



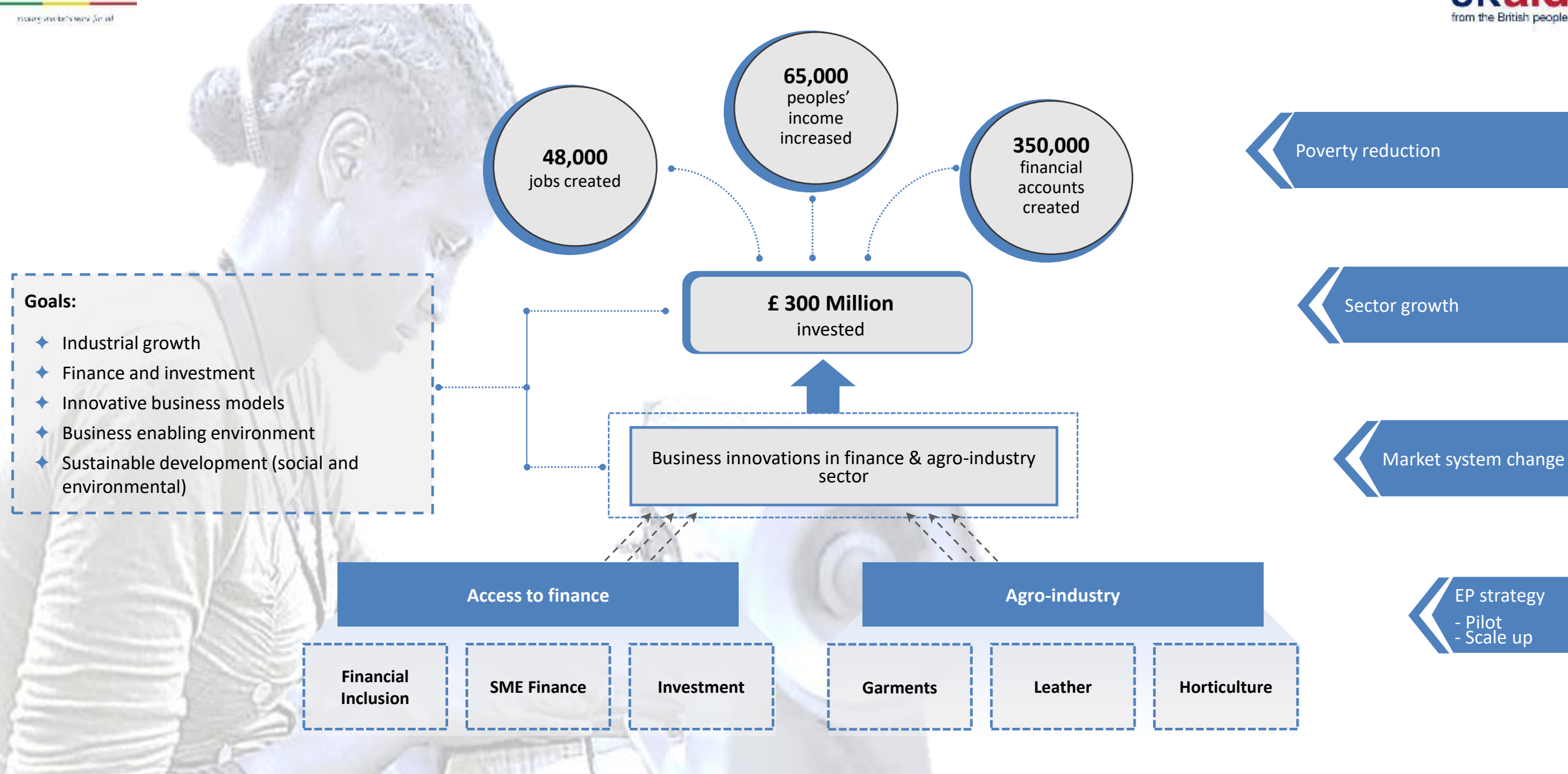
ENTERPRISE PARTNERS

*making markets work for all*



**UKaid**  
from the British people







# ENTERPRISE PARTNERS

## Supporting Ethiopia's industrial transformation

### COUNTRY VISION

A globally competitive and vertically integrated manufacturing economy

#### GARMENTS

#### MAKING INDUSTRIAL PARKS WORK

#### LEATHER

##### National Strategy

- National apparel plan
- National cotton strategy

##### Collaboration

- Collaborate with brands (PVH, H&M)
- National coordination platform

##### Quality cotton

- Quality seed production
- Contract farming with textile industry
- Facilitating investment by value investors

##### Linkage with SMEs

- SME capacity development
- Credit line for SMEs

##### Labour and skills market

- Sourcing, screening & placement centres
- Soft-skills training and multi-skilling
- HR management, supervisors training
- Labour market database
- Career development

##### Standard of living

- Accommodation and transport
- Life-skill training
- Childcare and facilities for mothers
- Health and other social services
- Financial scheme for savings and entrepreneurship

##### Green industrialization

- Green business models in Hawassa Industrial Park
- Develop national plan to secure green finance

##### Attract foreign investment

- Attract FDI and private capital
- Support Ethiopian Investment Commission

##### Tannery finishing

- Improve technical know-how through chemical companies
- Develop demand driven finished leather

