/13 and 2016/17.

Increases in female enrolment have been greater than those in male enrolment, and in 2015/16, 52 per cent of learners were female (MoE, 2017; Ethiopian Job Commission, 2019). TVET enrolment is also highly concentrated in public TVET centres, which accommodate nearly 86 per cent of students (MoE, 2017). Figure 4 compares enrolment in TVET with that in general education. In 2003, the TVET to secondary school student enrolment ratio reached 10 per cent, peaking in 2010/11 at 21 per cent, before falling back to 12 per cent in 2016/17. By 2016/17, TVET enrolment constituted just 35 per cent of the country's enrolment in tertiary education enrolment. This reflects a rapid expansion of the higher education system, and the slow pace with which the TVET system has expanded in the past 10 years.

Figure 4. The share of TVET enrolment in tertiary and secondary school enrolment.



Source: Ministry of Education, Education abstract various years.

Improving delivery and assessment of training

As stated in the TVET strategy, the Ethiopian TVET system focuses on delivering training through work-based learning. To this effect, only 30 per cent of the students' time is supposed to be spent on centre-based training, and 70 per cent should be dedicated to apprenticeships. The majority of courses are focused on infrastructure and construction (see figure 5). The apprenticeships programme is to be implemented by both public and private employers, through the Cooperative Training Programme (CTP). This scheme is intended not only to enhance the quality of training, but also to expose candidates to the world of work, thereby improving their employability.

In practice, however, the vast majority of students' time is spent in classrooms, due to lack of employer involvement. While state-owned enterprises host a large number of TVET students under the CTP arrangement, few private enterprises commit to providing such opportunities for TVET trainees. This is largely due to the fact that the quality of most public and private training suffers from poorly trained teachers, insufficient funding, and inadequate facilities and equipment. While the growth of private higher education institutes has been significant in the past few years, there is serious concern about their ability and willingness to reconcile their profit motive with the need to provide quality education. Illustrating these shortcomings, graduation rates from TVET have stayed fairly constant and unemployment is very high very high among TVET graduates (see figure 6).

Figure 5. Formal TVET enrolment by sector

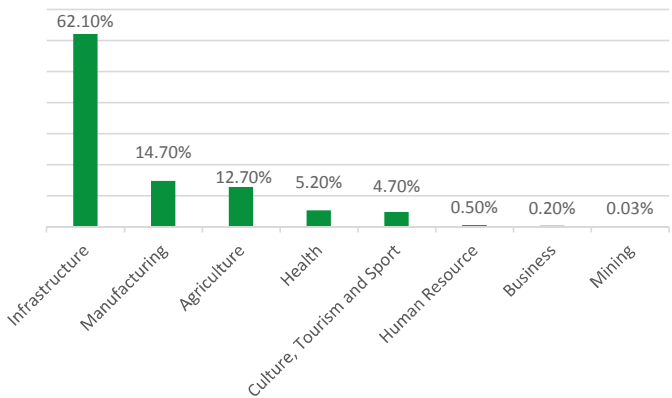
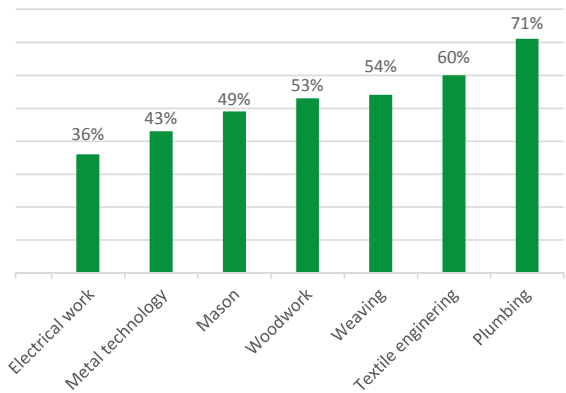


Figure 6. Unemployment of TVET graduates.
In selected areas of training (2012) %



Assessment is based on competence standards and organized in a decentralized way. Learners in formal as well as informal TVET, for example those engaged in traditional apprenticeships, have access to this (Seid et al., 2016). Since 2008, the Federal TVET Agency has set up Occupational Competency and Assessment Centres to assess both students who pass their in-school final tests, and those from the world of work. Centre of Competency (COC) certificates are then awarded to applicants who succeed in passing the assessment. While these certificates are increasingly considered key requirements, particularly to obtain public sector employment, few of those assessed appear to meet the competence requirements to become COC certified.⁹

To a large extent, the participation of chambers of industry and other representatives of the private sector in the development of occupational standards and assessment tools remains limited, with implications for the system's ability to satisfy rapidly changing labour market demands (GIZ, 2018).

