PROJECT TITLE

Challenges and Prospects of Entrepreneurship Development and Job Creation for Youth Unemployed: Evidence from Addis Ababa and Dire Dawa city Administrations, Ethiopia.

Project Proponent institution

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Historical background of HU

- Established:May 15, 1952 based on the agreement between Government of Ethiopia and the Technical Cooperation Administration of the Government of the United States of America
- **Mandate:**given to Oklahoma university to operate the university
- Location:Based on the wish of Emperor hailesellassie it was located and up to date in Oromia regional state eastern hararghe zone Alemaya wereda,ethiopia

Historical background of HU

- 1963:Till this date it was dependent on Oklahoma university
- Especially after 1966 the role of Americans was limited to advisory and technical support.
- Current functionality:Haramaya Campus, Harar Campus and Chiro Campus.

Project Administrative Information

Name	Posoition in the project	Position in the institution
Abel Tewolde	Leader	Lecturer and researcher
Wasihun Mohammed	Member	Lecturer and researcher
Usha Rekha	Member	Lecturer and researcher
Hayat Fentaw	Member	Lecturer and researcher
Christian Feleke	Member	Lecturer and researcher
Kassahun Mamo	Member	Lecturer and researcher
Senayit Seyoum	Member	Lecturer and researcher

BACKGROUND

- Almost 90% of world youth are living in a condition that they can’t access enough education, capital, paid employments and health services
- Absorbing youth within the formal economy is nearly nonexistent.
- Ethiopia: More than half are under 25 years old
- Ethiopia: Population more than half are female population

BACKGROUND

- Greater numbers of youth and women are vulnerable
- They operate odd jobs in the informal sector to earn for their living.
- **How UN and WHO defines youth?** between 15-24 years and 10-24 respectively.
- **How Ethiopia defines youth?** Ethiopian Social Security and Development Policy define as 15-24 years

BACKGROUND

- How ILO defines unemployment? Someone being“without work”, “currently available for work” and “seeking work’’.
- How Ethiopia defines unemployment? It accepts ILO and defines it under the **partial relaxation and completely relaxed definition**
- Partial relaxation: includes discouraged job seekers in addition to persons satisfying the standard definition.

BACKGROUND

- **Discouraged job seekers :** want a job but did not take any active step to search for work because they believe that they cannot find one.
- **Completely relaxed definition:**

Person without work and those who are available for work, including those who were or were not seeking work.

- What makes it complete relaxed? the seeking work criterion is completely relaxed.

BACKGROUND

- More than half the young people aged below 25 who want to work cannot find a job opportunity
- 35% of unemployed young people have been in this situation for over one year.
- Ethiopia: Because of population growth, the labor force is expected to double in the next 25 years.

BACKGROUND

- There are more than 33 universities with 10 additional being constructed.
- This explosive growth of universities has produced many graduates ready for work.
- 80% of Ethiopia's overall labor force is engaged in subsistence farming.
- More job opportunities are critically needed for university graduates.

BACKGROUND

- Ethiopia has one of the highest urban unemployment rates worldwide at 50% of the youth labor force.
- Ministry of Labor and Social Affairs:87% of all registered job seekers are between the ages of 15-29.
- 68% percent of employed youth (rural and urban) are unpaid family workers.

BACKGROUND

- MDG: High youth unemployment is challenge to MDG
- To accelerate the growth, security and sustainability of the Ethiopian economy development, each sector needs to be supported by young entrepreneurs and employees.
- The need to create more jobs which is consistent and comparable to new graduates is very essential.

BACKGROUND

- This can also lead to social unrest and civil disobedience.
- creating productive work for young people in sub Saharan Africa **GDP**
- Local governments are responsible to create job opportunities for those youths not only in government offices but also in various NGOs and private organizations. increase of 12-19%.

RATIONALE OF THE PROJECT

- Grants ease access of information for private, public and all other users
- Why the CBMS supposed to be established?

Answer: Because there is no existing CBMS in the area.

- Lack of data makes it difficult for regions and sub-cities to identify the needs and challenges of youth to address sufficiently.

RESEARCH QUESTIONS

1. What is the status of unemployment rate for the selected *Kebele*/Subcity?
2. What types of skills do youths lack to start their business?
3. What are the available policy option to reduce unemployment in general and youth unemployment in particular?

HYPOTHESES

H_1: Absence of capital outweighs the sum of other factor in affecting youth unemployment?

H_2: The cause of high unemployment is from government policy direction?

H_3: Unemployment rate is negatively correlated with the number of businesses in the area?