##### Supply chain system

- Coordinated customs and logistics
- Aggregated import of inputs

##### Linkage with US/UK/EU markets

- Product promotion and branding
- Aggregated demand management and export

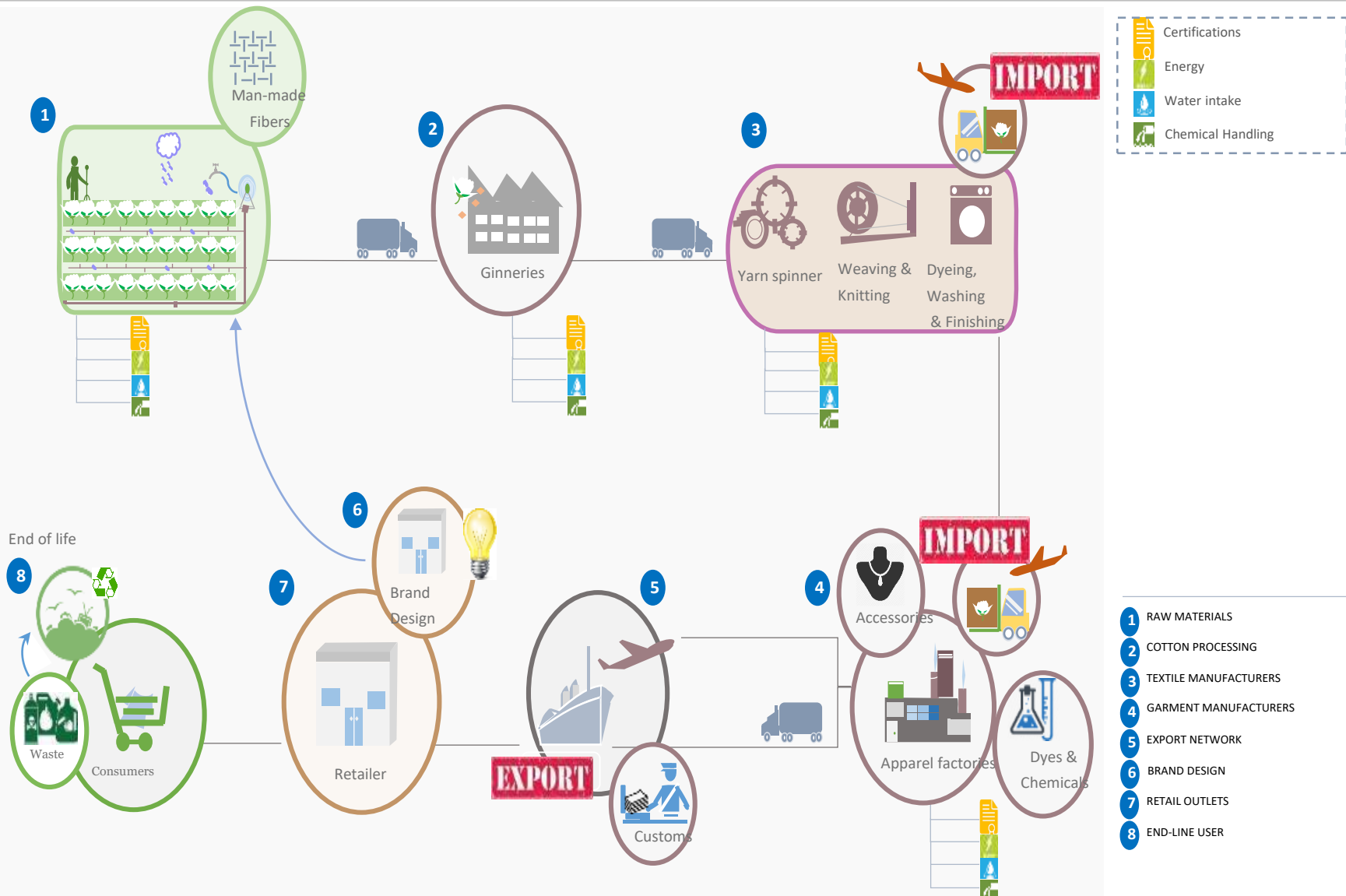
##### Quality hides and skin

- Promote semi processing
- Improve grading system



# Ethiopia's Garments value chain and key constraints

Ethiopia's garments value chain has potential for vertical integration