⁹ In the first four years since the start of the assessment, the agency estimates that of 90,290 people who sat the COC examination, only 15,520 met the competency criteria (Fortune Addis, 2014).

Skills recognition and quality assurance

The current TVET strategy pledges to reform education and training to include more outcome-based learning, with competencies and skills assessed on the basis of uniform occupational standards that guide the provision of training in response to labour market demands. Further, TVET centres are designated to assist small and medium-sized enterprises (SMEs) in enhancing their competitiveness through industry extension services. These include four key components: skills gap training, kaizen,¹⁰ technology transfer and entrepreneurship training. With the exception of kaizen, and to some extent entrepreneurship packages, the industry extension services do not seem to have succeeded in bridging the skills and technology gaps that many MSEs face (Gebreyesus et al., 2018).

¹⁰ Kaizen is a Japanese management philosophy that emphasizes continuous productivity improvements through incremental changes, as opposed to radical and costly reorganization of enterprises.

To streamline outcome-based learning, the TVET strategy had planned to implement the Ethiopian TVET Qualifications Framework (ETQF). The ETQF is supposed to systematically define the value of qualifications and their comparability, and facilitate horizontal and vertical mobility within the TVET system. However, currently the ETQF is barely put in practice, and despite the keen interest of policy-makers to move to outcome-based TVET, lack of capacity has caused the system to remain largely supply-driven.

The Federal TVET Agency and the regional TVET Bureaux are the main authorities responsible for quality assurance in the TVET system. Accreditation of private and public TVET institutes is carried out by these authorities. The rules and procedures for accreditation are developed by the federal agency. The Federal TVET Agency is mandated to keep a registry of accredited TVET establishments as part of its management information systems, and to publish an annual list of accredited TVET institutions (MoE, 2008).



Social inclusion

TVET is not highly regarded by students, and is considered a second-best option for those failing entry requirements for higher education. Even if students have the capacity and desire to pursue TVET, the limited labour market prospects and society's attitude towards TVET education combine to make many of them prefer university education.



