

# Job Partnerships and SME Promotion in Ethiopia II

## Context

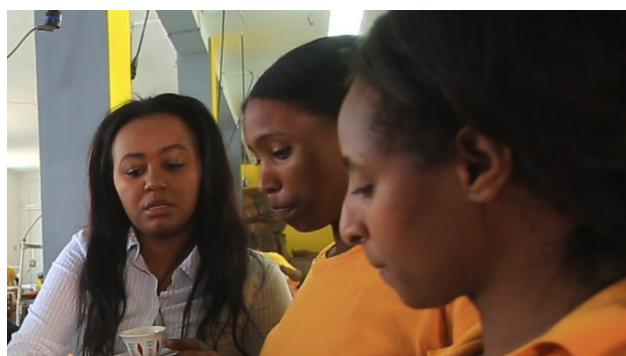
With a population of approximately 126 million, Ethiopia is Africa's second most populous country, boasting a significant domestic market. The nation has witnessed remarkable socio-economic development in recent years, marked by a consistently decreasing poverty rate. Since the start of the millennium, Ethiopia has made substantial strides toward industrialization, reflected in some of the world's highest economic growth figures. A key objective of the Ethiopian Government is the structural transformation of the economy from agriculture to industry. To realize this, the government actively promotes the growth of small and medium enterprises and industrial parks. Additionally, foreign investment is expected to rise alongside increasing exports of goods and services, coupled with a decline in capital imports

## Challenges

Despite recent positive socio-economic development, Ethiopia still grapples with significant challenges. Nearly half of its population, under 15 years old, is poised to enter the labor market, representing substantial domestic labor potential that requires effective utilization. The labor market can absorb both low and medium-skilled workers, but there is also a growing demand for highly qualified professionals.

Presently, the labor market is marked by a high vulnerability rate, with approximately 68% of the working-age population engaged in agriculture, a sector pivotal to Ethiopia's economy but contributing only 30% to the GDP. Despite the country's economic potential, there is untapped opportunity in diversification, industrialization, and technological expansion within the domestic economy.

However, Ethiopia faces additional challenges in its socio-economic development, such as unfavorable business framework conditions, reflected in its low ranking of 159 out of 190 countries on the World Bank's Ease of Doing Business Index in 2019.



Kabana Leather Founder Semhal Guesh @micheltemteme

## Goal

To foster new business opportunities, especially for the youth in the country, the German Federal Ministry for Economic Cooperation and Development (BMZ) promotes long-term private investments through the Special Initiative "Decent Work for a Just Transition." Operating under the Invest for Jobs brand, the initiative seeks to generate more high-quality jobs, emphasizing employment for women and environmentally relevant sectors in African partner countries.

In Ethiopia, the initiative enhances conditions for European and African investors, fosters small and medium enterprises, and improves business ecosystems in selected economic clusters. This encourages sustainable investments, ultimately contributing to increased local employment. The project aims to create 4,500 new decent jobs, enhance working conditions, and/or income for at least 1,600 workers.

Additionally, it strives to support 95 companies, with 20% being women-owned, and mobilize 3.5 million Euros of private capital

## Approach

The programme has three synergistic and complementary components to address these challenges

1. Improving conditions for European and African Investments  
This aims to provide an important impetus for sustainable economic growth and generate investments in Ethiopia that will create jobs in the medium to long term
2. Improving the competitiveness of local SMEs in productivity, access to financial services and to international markets.  
Strengthening selected capacities improves their ability to

enter into supply contracts or business relationships with international companies manufacturing in Ethiopia. The SMEs use the new capacity and financial resources to invest in expanding their production, improving the working conditions of their employees and creating new jobs.

3. Improving business ecosystems in selected clusters in technology-based applications make jobs more attractive. This will encourage new jobs and reduce staff turnover.