Shortage of inputs supply



Weak links across value chain



Poor understanding of global market



Limitation in custom and logistic service

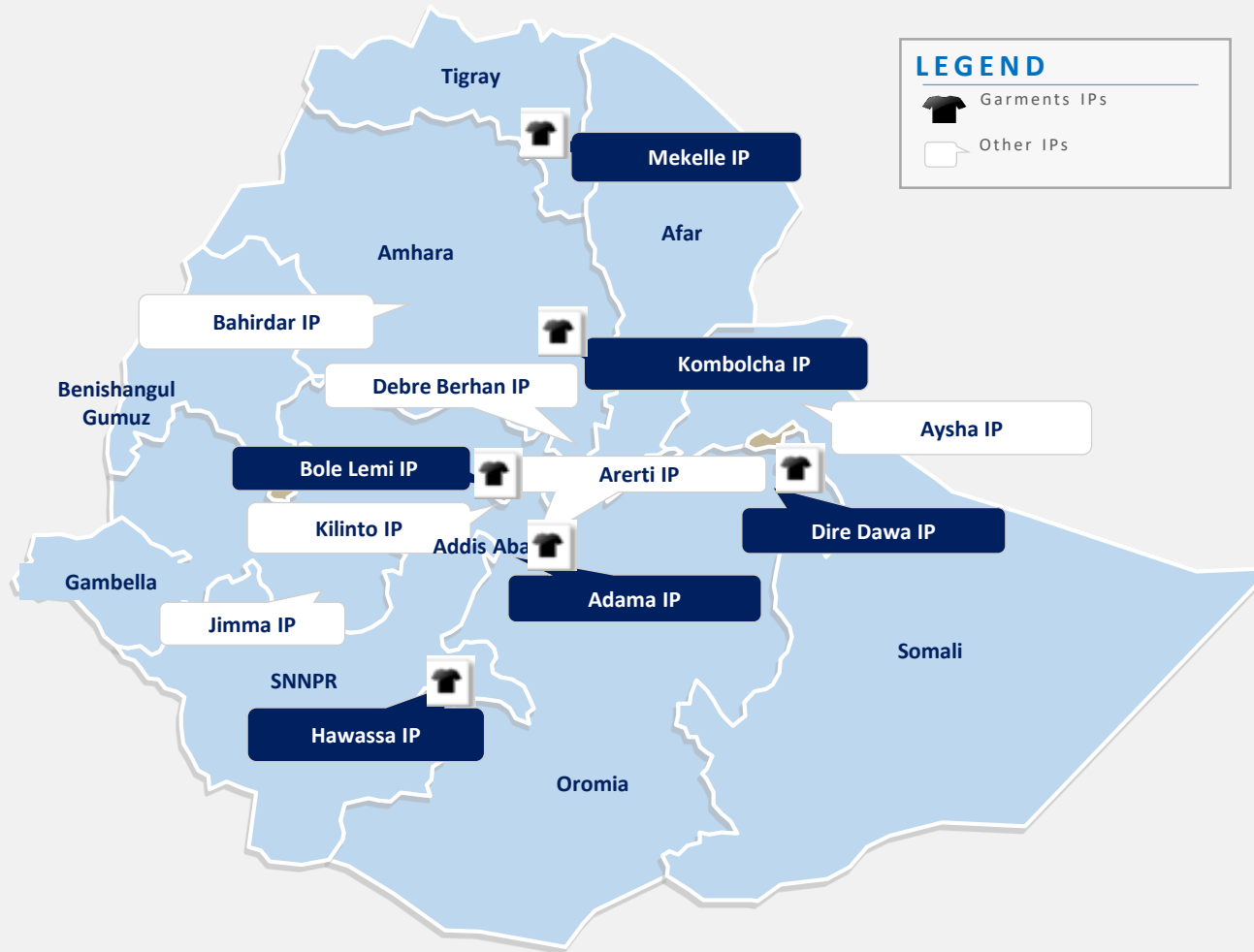


Absence of dynamic labour market

# Industrial parks

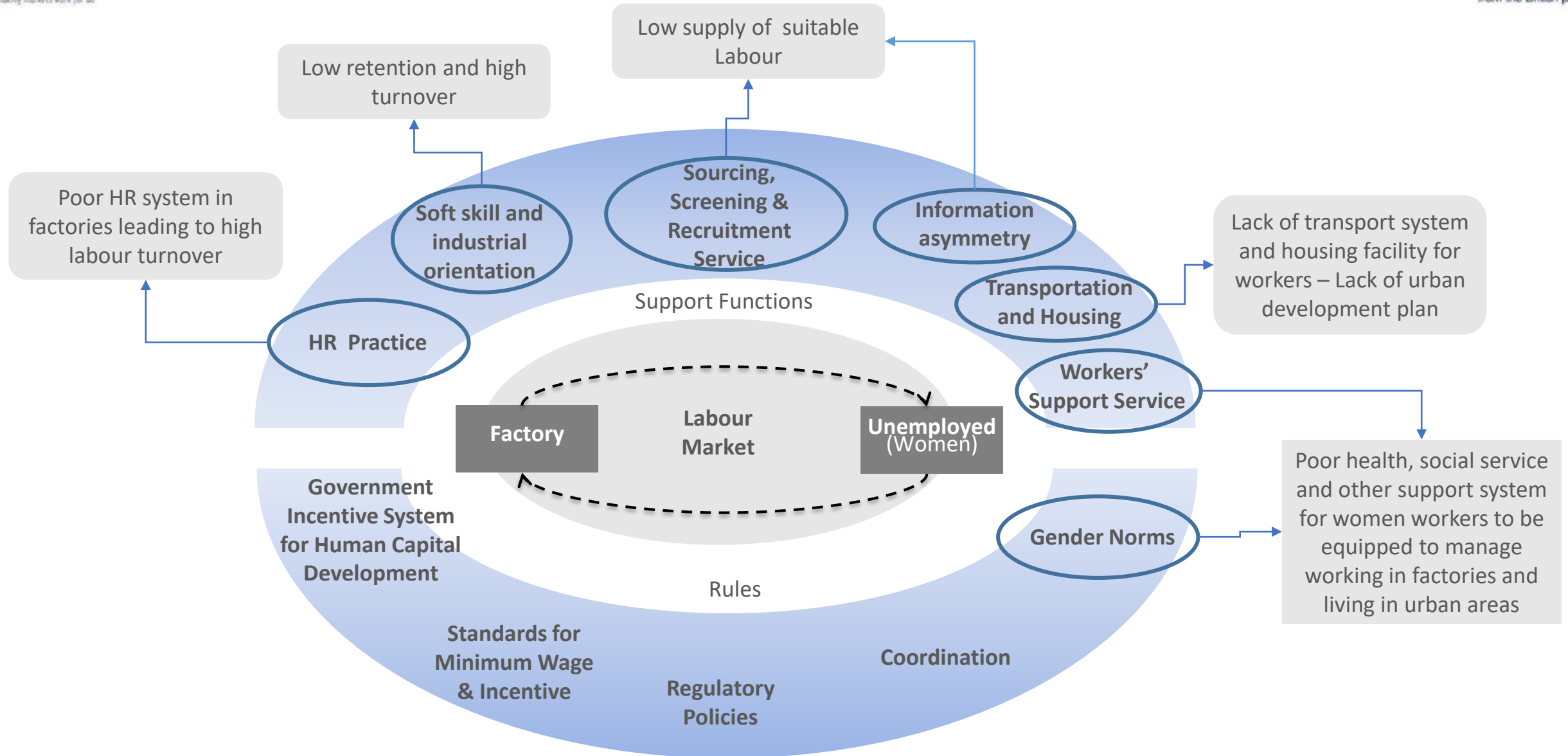
Government of Ethiopia's industrialization strategy focuses on developing industrial parks which is attracting FDI and international brands such as – PVH, H&M

