

Terms of Reference

Conducting a study on Job Attractiveness and Aspiration of Ethiopian Unemployed Urban Youth

1. Background

Ethiopia currently bears a large number of unemployed labour forces. Particularly, Youth unemployment is a major concern for the country because it hurts the welfare of young people and also may adversely affect the economic performance and social stability of the country. The issue of unemployment in Ethiopia is considered critical and many have been emphasizing on its multiplier effect on the country's aspiration of becoming a middle-income country. It is thus given this challenge that job creation for the rapidly growing labour force is one of the most pressing development challenges the country faces these days. In order to achieve this ambition, the country had implemented consecutive five-year plans that include the first and the second growth and transformation plans (GTP I and II) and the recently introduced Ten Years development Plan.

2. Background Specific to the Study

2.1 What is Youth?

Youth is best understood as a period of transition from the dependence of childhood to adulthood's independence. But different institutions and/or instruments may have slightly different definitions. That's why, as a category, youth is more fluid than other fixed age groups.

Those persons between the ages of 15 and 24 are youths (the UN).
 Those persons between the ages of 15 and 35 are youths (the AU).
 Those persons between the ages of 15 and 29 are youths (the GoE).

2.2. What is Unemployment?

Unemployment is when people in the labour force are not engaged in work. In economics, for a person to be categorized as unemployed, two conditions must be fulfilled:

- That the person is without a job and able to work
- The person wants to have a job and is willing to work at the current market wage rate.

Unemployment is not an equal-opportunity employer. Instead, unemployment is concentrated among particular demographic groups and workers in specific sectors of the economy. For instance, the rural unemployment in Ethiopia is only close to 2% compared to the 19% urban unemployment (CSA, 2020). Also, youth unemployment is high compared to those of adults and older persons. Unemployment in less skilled and educated persons is higher than that of skilled and educated persons. Education is usually believed to positively contribute towards in reducing unemployment rates for two distinct reasons. First, educated workers invest more in on-the-job training. Secondly, when educated workers switch jobs, they typically make the switch without suffering an intervening spell of unemployment. It seems as if educated workers are better informed or have better networks for learning about alternative job opportunities.

According to George J. Borjas, there are four ways in which a worker can end-up unemployed; some workers lose their jobs due to layoffs or plant closings (or job losers); some workers leave their jobs (job leavers); some job seekers re-enter the labour market after spending some time in the nonmarket sector (re-entrant); and some job seekers are new to the job market, such as recent high school or college graduates (new entrants) (Labour Economics, George J. Borjas).

2.3 Youth Labor Market in Ethiopia

According to the Ministry of Finance¹, over 70% of Ethiopia's population is under age 30, and almost 50% is under age 15, which indicates that 20% of the population is youth aged 15-29. In 2020, the total urban population of the country is estimated to be 23 million, out of which 34% (more than 7.9 million) is aged 15-29. Out of the economically active urban youth population, the urban youth unemployment rate in the same year was 26%, and it is the highest amongst youth aged 20-24 standing at 31%. Moreover, 62% of the urban unemployed population is youth aged 15-29. This shows that youth unemployment is continuing to be a challenge in urban areas of the country. This is because enough jobs are not created for the youth. In Africa, for every four young people entering the labor market, only one formal sector job is being created, leaving a large fraction scrambling to find employment opportunities². The case of Ethiopia is no different as more than two million youth are entering the labor market every year and enough jobs is not being created. Out of the total unemployed youth aged 15-29, 40% of them have previous work experience, while the rest are searching for jobs without any work experience, according to CSA.

Regarding educational qualification, two-third of the unemployed youth have at least completed primary education while close to half of them have completed secondary education. This rate confirms the challenge Ethiopia faces in facilitating the transition from school to work as most youth graduate at the age of 20 and 21. Because of unemployment, people were unable to cover household and school expense. In some cases, they got hopeless, stressed, and spend their times wandering for jobs. The government is planning to create 14 million jobs by 2025 focusing on the youth. The CSA data on urban employment and unemployment doesn't indicate how unemployed youth support themselves. However, in general, 82% of the unemployed people in urban areas support themselves based on support from family, relatives and/or friends while the rest 18% are engaged in casual work or begging.