Accessibility of TVET

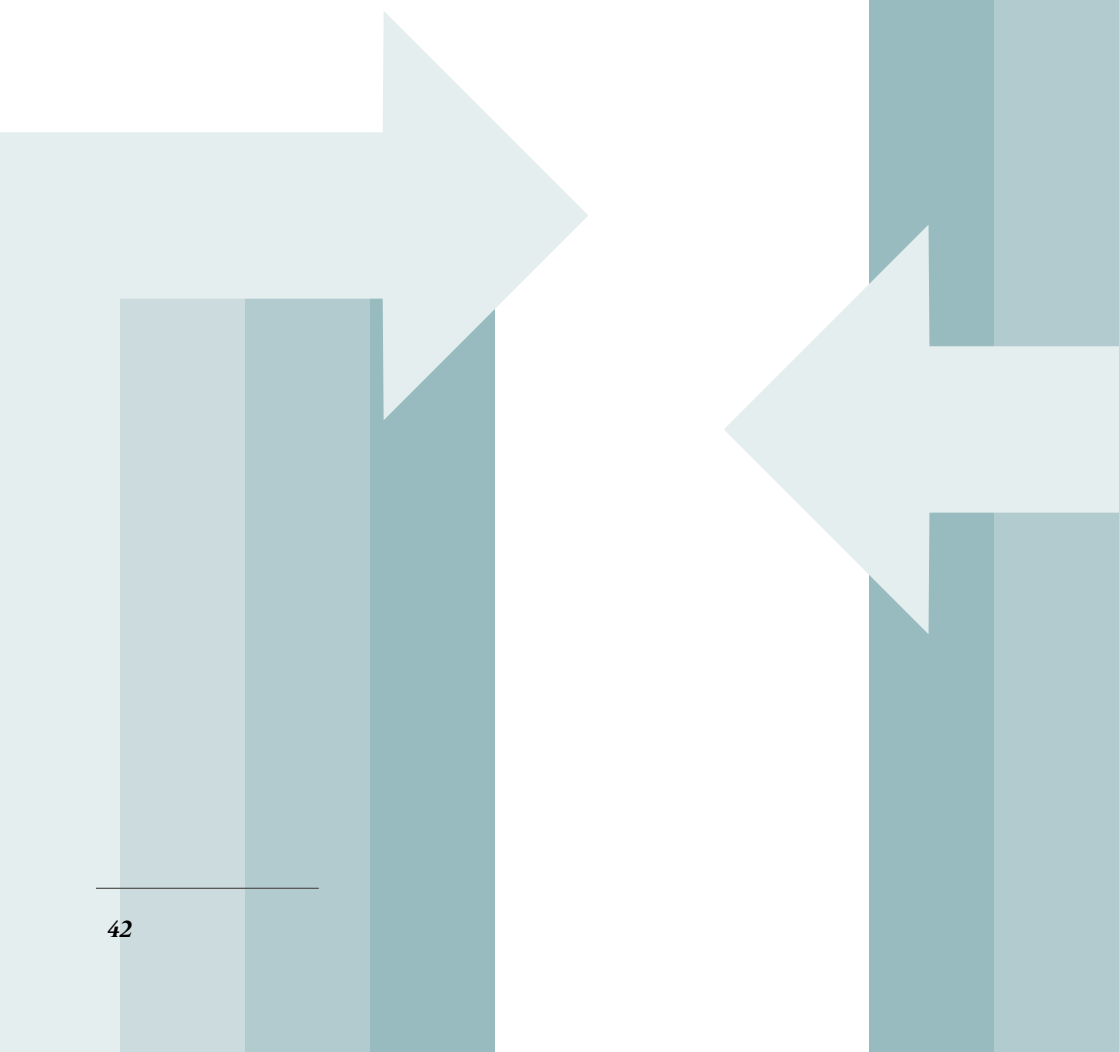
The level of female enrolment has now reached male enrolment levels. Yet female students are more likely than male students to confine their study to levels 1 and 2, while their male counterparts tend to progress to levels 3 to 5. While access to TVET has substantially increased at national level, it still remains limited in some of the administrative regions, such as Afar, Gambella, Benishangul-Gumuz, Somali and Harari. In such regions, both the number of TVET centres and the levels of enrolment are very low. In addition, while enrolment has increased in these areas, completion rates still lag far behind. This has significant implications for both equity and efficiency. It affects equity because limited access to education fuels marginalization of regions and localities breeding social tensions. Efficiency may also be impaired in that the scope for investment in human capital that potentially improves labour and aggregate productivity is not exploited to the fullest extent possible, implying suboptimal allocation of resources.

TVET education is not easily accessible to students with disabilities. Low enrolment rates for these students are partly explained by the lack of facilities and teaching systems in the TVET institutions that can accommodate their specific learning needs. They are also the result of high drop-out and low secondary school completion rates of students with disabilities.

Supporting transition to the labour market

The remarkable expansion in enrolment rates in both TVET and the general education system has not been accompanied by improvements in student support services that teach practical skills to prepare prospective graduates for job search and career choices. For example, career advice or job search assistance is almost completely lacking from high school, TVET and university curricula, and public employment services are non-existent, aside from small pilot projects and employment services in industrial zones. As a result, difficulty in recruiting workers with sufficiently high levels of soft skills has been cited as one of the key constraints faced by employers in improving productivity in Ethiopia (World Bank, 2015). For example, many formal firms complain about the poor presentation of job applications, and have expressed a demand for such training to be offered as part of the education system.