## Current & upcoming government-built industrial parks in Ethiopia



# Key constraints in Labour market

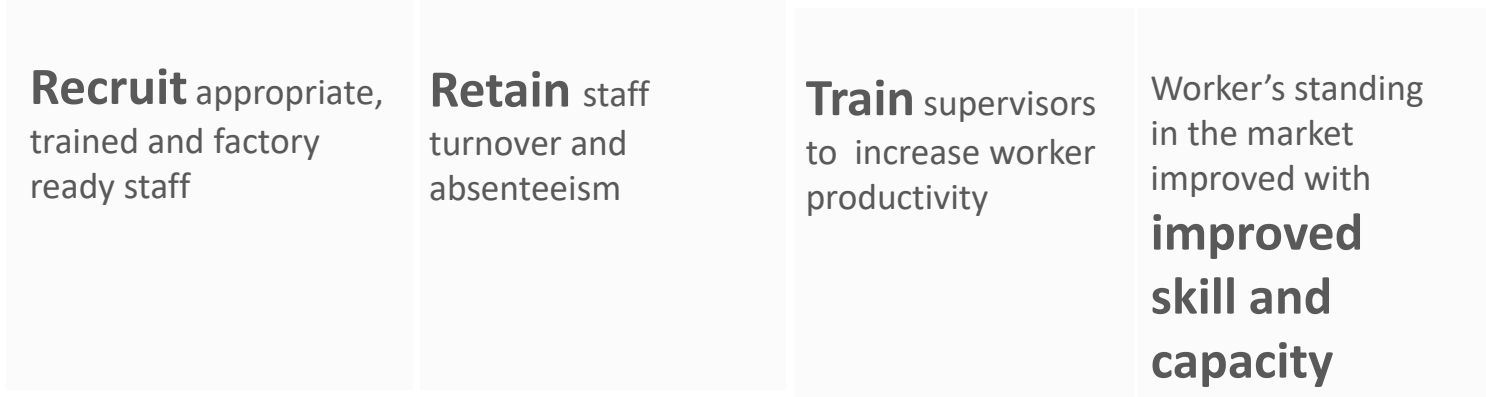
Low availability of skilled work-force, poor industrial orientation, high turnover and low productivity are major constraints in the labour market



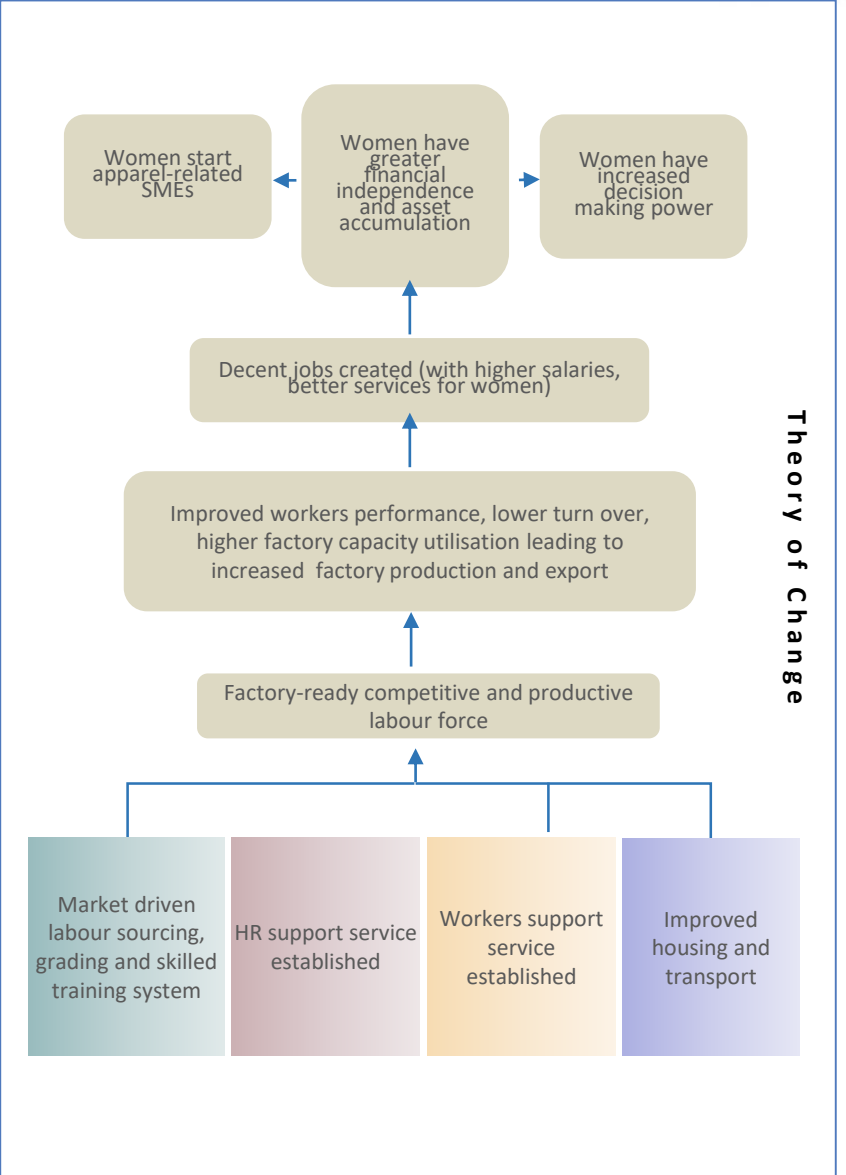


# Labour market vision and Theory of Change

EP's vision is to improve labour mobility, adaptability and productivity leading to industrial transformation and decent job creation