In the Ethiopian labor market, youth employment has become a huge concern in reducing poverty, ensuring peace and security, and achieving inclusive growth. With such a vast number of young populations, Ethiopia is currently experiencing both a challenge and an opportunity in utilizing the working population to escape from poverty.

As of 2013, 5 million Ethiopian were engaged neither in work nor in education or training (NEET)³. The NEET population is an important indicator of social exclusion and points to an extreme vulnerability in the labor market. According to Central Statistical Authority (CSA)'s Urban Employment Unemployment Survey, youth comprise those people aged 15-29 years. And, the rate of unemployment (2020) for youth is 25.7% covering 1,249,878 unemployed youth, which was higher than that of the total adult and older age categories. Female and male youth unemployment rates were 31.7 percent and 18.8 percent, respectively⁴. The fact that youth unemployment is higher than the unemployment rate for adults entails the concerns that many countries face in facilitating the transition from school to work. The rural unemployment rate (close to 2%) is not that much high in Ethiopia, especially when it is compared with the urban unemployment rate which stands at 19% as per the Central Statistical Agency (CSA, 2020). The statistics on unemployment shows the following:

- Urban unemployment reached 19.1% in 2018, out of which 20% are graduates,

¹Ministry of Finance (2021), Macro-Fiscal Performance in Ethiopia and Recent Fiscal Policy Developments. Addis Ababa, Ethiopia.

²Ibid

³JCC study into youth Not in Education, Employment and Training (NEET), 2013.

⁴Statistical Report on the 2020 Urban Employment Unemployment Survey, Addis Ababa, Ethiopia, FDRE CSA (2020)

- Youth urban unemployment reached 25.3%. Moreover, 30% of the total youth urban population are Not in Employment, Education or Training (NEET), i.e., they are spending their time idle without any activity,
- 40% of employed population is self-employment, which tends to correlate with low skills and wages,
- 49% of employed work without monetary compensation, mainly in subsistence agriculture, out of which 61% are women,
- The national underemployment rate has reached 40% by the year 2019,
- 76% of youth seeking for a job use centrally located job-boards, travel an average of 5.6 KMs, and spend 25% of their budget in transportation.

The government of Ethiopia gives due focus for the labor market to decrease the unemployment rate, especially amongst the youth. This is incorporated into the policies, strategies and national plans of the country. The Ministry of Labor and Skills (the former Jobs Creation Commission) is the responsible government organ to create jobs and decrease unemployment rates. As such, several programs and projects, supported by government and non-government organizations, are working to create jobs with a focus on the youth.

The National Employment Policy and Strategy of Ethiopia identifies four action areas from the demand and supply side as well as the labor market institutions. As such, accelerating private sector development for employment creation and ensuring effective and efficient public sector employment are considered from the demand side. On the other hand, improving and raising labor productivity as well as decreasing rural-urban migration are the major policy actions on the supply side.

The policy also focuses on improving labor administration and strengthening labor market institutions. Moreover, promoting the labor-intensive private construction sector, supporting employment-intensive manufacturing sector, developing tourism-based small and medium sized enterprises, promoting self-employment and supporting the informal sector are the major strategies set by the policy document.

On the supply side of the policy actions, most of the strategies focus on decreasing the rate of rural-urban migration mainly through raising agricultural labor productivity. Other strategies include promotion of trainings in human development as well as employability skills. Ensuring labor protection and decent working conditions, improving labor market services and supporting the formation of unions and association are also the major strategies on the area of improving the labor market institutions.

The policy document mentions that the Ethiopian youth constitute the bulk of urban unemployment and accounts for the largest proportion of both international and internal migration particularly rural-urban migration. The reasons for youth unemployment included are limited expansion of formal employment opportunities, rapid population growth, rapid rural-urban migration and inadequate school curricula and poor-quality education which do not meet the requirements of the labor market. Large-scale unemployment among the youth has given rise to "street youth" in Africa. The situation is not different in Ethiopia. The problem has also encouraged emigration where job opportunities and returns are better.

