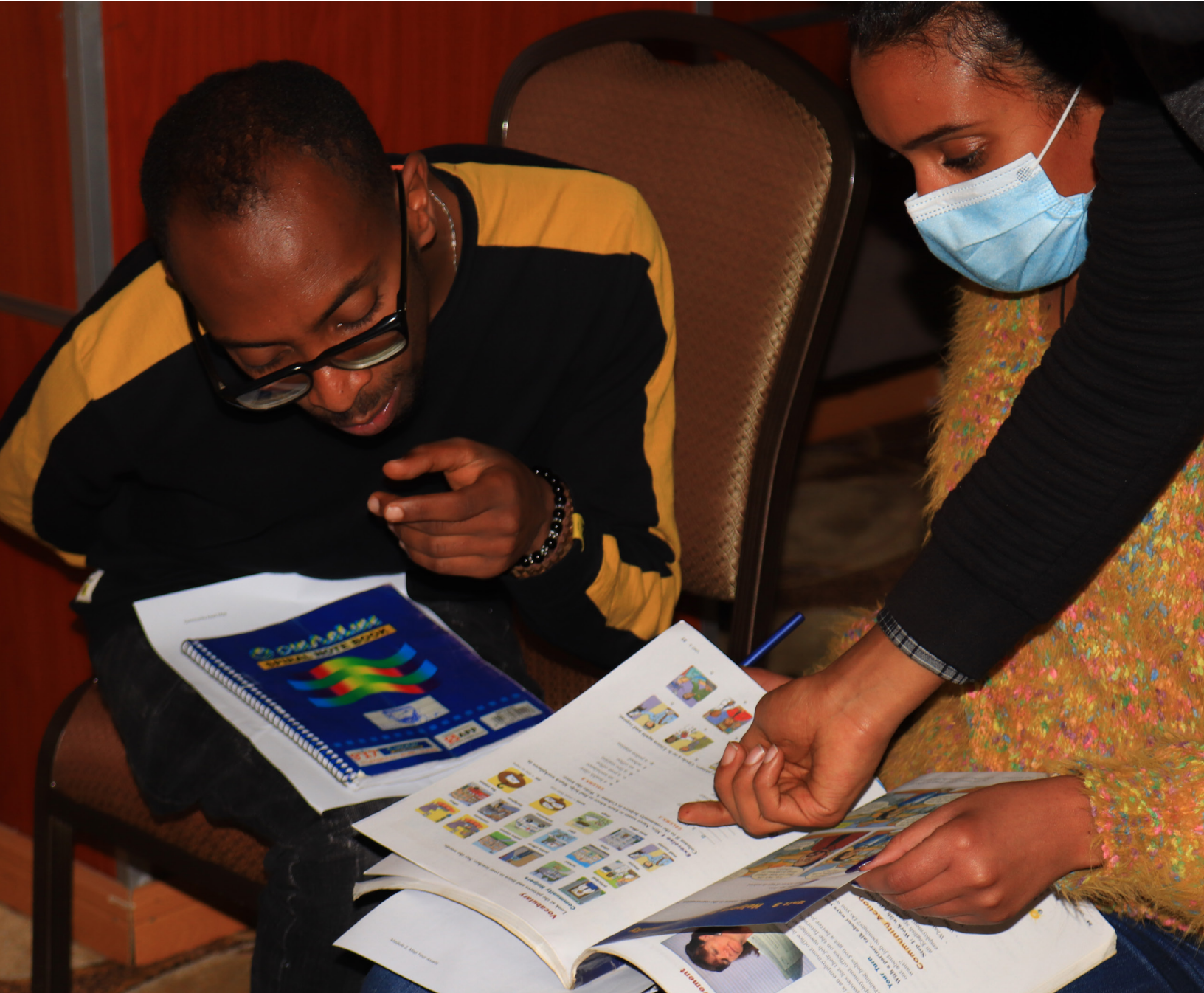




DIGITAL  
OPPORTUNITY  
TRUST

# SPEAKING OUT, REACHING OUT:

Country Brief - Ethiopia



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# Introduction

Ethiopia has made significant progress in poverty reduction over the past decade as a result of economic growth, government reforms, and increased investment in public services for the poor. Pre-COVID, 89.5% of Ethiopian adults had household incomes derived from self-employment, waged employment, or household enterprises at the national level.<sup>1</sup> The country had developed an ambitious vision for economic transformation, and was in the throes of a major opening up of civic space with the election of Prime Minister Abiy Ahmed in 2018.

However, the COVID-19 pandemic amplified existing vulnerabilities, including high levels of unemployment, particularly among youth, social unrest, and a slowing of economic growth.<sup>2</sup> As a result of these vulnerabilities, the effects of the pandemic have been dire. The six-month state of emergency implemented in 2020 by the Ethiopian government upended livelihoods in the country.<sup>3</sup> This upheaval, combined with the conflict in the Tigray region, has had a detrimental impact on poverty reduction. Workers employed in informal sectors, and business owners operating in micro and small sectors have been

the most affected. Youth, particularly young women, refugees and youth living in informal settlements are disproportionately impacted due to their tendency to work and run businesses in low-income and insecure sectors.<sup>4</sup>