**Foundation:** Services for workers (housing, health, life skills, transport, childcare etc) to live in urban areas



# Pilot interventions and learnings

In Ethiopian context, a collaborative model between public institutions and private actors are needed for a scalable and sustainable solutions

## Pilot Interventions

Pilot with two private training providers (Next and Wossi)

Pilot with ETIDI on recruiting **200** workers for one factory in HIP

## Key learnings

- Private training companies are good at providing soft skill training but they are not able to source workers at scale
- Technical training is better left with factories
- Public institutions are capable of sourcing workers at scale; but not equipped to provide soft-skill trainings

## PPP Model - HIPSTER

Public-Private model for sourcing, training and recruiting **30k+** workers in Hawassa Industrial Park (HIPSTER)





# Hawassa IP sourcing, training and recruitment program (HIPSTER)

An innovative public-private partnership

PROCESS

PROGRESS

Job applicant



## SOURCING AND SCREENING



SNNPR

- ✓ Sensitized on HIP and its job prospects
- ✓ Registered
- ✓ Screened
- ✓ Accepted or Rejected

- 27 screening centers across 7 catchment area

43,972 screened

## GRADING



ETIDI

- ✓ Tested for trainability, dexterity, colour blindness, eyesight and job readiness
- ✓ Recommended to best suited job category:
  - Sewing
  - Non sewing
  - Other

- 1 grading center

23,626 graded

## RECRUITMENT AND ALLOCATION



INVESTOR ASSOCIATION

- ✓ Defines demand from factories
- ✓ Allocates applicants to factories
- ✓ SNNPR communicates job applicant to show up
- ✓ Recruitment process completed with induction

- 1 Investor Association with 18 factories

12,390 recruited

## SOFT SKILL TRAINING



PRIVATE TRAINERS

- ✓ Recruited operators are provided soft skill training to prepare them on industrial norms and practices, which will improve their motivation and performance