OBJECTIVES

General Objective:

✍To develop and pilot test a CBMS implementation in Addis Ketema sub city(Addis Ababa) and Kebele 08 and Adada Rural kebele administration(Dire Dawa).

OBJECTIVES

Specific objectives of the CBMS:

- Preparation of community poverty and house hold level poverty profile and maps of Addis ketema Subcity (in Addis Ababa) and *kebele* 08 city administration &Adada rural administration (in Dire Dawa).
- Preparation of local development plan with local officials in Addis Ababa and Dire Dawa based on CBMS and other relevant and related data.

OBJECTIVES

- To provide relevant information to any governmental and nongovernmental institutions which needs it to develop new policy.
- Checking if there is new policy impact and the life of the society is improving

OBJECTIVES

Specific objectives of the pilot test:

- To identify problems arising from various financial stakeholders
- To suggest what operational readjustment is needed from stakeholders to ease effort of youths' job creation.
- To suggest in which area should the youth has to get training in supporting them to create their own job.

PROJECT SITE SELECTION

S.No	Addis Ababa	Total population size	Number of Households	Unemployment rate	Major economic activities
1.	Addis Ketema Subcity	**255,372**	**52,961**	27.2	Trade

PROJECT SITE SELECTION

S.No.	Dire Dawa	Total population size	Number of Households	Unemployment rate	Major economic activities
1.	*Kebele* 08 administration (around Lagahare)	34,173	8,543	Undisclosed (The CBMS will reveal it)	Trade
2.	Adada rural *kebele*	6,763	1,550	Undisclosed (The CBMS will reveal it)	Farming activity and small and micro enterprise

METHODOLOGY:INDICATORS(Individual)

Indicators	Variables	Measurement
Number of years of individuals	Age	Number of years
Gender of an individual	Sex	Male female
Primary/secondary/tertiary participation of an individual	Education	Levels attained and the benefits accrued (Illiteracy, Primary, Junior, Secondary, Tertiary(College and universities)
Employment or unemployment rate	Employment/occupation	Self employed, civil servant

METHODOLOGY:INDICATORS(Individual)

Indicators	Variables	Measurement
Number of years an individual spends on work	Work experience in the field	Short period, medium period and long period
Return from job involvement	Income	Salary/wage
Nature of accompany of an individual	Marital status	Married , informal/union, divorced/separated, never married, widowed
Nature of resident of an individual	Housing	Rent, owned or no housing at all

METHODOLOGY:INDICATORS(Individual)

Indicators	Variables	Measurement
Some ones clothing needs	Clothing	Total number of cloth, clothes value
The number of years the person spend with a certain job under study.	Work experience	Expressed in terms of years stay at work
The relationship between work, risk and human behavior	Attitude towards risk	Risk avert, risk lover etc
An individual habit of saving	Saving trends	Savings made so far

METHODOLOGY:INDICATORS(Individual)

Indicators	Variables	Measurement
Individual's involvement in a voluntary activities	Number of voluntary activities	The total number of involvement
Units and Values of economic activities	Total production	Total number of output (In Kg, liter, meter etc) and Total production value.
Types of economic activities in which a person is involved	Economic activities	Agriculture, transportation, industry etc
Types of crime in which the person is involved	Crime	Burglary, stealing, hanging etc

METHODOLOGY:INDICATORS(Individual)

Indicators	Variables	Measurement
Willingness of a person to involve in a social	weeding, death remembrance	Average involvement per year The amount of money they spent on.
Vulnerability of a person for addiction	types of youth addiction	Number of sales of beer, chat, cigarettes and other addictives.
Individual's health status	Types of disease	Frequency of a person got sick

CBMS at household level

Indicators	Variables	Measurement
Units and Values of total household consumption	Total consumption	Total number of output consumed (In Kg, liter, meter etc) and Total consumption value.
People living together per household	Family size	Small, average and large
Nature of resident of household	Housing	Rent, owned or no housing at all
Number of economical inactive member of the household	Dependents	Number

CBMS at household level

Indicators	Variables	Measurement
Ways of access to safe water and sanitation	Water and sanitation	Filtration of the water(water type),toilet size, waste management activities
Access to infrastructures	Types of infrastructures	Road type (asphalt, cobble stone, plane road etc),electricity, telephone etc
Availability and consumption of food	Nutrition type	Average daily protein, carbohydrate consumption, Prevalence of underweight children under-five years of age
Willingness of a person to involve in a social	weeding, death remembrance	Average involvement per year ,The amount of money they spent on.