## Our Results

### In Brief

10,253 people, including 4,811 women and 4,382 young people found good jobs

11,514 workers, of which 6,165 are women and 120 are young people have benefited from an improvement in working conditions and/or an increase in income

250 companies plus 45 additional companies, 24% of which are women-run, are being supported with the aim to record an increase in one of five selected categories

1,036,766 EUR in additional private capital from companies and external sources of capital for employment and/or growth-promoting investments has been mobilized.

### “Business and Invest “

Initial cooperation has been established with an investment company based in Kenya and Norway. As a pilot measure, three investments by diaspora investors totaling EUR 100,000 each will initially be supported. The investment company will leverage its networks in the European Ethiopian diaspora to secure funding for three SMEs under Output 2. In the “access to finance” realm, the project has signed memorandums of understanding with two banks, collaborating on SME financing mechanisms. Identified SMEs receive tailored training.

For international investor networking, two partnerships with private companies were established. In the coffee sector (MOYEE), entrepreneurship will be reinforced through training and alignment with western standards, leading to job creation. Djoubi GmbH initiates a Farm2Fork project, enhancing direct marketing of produce through an app, generating 400 jobs, including 150 for women and 300 for young people in the integrated development partnership.



Technical and soft skills training – H&A Garment ©GIZ

### “African Mittelstand “

SMEs’ competitiveness, focusing on product diversification, improved distribution chains, market integration, and enhanced management processes is enhanced by Sequa within a grant agreement.

Sixteen companies have signed MOUs. Manuals on human resources, finance, and taxes were developed for SMEs. JakTech Engineering and Trading PLC, an IT company, created a digital health platform for pregnant women. SMEs in the textile and clothing sector are strengthened through a work contract with the project “Environmental and social standards in the textile and clothing industry in Ethiopia II” (SIC). 15 companies are being prepared for the international quality certification of their products, such as WFTO and OEKO-TEX® LEATHER STANDARD and supported in initiating co-operation with international companies.

A new ICT outsourcing project aims to boost the Ethiopian ICT sector in European markets and support ten companies in international cooperation in the areas of outsourcing and farshoring.

The Wendem Kalid Foundation aids homeless people in Addis Ababa under Just Transition and Leave-No-One Behind, fostering employment and micro-enterprises.

The Centre for Accelerated Women’s Economic Empowerment (CAWEE) has been identified as a partner to empower women entrepreneurs in Lalibela’s tourism sector, training 45 enterprises in technical and marketing skills.

### “Cluster ”

The project aims to sustainably strengthen entrepreneurial ecosystems in selected clusters. To this end, cooperation is sought with the regional development agency for industrial parks, the clusters around the industrial parks and the business associations. During the reporting period, various SME clusters (Arba Minch, Dilla, Hossana and Wolkite) in the vicinity of industrial parks were carefully analysed and cooperation was initiated.

## Please get in touch!

[invest-for-jobs.com](https://invest-for-jobs.com)

### For general and multi-country requests:

[info@invest-for-jobs.com](mailto:info@invest-for-jobs.com)

### For project- and country-specific requests:

[ethiopia@invest-for-jobs.com](mailto:ethiopia@invest-for-jobs.com)

**Published by:**  
Deutsche Gesellschaft für  
Internationale Zusammenarbeit  
(GIZ) GmbH

Registered offices  
Bonn and Eschborn  
Germany

GIZ Office Ethiopia  
Kazanchis, Kirkos sub city, Woreda 08  
Addis Ababa  
Ethiopia

**As at:**  
03/23

**Contact:**  
For general and multi-  
country requests:  
[info@invest-for-jobs.com](mailto:info@invest-for-jobs.com)  
[invest-for-jobs.com](https://invest-for-jobs.com)

For project- and country-  
specific requests:  
[ethiopia@invest-for-jobs.com](mailto:ethiopia@invest-for-jobs.com)

**Programme/project description:**  
Job Partnerships and SME Promotion in  
Ethiopia II

**On behalf of**  
German Federal Ministry  
for Economic Cooperation  
and Development (BMZ)