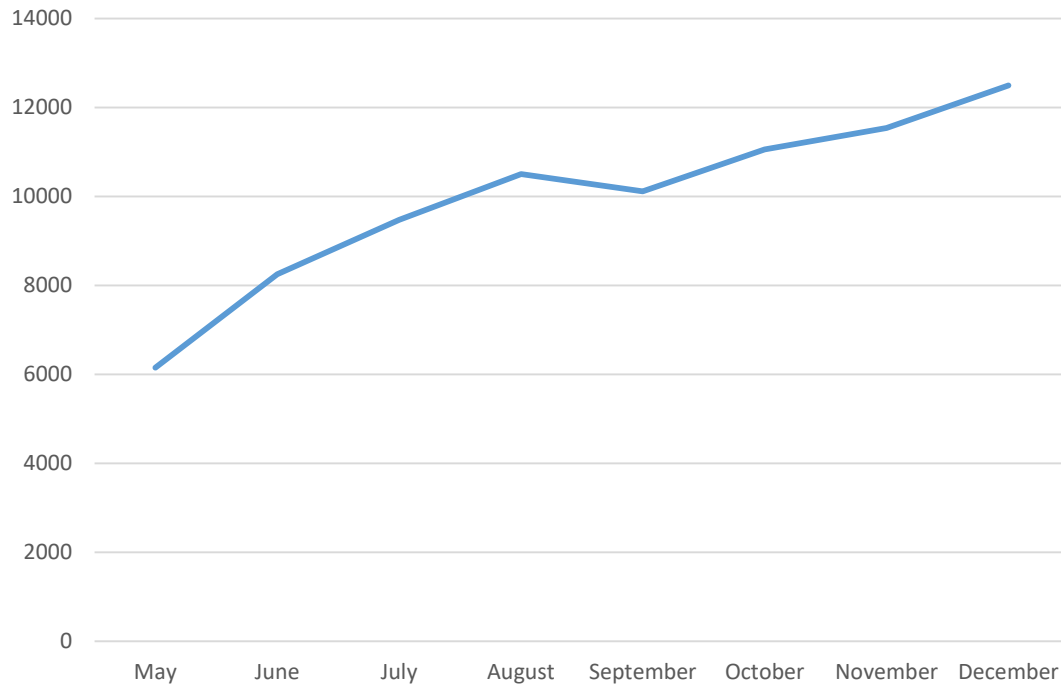
- 4 soft skill training providers

7,260 trained

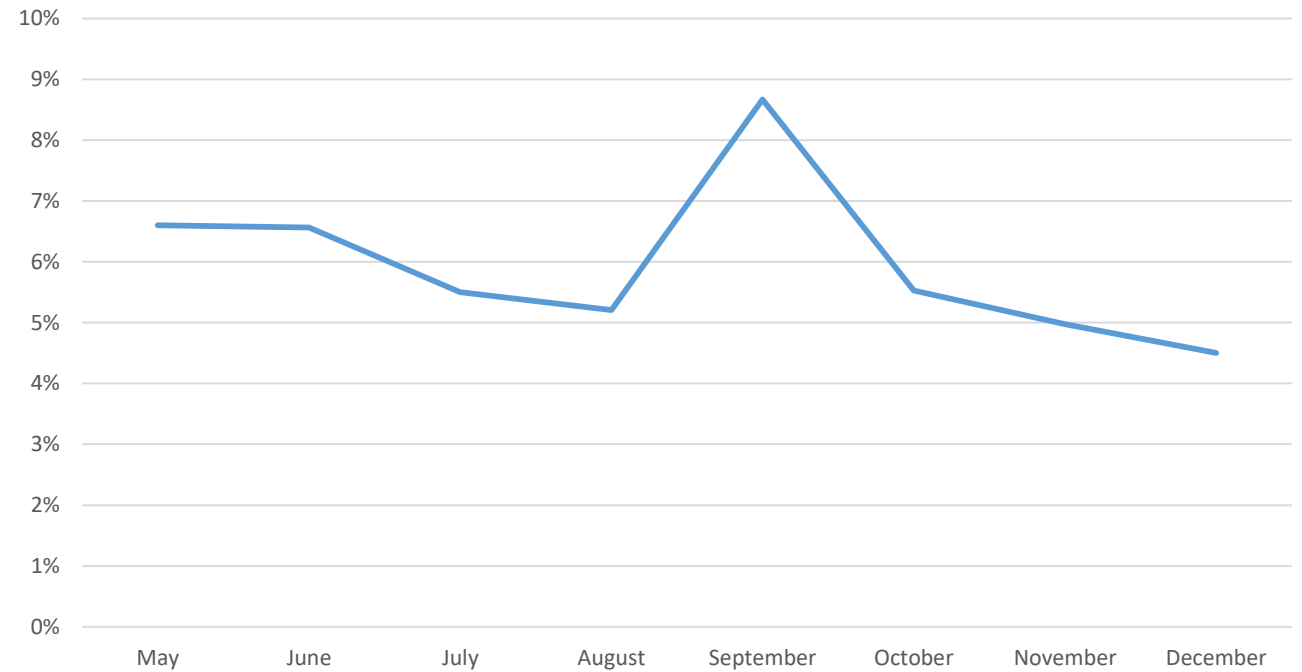
- System of matching factory labour demand with factory ready and trainable labour force
- Improved worker motivation and performance
- Improved productivity
- Reduced turnover



## Employment trends in Hawassa Industrial Park







## Labor Turnover in Hawassa Industrial Park



- HIPSTER data indicates 97.7% of recruits are female
- HIP data shows 75% of employees are female
- Quiz: what caused the turnover spike in September?

## Other Interventions

Increased focus on “retention” related interventions which will ensure increased factory productivity and create opportunities for workers to fulfil their personal and career driven plans

EP Interventions	Description
<b>HR Systems</b> 	<ul style="list-style-type: none"> <li>Establish Human Resources system for industrial park and factories</li> </ul>
<b>Gender</b> 	<ul style="list-style-type: none"> <li>Training on health, nutrition, gender relations, industrial work environment and life skill</li> </ul>
<b>Career Path</b> 	<ul style="list-style-type: none"> <li>TATARI – Matched savings and loan for entrepreneur program</li> </ul>
<b>Overall</b> 	<ul style="list-style-type: none"> <li>Coordination on other labour related issues such as housing, transportation, minimum wage etc.</li> </ul>