CBMS at household level

Indicators	Variables	Measurement
Households health services status	Health	Distance to health facilities, availability of drugs, quality and cost of health services
Households access to market	Distance to the nearest market	Measurement in KM or Meter
Households habit of saving	Saving trend	Amount of savings made by household per period
Number of economically active members of household	Number of active workers	Counting the number who are active in household economic activities
Gender of head of household	Sex	Counting Male headed or female headed household

CBMS at community level

Indicators	Variables	Measurement
Proportion of community who have died in the period	Death rate	Annual number of death and their causes, maternity death, infant death.
Newly born child in the period	Birth rate	Annual number of birth at home ,birth at hospitals
Total amount of permitted investment outlay in the community per year	Investment	Total amount of birr invested per year
Total number and values of jobs created in the community per year	Employment	Possible number of jobs, their salary

CBMS at community level

Indicators	Variables	Measurement
Nature of accompanied couples in the community	Marital status	Number of singles, married ,divorced etc
Proportion of individuals separated from their job in the community.	Rate of job departure	Total number of employees living their current job
Proportion of retired from the total community labor force	Retirement	Total number of employees leaving the organization(lay off, pension, voluntary retire etc)
Most dominant economic activity in the community	Economic activities	Agriculture, transportation, industry etc

CBMS at community level

Indicators	Variables	Measurement
Communities intervention towards their environment	Environmental effects	Degree of deforestation, air pollution, sound pollution Consumption of ozone-depleting substances
The average number of years does a person from the community lives	Life expectancy	In terms of years
An average share of an individual from the community's annual economic activities	Per capital income	Expressed in birr value
Participation individual in the community's social affairs	Social capital	Participation in social affair like "Edir", "Ekub"…

CBMS at community level

Indicators	Variables	Measurement
Provision of public goods in the community	Infrastructures	Access to road, Road type (asphalt, cobble stone, plane road etc), electricity, telephone, water, etc
The community's access to the financial services	Financial institutions	Bank service, insurance services etc
Number of institutions involved in the community	Government and nongovernment institutions	Numbers and types of institutions in the community
Annual governmental support obtained by the community	Government subsidies	Subsidies in terms of birr

CBMS at community level

Indicators	Variables	Measurement
Proportion of a community population who are actively involved in the economic activities.	Labor force participation	Number of labor force in the community relative to the overall inhabitants
Proportion of labor force who does have a job	Employment rate in the community	Percentage of employed from the labor force in the community.
Degree of inputs availability	Input access	Highly available, less available etc
Units and Values of total household consumption	Consumption trend	consumption of quantity and value in birr

CBMS at community level

Indicators	Variables	Measurement
Units and Values of total household saving	Saving trend	Amount of birr saved per day, month or year
The relationship between work, risk and human behavior	Attitude towards risk	Risk averter or risk taker
Availability of recreation center for the community	Number of recreation centers in the community	Average number of people using the recreation center
Prevalence of crime in the community	Crime	Crime rate relative to the specified area community.

CBMS at community level

Indicators	Variables	Measurement
Natural disaster in the community	Natural disaster	Earth quake, volcanic eruption, flood etc..
Provision of aid to the community GO and NGOs	Aid	Food Aid, educational aid, health aid etc
Causes and effects of conflict in the community	Peace and Order	Number of conflict occurred in the community in the last twelve months

Indicators for youth unemployment and entrepreneurship study

Indicators	Variables	Measurements
Unemployment	Youth unemployed, total unemployment	Percentage and ratios
Type of youth unemployment prevail in the area i.e. frictional, structural, seasonal and cyclical	Types of Unemployment	Number
Problems to start business	Financial ,administrative etc	How long it takes(in terms of time and chain of procedures)
Skills of starting business	Technical and non technical skills	Number of skill trainings

Indicators for youth unemployment and entrepreneurship study

Indicators	Variables	Measurements
Government interventions	Subsidy and tax	Birr value
Ways of financing	Equity, debt	Financial ratio analysis
Collaterals	Assets	Birr value of assets
The degree of poverty or livelihood status in the selected sites.	Expenditure per adult equivalent	Head count and poverty severity indices
Economical, technological, political and social factors of unemployment	Factors of unemployment	

Data collection

- The total number of data enumerators to handle the case of Addis Ababa will be **20** and Dire Dawa will be **10**.
- This is done on the basis of recognition that the catchment area and the population size of Addis are much bigger than Dire Dawa.
- House hold level and community level questionnaires will be prepared on such a way that it considered the indicators listed in the project.

