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)

£300 Million invested

- 48,000 jobs created
- 65,000 peoples’ income increased
- 350,000 financial accounts created

Access to finance
- Financial Inclusion
- SME Finance
- Investment

Agro-industry
- Garments
- Leather
- Horticulture

Poverty reduction
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

GARMENTS

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

MAKING INDUSTRIAL PARKS WORK

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

LEATHER

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

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

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
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

**Labour system in industrial park**

**Improvement in HR practices**

**Improvement in mid management**

**Full knowledge and skill transfer**

**Recruit** appropriate, trained and factory ready staff

**Retain** staff turnover and absenteeism

**Train** supervisors to increase worker productivity

Worker’s standing in the market improved with improved skill and capacity
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**

- **SOURCING AND SCREENING**
  - SNNPR
  - 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

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

**PROGRESS**

- **27 screening centers** across 7 catchment area
- **1 grading center**
- **1 Investor Association with 18 factories**
- **4 soft skill training providers**

- 43,972 screened
- 23,626 graded
- 12,390 recruited
- 7,260 trained

**KEY POINTS**

- 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

- 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>
</tr>
</thead>
<tbody>
<tr>
<td>HR Systems</td>
<td>▪ Establish Human Resources system for industrial park and factories</td>
</tr>
<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>
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</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.

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**Entry**

2014

Markets not working

- **Initial pilot with 2 soft skill provider and ETIDI**

**Pilot**

- **HIPSTER (First 7k supported by EP)**
  - **Hipster 2.0**

**Adaption**

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

**Crowd-in**

- **30k Job opportunity in Hawassa IP**
- **Investment commission labour unit acts as key driving agent and introduces HIPSTER model as service package for investors in IPs**
- **20k Job opportunity in two other IP**
- **HIPSTER model implemented in Mekelle IP and Kombolcha IP with further tweaks**

**Exit**

2020

Markets working for all

- **110k + Job opportunity**
- **HIPSTER model mainstreamed in all IPs**
  - **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**
Monitoring and Evaluation

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

**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.

**Labour Market 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.

**Market level Monitoring**
# Objective of study

<table>
<thead>
<tr>
<th>Objective of study</th>
<th>Researchers</th>
<th>Status</th>
<th>Methodology</th>
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</thead>
<tbody>
<tr>
<td>Understand the <strong>effect of an industrial park</strong> for individuals and source</td>
<td>World Bank (Kevin, Christian, Morgan)</td>
<td>Pilot research funded, if successful can apply for full grant. Likely</td>
<td>Large survey of communities in SNNPR, reliant on data from HIPSTER database.</td>
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<tr>
<td>communities</td>
<td></td>
<td>to start in mid-2018, and to continue for 3+ years</td>
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<tr>
<td>Understand the <strong>causes of turnover and productivity</strong> and effects of a housing</td>
<td>Oxford University (Stefano</td>
<td>Grant obtained from IGC, Stefano is still finalising research question.</td>
<td>Large survey of employees at park.</td>
</tr>
<tr>
<td>subsidy and <strong>financial savings</strong> +loans scheme to retention</td>
<td>Caria)</td>
<td>Likely to start in mid 2018, and continue for 2+ years</td>
<td></td>
</tr>
<tr>
<td>Understand <strong>determinants of recruitment into IP</strong></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</strong></td>
<td>EDRI</td>
<td>Baseline complete, midline ongoing.</td>
<td>Randomised allocation of married job-seekers to employees</td>
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<tr>
<td><strong>married women</strong></td>
<td></td>
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<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 of industrialisation on the poor</strong></td>
<td>Palladium</td>
<td>Proposal</td>
<td>Reality-check approach using ethnographic research</td>
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Illustration of careers before and after HIP employment
Questions

www.enterprisepartners.org