ENTERPRISE PARTNERS is a social enterprise funded by DfID. Established to facilitate agro-industrial growth and enable access to finance in Ethiopia. This will result in job and income opportunities for poor people, particularly women.

**Goals:**
- Industrial growth
- Finance and investment
- Innovative business models
- Business enabling environment
- Sustainable development (social and environmental)

**Access to finance**
- Financial Inclusion
- SME Finance
- Investment

**Agro-industry**
- Garments
- Leather
- Horticulture

- 48,000 jobs created
- 65,000 peoples’ income increased
- 350,000 financial accounts created
- £300 Million invested
- 48,000 jobs created
- 65,000 peoples’ income increased
- 350,000 financial accounts created
- £300 Million invested

**Poverty reduction**
- Sector growth
- Market system change
- EP strategy - Pilot - Scale up
- Sector growth
- Market system change
- EP strategy - Pilot - Scale up
### ENTERPRISE PARTNERS

**Supporting Ethiopia’s industrial transformation**

**COUNTRY VISION**

A globally competitive and vertically integrated manufacturing economy

<table>
<thead>
<tr>
<th>GARMENTS</th>
<th>MAKING INDUSTRIAL PARKS WORK</th>
<th>LEATHER</th>
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<tbody>
<tr>
<td>National Strategy</td>
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<tr>
<td>- National apparel plan</td>
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<td>- National cotton strategy</td>
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<td>Collaboration</td>
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<tr>
<td>- Collaborate with brands (PVH, H&amp;M)</td>
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<td>- National coordination platform</td>
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<td>Quality cotton</td>
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<td>- Quality seed production</td>
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<td>- Contract farming with textile industry</td>
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<td>- Facilitating investment by value investors</td>
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<td>Linkage with SMEs</td>
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<td>- SME capacity development</td>
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<td>- Credit line for SMEs</td>
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<td>Labour and skills market</td>
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<td>- Sourcing, screening &amp; placement centres</td>
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<td>- Accommodation and transport</td>
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<td>- Life-skill training</td>
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<td>- Health and other social services</td>
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<td>- Financial scheme for savings and entrepreneurship</td>
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<td>Green industrialization</td>
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<tr>
<td>- Green business models in Hawassa Industrial Park</td>
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<tr>
<td>- Develop national plan to secure green finance</td>
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<tr>
<td>Tannery finishing</td>
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<tr>
<td>- Improve technical know-how through chemical companies</td>
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<tr>
<td>- Develop demand driven finished leather</td>
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<tr>
<td>Supply chain system</td>
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<tr>
<td>- Coordinated customs and logistics</td>
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<td>- Aggregated import of inputs</td>
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<tr>
<td>Linkage with US/UK/EU markets</td>
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<tr>
<td>- Product promotion and branding</td>
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<td>- Aggregated demand management and export</td>
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<tr>
<td>Attract foreign investment</td>
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<td>- Support Ethiopian Investment Commission</td>
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<td>Quality hides and skin</td>
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<tr>
<td>- Promote semi processing</td>
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<td>- Improve grading system</td>
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**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

**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

**Attract foreign investment**

- Attract FDI and private capital
- Support Ethiopian Investment Commission

**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.

- Poor HR system in factories leading to high labour turnover
- Low retention and high turnover
- Low supply of suitable Labour
- Information asymmetry
- Sourcing, Screening & Recruitment Service
- Soft skill and industrial orientation
- Transportation and Housing
- Workers’ Support Service
- Gender Norms
- Poor health, social service and other support system for women workers to be equipped to manage working in factories and living in urban areas
- Government Incentive System for Human Capital Development
- Standards for Minimum Wage & Incentive
- Regulatory Policies
- Coordination
- Workers’ Support Service

Support Functions

HR Practice

Labour Market

Unemployed (Women)
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.

**1. Labour system in industrial park**
- Recruit appropriate, trained and factory ready staff

**2. Improvement in HR practices**
- Retain staff turnover and absenteeism

**3. Improvement in Mid management**
- Train supervisors to increase worker productivity

**4. Full knowledge and skill transfer**
- Worker’s standing in the market improved with improved skill and capacity

**Theory of Change**
- Factory-ready competitive and productive labour force
- Improved worker performance, lower turnover, higher factory capacity utilisation leading to increased factory production and export
- Women start apparel-related SMEs
- Women have greater financial independence and asset accumulation
- Women have increased decision making power
- Decent jobs created (with higher salaries, better services for women)
- Market driven labour sourcing, grading and skilled training system
- HR support service established
- Workers support service established
- Improved housing and transport
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

**SOURCING AND SCREENING**
- Sensitized on HIP and its job prospects
- Registered
- Screened
- Accepted or Rejected

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

**RECRUITMENT AND ALLOCATION**
- Defines demand from factories
- Allocates applicants to factories
- SNNPR communicates job applicant to show up
- Recruitment process completed with induction

**SOFTWARE TRAINING**
- Recruited operators are provided soft skill training to prepare them on industrial norms and practices, which will improve their motivation and performance
- Improved worker motivation and performance
- Improved productivity
- Reduced turnover

- System of matching factory labour demand with factory ready and trainable labour force

**27 screening centers across 7 catchment area**
- 43,972 screened

**1 grading center**
- 23,626 graded

**1 Investor Association with 18 factories**
- 12,390 recruited

**4 soft skill training providers**
- 7,260 trained
Employment in Hawassa Industrial Park

Employment trends 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.

<table>
<thead>
<tr>
<th>EP Interventions</th>
<th>Description</th>
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<tbody>
<tr>
<td>HR Systems</td>
<td>Establish Human Resources system for industrial park and factories</td>
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<tr>
<td>Gender</td>
<td>Training on health, nutrition, gender relations, industrial work environment and life skill</td>
</tr>
<tr>
<td>Career Path</td>
<td>TATARI – Matched savings and loan for entrepreneur program</td>
</tr>
<tr>
<td>Overall</td>
<td>Coordination on other labour related issues such as housing, transportation, minimum wage etc.</td>
</tr>
</tbody>
</table>

Coordination with other development partners
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

Entry

2014
Markets not working

Pilot

Initial pilot with 2 soft skill provider and ETIDI

Adaption

GoE recognizes HIPSTER as role model for all IP
Factories paying for service

Crowd-in

30k Job opportunity in Hawassa IP
20k Job opportunity in two other IP
110k + Job opportunity

Exit

2020
Markets working for all

GoE recognizes HIPSTER model implemented in Mekelle IP and Kombolcha IP with further tweaks

Investment commission labour unit acts as key driving agent and introduces HIPSTER model as service package for investors in IPs

HIPSTER model implemented across industrial park

HR system streamlined across industrial park

Social services mainstreamed for managing work environment and urban development

Housing, transport and other infrastructure addressed to support workers

110k + Job opportunity
Monitoring and Evaluation

**Intervention level Monitoring**
- Data collection from partners.
- Data collection from HIP factories.

**Market level Monitoring**
- Developing and quantifying labour market theory of change. Use WEE framework to assess "empowerment".
- Collating primary and secondary data on market changes.; using 4I framework to capture systemic change

**External Research**
- Independent evaluation using contribution analysis and quasi-experimental methods
- External research by World Bank, Oxford University, EDRI etc.

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

www.enterprisepartners.org