In order to mitigate the above issues and increase the employment of youth, especially in urban areas, the national policy recommends the government to take measures to improve the quality of education and Technical and Vocational Education and Training (TVET), support the creation of quality jobs in the formal and informal sectors, foster entrepreneurship and empowerment of youth, and facilitate their entry into business and promote youth employment strategies that enhance youth mobility and employment. Over the years, interventions largely based on economic

considerations have been applied to inject financial capital, to transfer technology as well as to strengthen organizational principles and work procedures and provide work spaces for groups of young people across the country. These measures have been carried out to encourage and strengthen youth self-employment and entrepreneurship and to render the SMEs sector a backbone for poverty alleviation, economic growth and transformation.

2.4 Activities and Stakeholders in Job Creation

In order to solve the above issues and also implement the strategies of the national policy, the government of Ethiopia established the Jobs Creation Commission in 2018 with the aim of leading the job creation agenda, coordinating stakeholders, monitoring and evaluating performance. Following this, the commission works in coordinating efforts in the areas of job creation; both in employment creation and enterprise development. It works with various public and developmental institutions, associations and private sector actors to create 20 million jobs by the end of 2030.

Table 1: Stakeholders in the area of Job Creation

Public Institutions	Development Partners	Associations	Private Sector Actors
<ul style="list-style-type: none"> ▪ MoLS ▪ MoSHE ▪ MoUDC ▪ MoTI ▪ MoE ▪ FUJCFSA ▪ FESMMEPA ▪ EIC ▪ ATA ▪ DBE ▪ NBE ▪ Others 	<ul style="list-style-type: none"> ▪ Mastercard Foundation ▪ USAID ▪ UKAID ▪ EU ▪ World Bank ▪ African Development Bank ▪ ILO ▪ GIZ ▪ SNV ▪ Others 	<ul style="list-style-type: none"> ▪ Chambers of Commerce ▪ Sectoral Associations ▪ Ethiopian Employers' Associations ▪ Confederation of Ethiopian Employees Trade Unions ▪ Others 	<ul style="list-style-type: none"> ▪ Ethiojobs.net ▪ Dereja.com ▪ The Talent Firm ▪ Other job portals

The table above lists the major stakeholders working in the area of job creation according to the Jobs Creation Commission. The government has established various coordination platforms on top of working with the above partners. As such, the Steering Committee for Jobs Creation and Investment chaired by the Prime Minister and the National Job Creation Council are the most active platforms. There are more than 50 members that meet within two months in the national council. Moreover, this council has six sub-committees; behavioral change, training and skills; urban job creation, rural job creation, private sector participation and jobs creation, public sector jobs creation and oversees employment committees.

All the above institutions and agencies work in collaboration with each other to create jobs in line with their main duties. By job creation, both employment and enterprise development are considered. The Federal Urban Job Creation and Food Security Agency and the Federal Small and Medium Enterprises Promotion Authority are the main institutions that work on enterprise development. On the other hand, all the rest stakeholders mainly work on the creation of employment opportunities for the unemployed. In this regard, industrial parks are playing a big role. The government envisions creating more than 200,000 direct and 500,000 indirect jobs when all the parks are operational. Regarding employment, there are more than twenty digital vacancy sites. However, as mentioned above, 76% of youth seeking for a job use centrally located job-boards.

The government of Ethiopia set up the industrial parks (IPs) with the aim of providing the necessary services and facilities for industries and thereby creating jobs for the youth. However, with more than 2 million joining the labor market every year, direct job creation within the IPs would not be enough. Rather developing the micro, small and medium enterprises (MSMEs) would be equally important. The MSMEs would be able to create ample job opportunities if the right support system is in place and knowledge and skills transferred to them thereby reap the immense market linkage opportunities within or outside of the IPs. Realizing its importance, the government along with partner organizations has placed a strong emphasis on the development of MSMEs. The MSMEs development has placed a strong priority on two demographic segments of the population - women and the youth in employment creation schemes. The government and partner organizations have been implementing a host of MSME promotion and support packages aimed at improving market access, financial access, technical and entrepreneurial skills, etc. Despite these efforts, however, there are still various challenges that are hindering MSMEs from achieving their growth potential. Based on a recent national survey conducted to investigate the main features of micro and small enterprises in Ethiopia, MSMEs cite lack of adequate working premises, lack of access to credit, and lack of access to energy as their most important challenges. The BRIDGES program is one of such initiatives developed in collaboration between the GoE and partnering organizations to develop IP jobs and address the challenges MSMEs encounter.