Data collection

Training 1: Briefing about the designed questionnaires. This can make participants brief about the concepts and definitions of the questionnaire.

Training 2: Training to enumerators on the overall objectives of the CBMS and what type and from where to collect the data. This can be defined as training on guidelines of field operation of census data collection.

Data processing

- Both descriptive and inferential statistics will be used.
- Frequency distribution tables
- Simple hypothesis testing statistical tool
- Histograms, bar graphs, and pie charts will be the diagrammatical tool that possibly the study utilizes.
- Binary choice model (logit or probit)
- which is the probability of creating your own business.

Data processing

In the logit model the probability of participation can be defined as:

$$P_i = \frac{e^z}{1+e^z}$$

Where:

$z_i = \beta x$-an estimated value of being an entrepreneur for the observed individual, household and community characteristics

The probit model estimation:

$$p_i = p(y=1|x) = p(z_i \leq \beta x) = F(\beta x)$$

Data processing

Multivariate linear regression model

$$\mathbf{Y}=\alpha+\boldsymbol{\beta}I+\boldsymbol{\theta}H+\boldsymbol{\delta}C+e$$

Where,

α - Vector of Coefficient of independent variation

β – Vector Coefficient of variables, which indicate individual characteristics

θ – Vector Coefficient of variables, which indicate household characteristics

δ – Vector Coefficient of variables, which indicate community level characteristics

Data processing

Y- The tendency of youth in job creation and self employment

I - Vector variables, which indicate individual characteristics

H - Vector variables, which indicates household characteristics

C- Vector variables, which indicates community characteristics

e - Error term

Data processing

✍ As a complimentary for this analysis the multicollinearity test based on Variance Inflation Factor (VIF), correction method for hetroscedasticity problem and specification tests will be done.

$$VIF_j = \frac{1}{(1 - R_j^2)}$$

Where, R_j^2 - coefficient of determination

Data processing

Foster-Greer-Thorbecke(FGT)Model:

$$P_{\alpha} = \frac{1}{N}\sum_{i=1}^{H}\left(\frac{G_i}{z_i}\right)^{\alpha}, (\alpha \geq 0)$$

Where,

$$P_{\alpha} = poverty\ \ measure, \quad z = poverty\ \ line,$$

$G_i -$ the difference between income(expenditure) per capita and poverty line

N-Total population in the economy

α-Weight attached to poverty severity

H-The number of poor (those with incomes at or below Z)

Data processing

- The higher the FGT statistic, the more poverty there is in an economy.
- Alpha being 1 indicates the average poverty gap, or the amount of income necessary to bring everyone in poverty right up to the poverty line, divided by total population.
- This can be thought of as the amount that an average person in the economy would have to contribute in order for poverty to be just barely eliminated.

Data processing

- The commonly used values of α are 0, 1, and 2.
- When we set α equal to 0, indicates the **headcount ratio**, which measures percentage of population that falls below the stated poverty line for their living.
- when we set α equal to 1 and 2, we obtain the poverty gap and severity of poverty index respectively.

Data processing

Gini-coefficient:is a measure of statistical dispersion intended to represent the income distribution of a nation's residents.

$$\frac{A}{A + B}$$

Where:

A-Area between perfect equality line and Lorenz curve.

B-The area below the Lorenz curve

Data processing

- A Gini coefficient of zero expresses perfect equality.
- A Gini coefficient of one (or 100%) expresses maximal inequality among values (for example where only one person has all the income).
- For the descriptive and inferential analysis of the study,**STATA** statistical package will be employed.

STEERING COMMITTEE SET UP

- The committee will be established comprising of the following twelve members
- An individual from the rural administration of Dire Dawa.
- An individual from the urban administration of Dire Dawa.
- Four individuals from selected *kebele*s of Addis Ketema sub city of Addis Ababa.
- Two individuals from the project team members.

STEERING COMMITTEE SET UP

- Two individuals from data enumerators.
- An individual from Addis Ketema sub city statistical bureau.
- An individual from Dire Dawa Administration statistical bureau.

EXPECTED OUTCOME

- It will forward ideas on the way to motivate youth in job creation and self employment.
- community level and household level poverty mapping will be expected to be generated.
- the CBMS will be used and as a pilot study it generates analysis paper on youth employment and entrepreneurship on the two area administrations

EXPECTED OUTCOME

✍local development plan will be prepared by the sub cities and *kebeles* based on the CBMS and other relevant data from the project.

PROJECT DURATION AND BUDGET

Project budget: Not exceeding 50,000 USD

Project Duration: Not exceeding 2 years

THANK YOU!

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