## Coordination with other development partners



**giz**

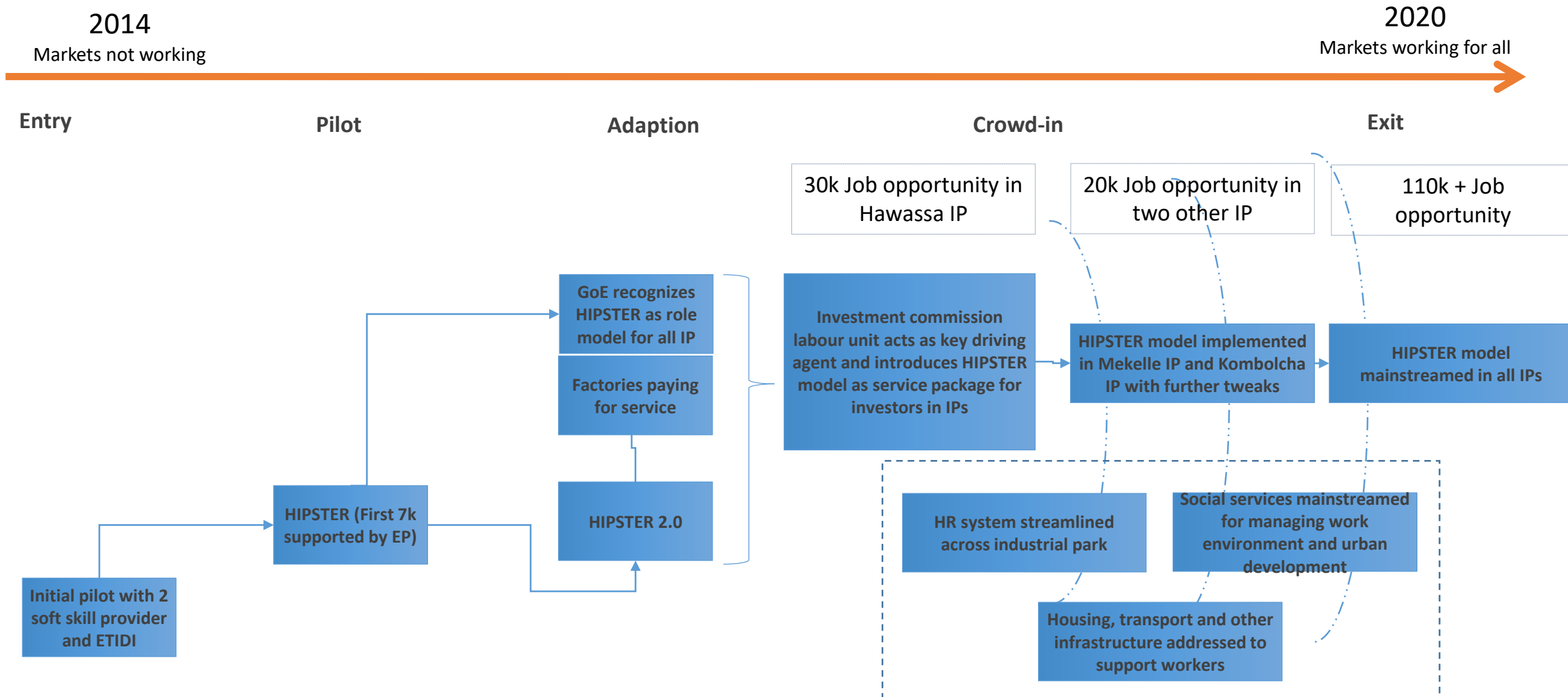


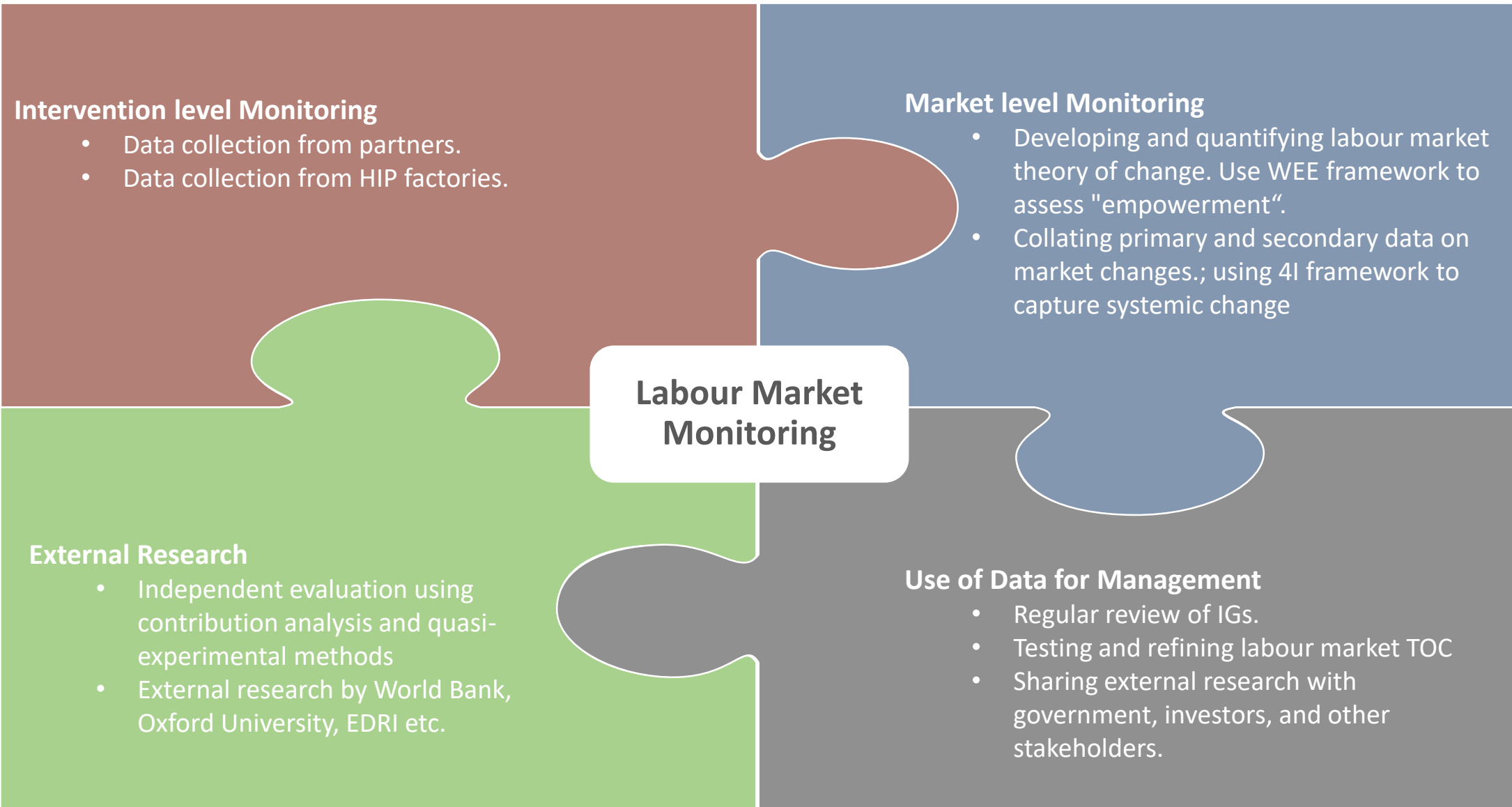
**WORLD BANK GROUP**



# Pathway to scale and systemic change

HIPSTER model to be implemented across all industrial parks as a service package by GoE to be paid by investors in industrial parks