Key challenges



There is agreement among policy-makers that in order to respond effectively to the developmental challenge of structural transformation, TVET must take centre stage. Despite this, the Ethiopian TVET system faces a number of challenges:

1 Weak coordination between government and labour market actors.

The TVET governance system lacks a platform that ensures coordination among various stakeholders and initiatives. Weak TVET centre–enterprise linkages, as well as poor coordination with other stakeholders, such as the Ministry of Labour and Social Affairs, the Bureau of Labour and Social Affairs, the Ministry of Trade and Industry, and organizations of employers and workers, has reduced the effectiveness of the TVET skills system.

2 Supply-driven nature of training programmes and curricula.

Despite an explicit commitment to make the TVET system responsive to labour market demands, programmes and curricula are not based on a thorough analysis of the demand for present and future skills. Failure to take account of the market's changing skills requirements compromises the relevance of training programmes, and may further exacerbate the existing skills mismatch. The absence of a coordinated system, dedicated to conducting regular skills need assessments and translating that information into programme development, remains a significant challenge.

3 Weak TVET industry linkages and low take-up of CTP.

Linkages with industry practitioners are crucial to teach workplace-relevant skills and conduct proper assessment of trainees. Low private sector take-up of the Cooperative Training Programme has proved to be a major factor in impeding efforts to implement work-based-learning. Since employers are not involved in curriculum development, many do not believe that the skills taught by the TVET centres are relevant to their industry. Moreover, supervising trainees requires additional effort, and imposes further costs on companies. Finally, employers tend to have a negative perception of the quality of TVET programmes and learners.

4 Lack of sufficient financing and poor quality of TVET.

The TVET system is not well funded, and is highly dependent on its limited allocation from the federal budget. This is due to the absence of employers' contributions – which could be strengthened through improved social dialogue – and TVET institutes do not therefore have sufficiently well trained teachers, and work with deficient or worn-out equipment and machines. Due to the limited integration of work-based learning, graduates acquire little practical experience.

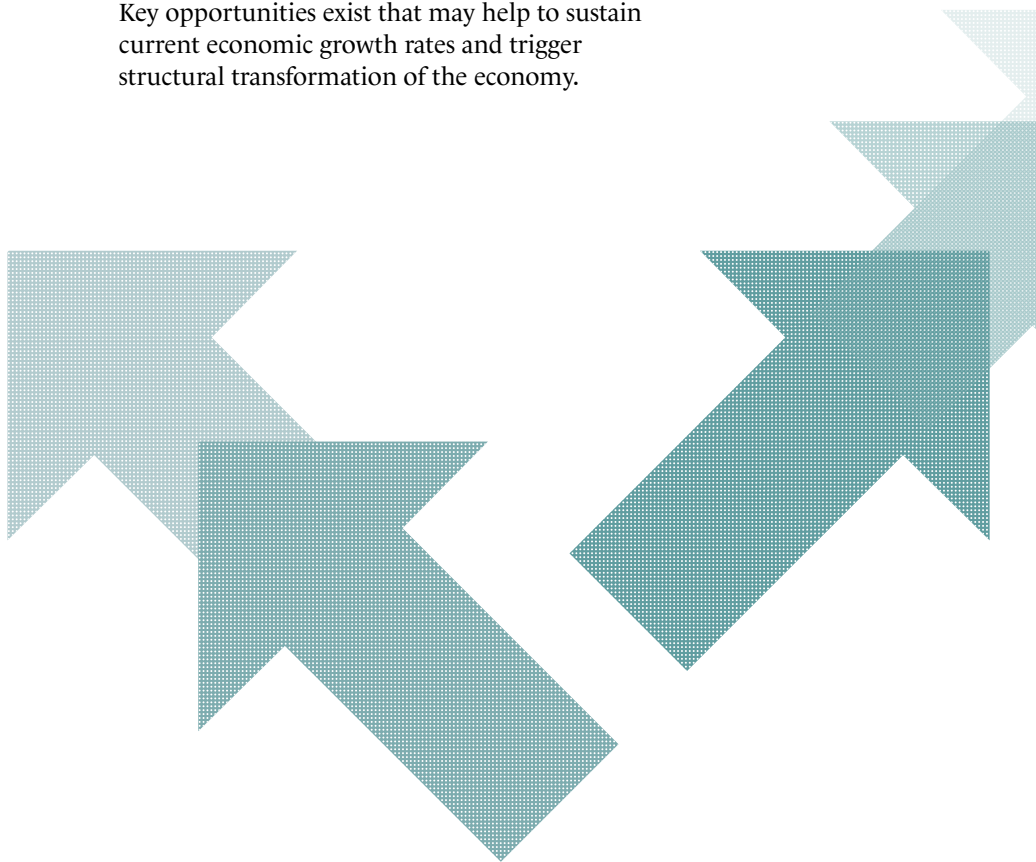
5 Limited accessibility of TVET education.