3. The BRIDGES Programme

The BRIDGES program is a Mastercard Foundation, Young Africa Works job creation program being implemented by First consult. It works to support the creation of close to 600,000 youth jobs (80% women) and 15,000 micro, small, and medium enterprises (MSMEs), with 300,000 unemployed young people trained.

The BRIDGES program is working to address two fundamental, immediate and complementary challenges to unlock the potential for job creation within IPs and their surrounding ecosystem: (1) making the industrial workforce markets work, (2) Making the IP business linkages (MSME) markets work to enhance domestic manufacturing value-added (MVA) for every given dollar of export. The programs aim to do this by substituting the currently heavy import-dependent operations – itself a constraint on the factories - via local suppliers (MSMEs) in a number of ways. The BRIDGES program is organized under four fundamental pillars each addressing critical issues in the economy related to labor market development and MSME development. These four pillars are:

- **Employment Linkage Bridge (ELB):** This component of the BRIDGES program deals with both quantitative (imbalance between demand and supply of labor) and qualitative imbalances (imbalance in the utilization of skills) observed in the Industrial Parks. Both imbalances occur when the number of vacancies does not match the number of unemployed and the currently employed lack the industrial orientation to transition into the job opportunity seamlessly. Under this pillar, the BRIDGES program implements interventions such as IP worker recruitment, provision of soft skills training and workers retention, savings and entrepreneurship schemes.
- **Enterprise Development Bridge (EDB):** This component of the program focuses on developing MSMEs from grassroot level by providing various supports to fresh graduates and the unemployed youth. Some of the supports provided under this component include entrepreneurial training, business development services (BDS) for new MSMEs (e.g., coaching, training, soft skills development), employment promotion and enterprise development for fresh graduates, etc.
- **Enterprise Competitiveness Bridge (ECB):** This component of the BRIDGES program aims to build and support the creation of an ecosystem where a vibrant and sustainable business-to-business (B2B) linkage is created between large enterprises and SMEs. In particular, the EC

component focuses on identifying Anchor Enterprises (AEs) both from within and outside of IPs engaged in priority manufacturing sectors including textile, garment, leather and agro-processing. The component provides various supports including linkage training, cost-sharing facility and to facilitate the B2B linkage between AEs and small and medium enterprises (SMEs) and between SMEs and micro and small business enterprises (MSMEs).

- **Access to Finance (A2F) Bridge:** Under this component, the BRIDGES program aims to improve beneficiaries' financial literacy and improve their access to financial products. In particular, the program has provided financial literary trainings, facilitating linkage between MSMEs and financial institutions (in particular microfinance institutions) and de-risking and unlocking of financial products by providing support to various financial institutions.

4. Rationale for the Study

Despite the widespread notion of youth unemployment in urban Ethiopia, programmes working on employment creation at times find it difficult to access and enroll enough number of unemployed youth willing and able to engage. The BRIDGES program faced the same challenge in its interventions. It was very challenging to reach unemployed youth and engage them in enterprise formation and wage employment. The initial assumption was that given the substantial rate of youth unemployment, this should not have been a problem as long as there is enough demand for jobs. Possible explanation for this challenge might be either one of the following. First, overestimation of the number of unemployed youth. Secondly, the demand side (government and NGOs) in the job market haven't exhaustively utilized all the mediums to reach and inform the unemployed youth. Lastly, the unemployed youth might not be willing enough to be engaged in a line of work (that is presumptively not decent⁵) availed by the government or other partners. That is, the number of unemployed youth ready to be engaged in the line of work varies depending on the level of perceived job attractiveness.