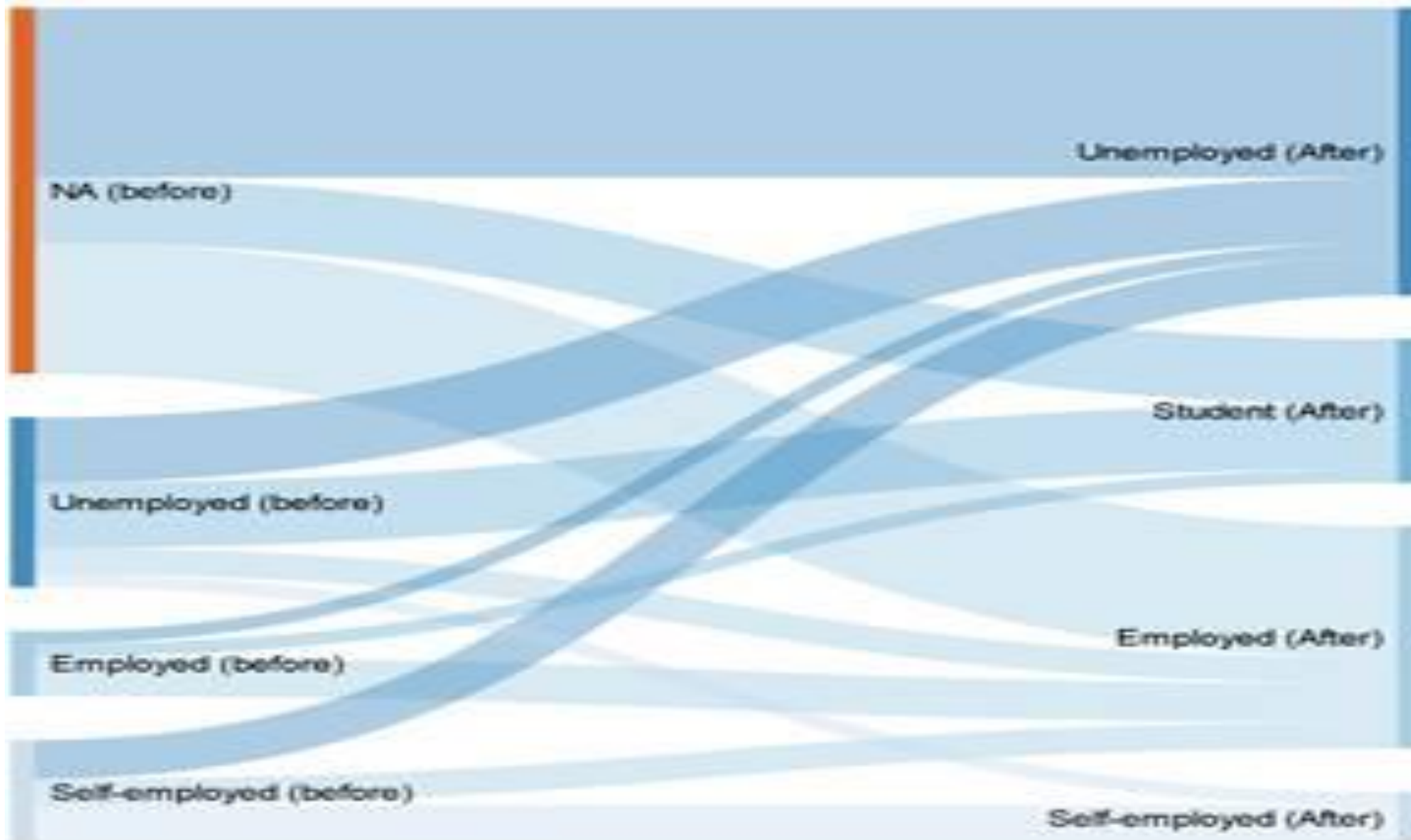




Objective of study	Researchers	Status	Methodology
Understand the <b>effect of an industrial park</b> for individuals and source communities	World Bank (Kevin, Christian, Morgan)	Pilot research funded, if successful can apply for full grant. Likely to start in mid-2018, and to continue for 3+ years	Large survey of communities in SNNPR, reliant on data from HIPSTER database.
Understand the <b>causes of turnover and productivity</b> and effects of a housing subsidy and <b>financial savings</b> +loans scheme to retention	Oxford University (Stefano Caria)	Grant obtained from IGC, Stefano is still finalising research question. Likely to start in mid 2018, and continue for 2+ years	Large survey of employees at park.
Understand <b>determinants of recruitment</b> into IP	World Bank (Niklas Buehren)	Surveys finished, analysis underway	Randomised allocation of job-seekers to employees
Understand <b>effect of industrial employment on economic and social wellbeing of married women</b>	EDRI	Baseline complete, midline ongoing.	Randomised allocation of married job-seekers to employees
Understand <b>career pathways of women</b> at HIP	Adam Kessler	Data collection to start in December, finalise in February	Phone interviews with ex-workers from IP
<b>Impact</b> of industrialisation on the poor	Palladium	Proposal	Reality-check approach using ethnographic research



## Illustration of careers before and after HIP employment



# Questions



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Enterprisepartners1



@EP\_Ethiopia



Phone: +251-114701474/727  
Fax: +251-116-672-588  
P. O. Box 27374/1000  
Addis Ababa, Ethiopia  
E-mail: [info@enterprisepartners.org](mailto:info@enterprisepartners.org)  
Web: [www.enterprisepartners.org](http://www.enterprisepartners.org)

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