Access to TVET has greatly improved in the past two decades. Yet the number of TVET centres remains far lower than the ambitious target of 1,102 set by the Government in 2013/14. Currently, there are 437 centres (MoE, 2015). Limited access to training centres is of greater concern in some of the administrative regions and rural areas. This may fuel marginalization of regions and localities, breeding social tensions. Moreover, the scope for investment in human capital is not utilized to its full extent. Promoting the inclusion of students with disabilities by enhancing enrolment and completion is also a key challenge for the current system.



The way forward

Key opportunities exist that may help to sustain current economic growth rates and trigger structural transformation of the economy.





1

Integrate the policy and institutional efforts of different actors.

Engaging the private sector (including both employer and worker representatives), particularly in curriculum development, course design and method of delivery, would ensure a responsive and effective skills ecosystem. For example, the existing institutions that govern the TVET system in Ethiopia report to different ministries, creating a coordination vacuum that fails to bring the various institutional actors and initiatives together. The newly created sub-council on skills under the Jobs Council could play the role of a coordination platform that continuously solicits and updates information. In order to be fully effective, it should also involve representatives of employers and of workers.

2

Strengthen work-based learning.

Increasing the participation of employers in the CTP is important, if TVET graduates are to acquire workplace-relevant skills. It is crucial to offer employers greater flexibility in the choice of apprentices, length of training, and other aspects of training, in order to increase their buy-in. Extending additional fiscal incentives to companies that accept TVET trainees could enhance take-up of the CTP by the private sector. Due to their financial implications and cross-cutting nature, such policies should be designed with the full participation of other government authorities, such as the Ministry of Finance, Ministry of Labour and Social Affairs, Ministry of Revenue, and Ministry of Education.

3

Improve accessibility of TVET centres and the labour market.

The ongoing expansion of TVET centres, increasing their reach to less densely populated areas while improving their quality, are key supply-side interventions. Particularly important will be extending access to students with disabilities, and to some of the administrative regions, such as Somali, Gambella, Benishangul and Afar regions. Employment services that deliver career counselling, guidance and job matching, and support TVET graduates in job search, can potentially lessen the problem of skills mismatch and graduate unemployment.



4

Support the establishment of a robust skills anticipation system.

A good skills anticipation system can help to foster better skills matching of TVET graduates with available vacancies. Such a system can be developed in at least two ways. First, improving current practices for compiling and analysing labour statistics and harmonizing the statistical practices of a multitude of actors is crucial, in order to produce labour market indicators that inform the economy's skills requirements. Second, setting up an LMIS that regularly tracks labour market developments in key occupational categories substantially reduces mismatches of skills supply and demand.

5 **Improve the quality of the TVET training system.**

More investment in education and training programmes is required to equip TVET graduates with job-relevant skills. Such investments will build much needed technical skills that lead to the engagement of TVET graduates in gainful employment, helping production and service delivery in the economy to move higher up the value chain. Investment is also required to teach soft skills, such as those needed for an industrial culture, including communication, discipline and punctuality, all of which are increasingly important in today's interconnected and fast-moving world. Investing in improving the competence of teachers/trainers, as well as enhancing the capacity of staff and management at federal and regional TVET bureaux and TVET institutes is critical, so as to improve the overall quality of TVET graduates.

6 **Develop a comprehensive financing strategy.**

This is essential to get the best out of the current system, and improve it further. Given its importance, the Government should revisit both the federal and regional budget shares that it allocates to the TVET system. In addition, fiscal policies could be considered, such as promoting private sector participation through tax breaks and subsidies, and imposing reasonable amounts of tuition fees in public TVET institutions.



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