5. Objective of the Study

This study will strive to explore the reasons behind the challenges in finding unemployed youth and engaging them in productive work. Although unemployment is both a demand and supply-side phenomenon, this research will focus mainly on the supply side of youth unemployment. This study will endeavor to look into this issue in depth and see if there are issues that need to be addressed from both the demand (job attractiveness) and supply (aspiration) sides. Aspiration in this regard is the degree of willingness to accept the job offered. As one of the pioneer programmes working with youth and being half way through its implementation, the BRIDGES would like to build a knowledge base on youth. The knowledge and findings that will be produced from this research will be used for future interventions on youth unemployment in urban Ethiopia. We have a keen interest in discovering the voices of youth, their mindset and behavioral aspects towards work. The study is also expected to examine the attractiveness and decentness of the different job opportunities offered by different interventions for the unemployed urban youth.

6. Research Questions

1. How willing are the unemployed youth to engage in any line of work?

- 1.1 What factors determine being/not being willing to get involved in any line of work (skills, economy, mindset and others)?
- 1.2 What is the entrepreneurship and working culture of the youth?
- 1.3 What kind of supports will engage them in a productive work?
- 1.4 Is there a relationship between addiction and willingness for a job?

2. How is the job offered to urban unemployed youth attractive?

- 2.1 What is the perspective of urban youth on job decency?
- 2.2 What are the requirements to be eligible for the job offered?
- 2.3 What categories of unemployed youth are targeted in the job offered?
- 2.4 What are the commonly required skills in the youth labor market?

7. Research Methodology

We are looking for fully-fledged scientific research. The study should be based on the model that frames youth aspiration to its determining factors in accepting/rejecting the job offered. To gain opportunity both for exploring the issue with some depth and for generalizations on the wider population to which the thematic issues encompass, this study will be based both on qualitative and quantitative research methodology to collect and analyse data. Hence, to obtain rich data in terms of quantity and quality mixed research methods will be employed to generate evidence and insight. Accordingly, data for this will be collected from multiple sources through multiple data collection techniques and/or tools. The study will also make use of both secondary and primary data. To this end, youth survey, key informant interview, and focus group discussion (FGD) will be used to collect the primary data this research requires. Exhaustive literature and secondary document review will also be part of the secondary data collection of this assignment. Data analysis for the quantitative part should use advanced econometric tools. NVivo, ATLAS.ti and the like qualitative data analysis softwares will be employed for the qualitative data analysis.

The study will be carried out in Addis Ababa, Adama, Bahirdar, Dire Dawa, and Hawassa. The selection of these towns is determined by the assumption that these towns are the destination of most rural-urban migration of youth and are most populated with urban youth. Subject to revision and adjustments by the would-be research firm, we propose to have a sample size of about 2,000 unemployed urban youth surveys, 36 Key Informant interviews from relevant partners and stakeholders and 9 focus group discussions. We expect that the research firm will come up with the required scientific sampling technique for the youth survey and selection of participants for the key informant interview and focus group discussions. As for gender representation, educational qualification, literacy, skills level and other profiles and demographic variables of the youth, we have assumed that the research firm will address this in the technical proposal. As pre-requisite screening criteria; in order to participate in the youth survey, respondents must be, unemployed (1), urban resident (2), and in the age range of 20 – 26 years old (3).

8. Deliverables and Timeframe

8.1 Deliverables

BRIDGES expects the following deliverables;

1. **Inception report** that outlines how the research objective will be accomplished;
 - Detailed methodology and tools for data collection
 - Work plan and timeline of activities
 - Staffing and management
2. **Draft report** including;
 - Validation of reported results
 - Additional results captured
 - Assignment implementation report

3. **Final report** incorporating BRIDGES team comments on the draft report.
 - Power point slides of key findings
 - Transcriptions of KIIs and FGDs
 - Survey Datasets

8.2 Timeframe

This assignment is tentatively expected to start in the first week of October, 2022 and final report is expected no later than December 20, 2022. The consultant is expected to incorporate the detailed time table for each stage of the assignment execution, including the time for inception, data collection, data management & analysis, and reporting.

9. Required Expertise

The consulting firm for this assignment should possess the following minimum competencies, experiences and qualifications:

The consulting firm should have at least 5 years of proven experience in conducting similar assignments including behavioral study, context and situational assessments, need assessments, and other related studies, especially focusing on youth.

- The consultancy team should be a multidisciplinary team which should have a mix of either of the following disciplines: labour economics, anthropology, psychology, entrepreneurship, sociology, demography, statistics, development studies, education or other related fields,
- The lead consultant or team leader must possess an advanced degree (Masters' or Ph.D.) in labour economics, anthropology, entrepreneurship, sociology, demography, statistics, development studies, or related fields, and the rest of the team members should possess an academic qualification that complements the qualifications of the lead consultant or team leader, such that ultimately the team comprises a mix of technical expertise required to deliver on the scope of the study.
- The consultancy firm and its team member should have extensive and dependable experience, skill, and knowledge of quantitative and qualitative research methodologies and participatory research.
- Excellent knowledge and understanding of the general labor market system in Ethiopia and indigenous knowledge systems,
- Familiarity with policies and strategies of the ministry of labor and skills, and other programs working with job creations,
- Experience in participatory approaches is an asset
- Excellent communication and facilitation skills and ability to manage diversity of views in different cultural contexts
- Excellent analysis skills in writing research findings with constructive and practical recommendations. Good audience- oriented communication, teamwork, and presentation skills

10. Working Arrangements

BRIDGES will lead and coordinate the assignment; including availing stakeholders contact information, facilitating access to relevant reports and reference materials. The Consultants will work closely with BRIDGES programme team and will report to the monitoring, evaluation, research, and learning (MERL) Lead.

BRIDGES shall solely and exclusively own all rights in and to any work created in connection with this agreement, including all data, documents, information or other proprietary rights in and to the work. Such ownership includes the right to make further use of the data, results, reports and other findings resulting from and specific to the work performed pursuant to this assignment with no prior notification to or approval from the other party.

11. Application Process

Proposals should include;

1. Technical Proposal (Maximum 25 pages), excluding company profile, CVs of key team members, legal documents & testimonials, and recommendation letters from previous work which can be attached as Annexes.

- Understanding of the ToR and assignment,
- Proposed methodology,
- Quality assurance mechanisms,
- Detailed work plan and number of persons days

2. Financial Proposal (will be submitted separately)

- Should disclose all charges that will be assessed to BRIDGES as a result of the services provided by Proposer. Ensure you have attached the current renewed business license, TIN and VAT registration certificates.
- Quote an estimated total fee for completing all requirements outlined in this ToR. The total fee should include all the costs for execution of the proposed assignment including; logistics, professional fee, per diems, and other expenses, payments for interviewers, data processors, secretarial service, and applicable tax etc.
- The currency for this contract will be in Ethiopian Birr (ETB).

12. Proposal Evaluation Considerations

The best technical and financial bids will be those that demonstrate value-for-money and whose budget is closely tied to the rationally determined methodological approach and plausible remuneration rates.

Criteria and Scores

The following weight will be used to evaluate the request for proposal

Item	Score
Team composition and competencies and track record	35%
Proposed approach and methodology	40%
Financial proposal	25%

Submission of Proposals:

The deadline for proposal submission is **September 29, 2022 before 5:00 PM** Ethiopian Time (GMT+3:00). Separately signed and sealed hard copies of the technical and financial proposals together with softcopies of the technical proposal in PDF format should be submitted on or before COB of the deadline to the following email address:

Proposal submission address: bids4@firstconsultet.com

For hard copy submission: Addis Ababa, Ethiopia, Ethio-China Street (Wollo Sefer) KT-12, Building, 6th Floor.

For any queries relating to this assignment please contact msemaw@firstconsultet.com before **September 26, 2022 before 5:00 PM** Ethiopian Time (GMT+3:00).