Despite an overall recovery in employment and income levels the economic and social costs of the pandemic continue to be substantial. While employment rates have steadily rebounded, they remain lower than pre-pandemic levels (86.4% as of August, 2020)<sup>5</sup> and many workers have moved to lower quality jobs.<sup>6</sup> The impact is most severe in urban areas, where pandemic employment levels are below 80%, and unskilled workers are more affected than skilled and semi-skilled workers.<sup>7</sup> Given their importance to economic stability and growth in Ethiopia, youth need urgent livelihood recovery support.<sup>8</sup>

Grounded in a commitment to enabling youth to tell their own stories of coping and adapting in the face of the COVID-19 pandemic, DOT and the Mastercard Foundation supported a youth-led investigation effort in Ethiopia, Kenya, Ghana, Rwanda, and Uganda that examined how

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<sup>1</sup> Dione, O. (2020, October 29). Tackling the impacts of COVID-19 is imperative to Ethiopia's journey to prosperity. Retrieved March 2021 from World Bank Blogs: <https://blogs.worldbank.org/african/tackling-impacts-covid-19-imperative-ethiopia-journey-prosperity>

<sup>2</sup> Harris, D., Baird, S., Ford, K., Hirvonen, K., Jones, N., Kassa, M., Meyer, C., Pankhurst, A., Weiser, C., and Woldehanna, T. (2021). The impact of COVID-19 in Ethiopia: Policy brief. Retrieved January 2022 from Oxford Policy Management: <https://www.opml.co.uk/files/Publications/a2422-building-resilience-ethiopia/policy-brief-04-11-21-final.pdf?noredirect=1>

<sup>3</sup> *ibid.*

<sup>4</sup> *ibid.*

<sup>5</sup> Dione, O. (2020).

<sup>6</sup> World Bank (2021).

<sup>7</sup> *ibid.*

<sup>8</sup> Harris et al. (2021).



young people in these countries are navigating and responding to the pandemic's social and economic impacts. This report details the findings of the data collected in Ethiopia and reveals that the pandemic is having a profound negative effect on the lives and livelihoods of Ethiopian youth. The findings of this investigation offer development agencies, funders, community-based organizations, and financial institutions firsthand evidence of what young women and men in Ethiopia want and need, not only to survive the COVID-19 pandemic, but to thrive in spite of it.



**"For me, the lockdown had a positive impact on my life. I started working in an online business...I believe the lockdown helped me and the general public consider online opportunities and helped me change my attitude."**

**- Man, 29**



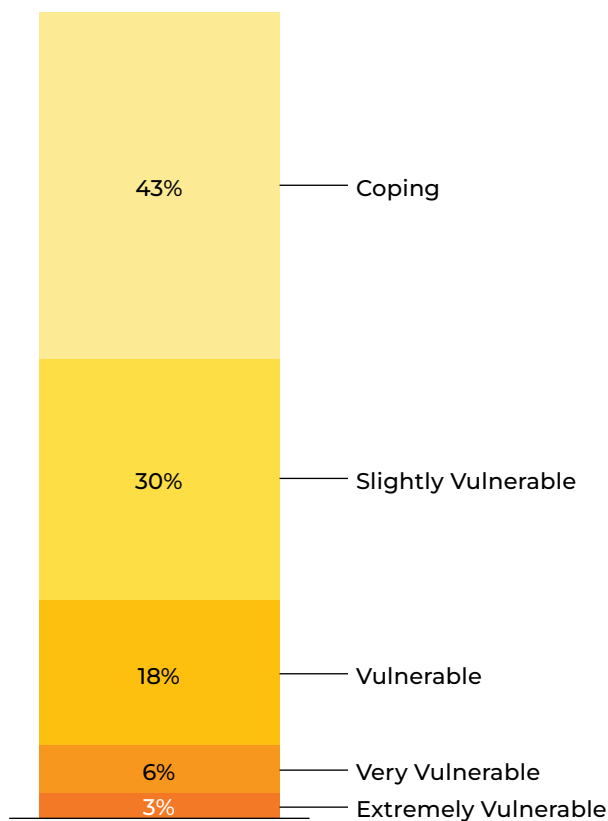
#DOTYouth Kalkidan Tessera

# Who is Speaking Out?

In line with the investigation's commitment to raise the voices of youth, research was conducted in Ethiopia by a team of eight youth leaders, who surveyed a total of 300 other youth (71% women; 29% men). 20 youth also participated in focus group discussions and in-depth case study interviews. To capture a cross-section of different vulnerabilities, the investigation aimed to be inclusive, recruiting a diverse group of young men and women that considered gender, rural and urban divides, employment status, level of education and household dynamics. As a result, youth from all walks of life participated, including young parents, youth with disabilities, and youth refugees.

30% of Ethiopian youth surveyed live in poverty, defined as living on less than \$3.20/day,<sup>9</sup> compared to the country's national poverty rate of 53% and the urban average of 28%. 27% of survey respondents are defined as vulnerable according to 60 Decibels' (60db) vulnerability index (Figure 1).<sup>10</sup>

**FIGURE 1:**  
Vulnerability index <sup>11</sup>



<sup>9</sup> All figures referenced are in United States Dollars (USD)

<sup>10</sup> The vulnerability index was developed by 60 Decibels. The index is a composite of multiple indicators that together assign a vulnerability score between 0 and 97, with higher scores indicating higher levels of vulnerability.

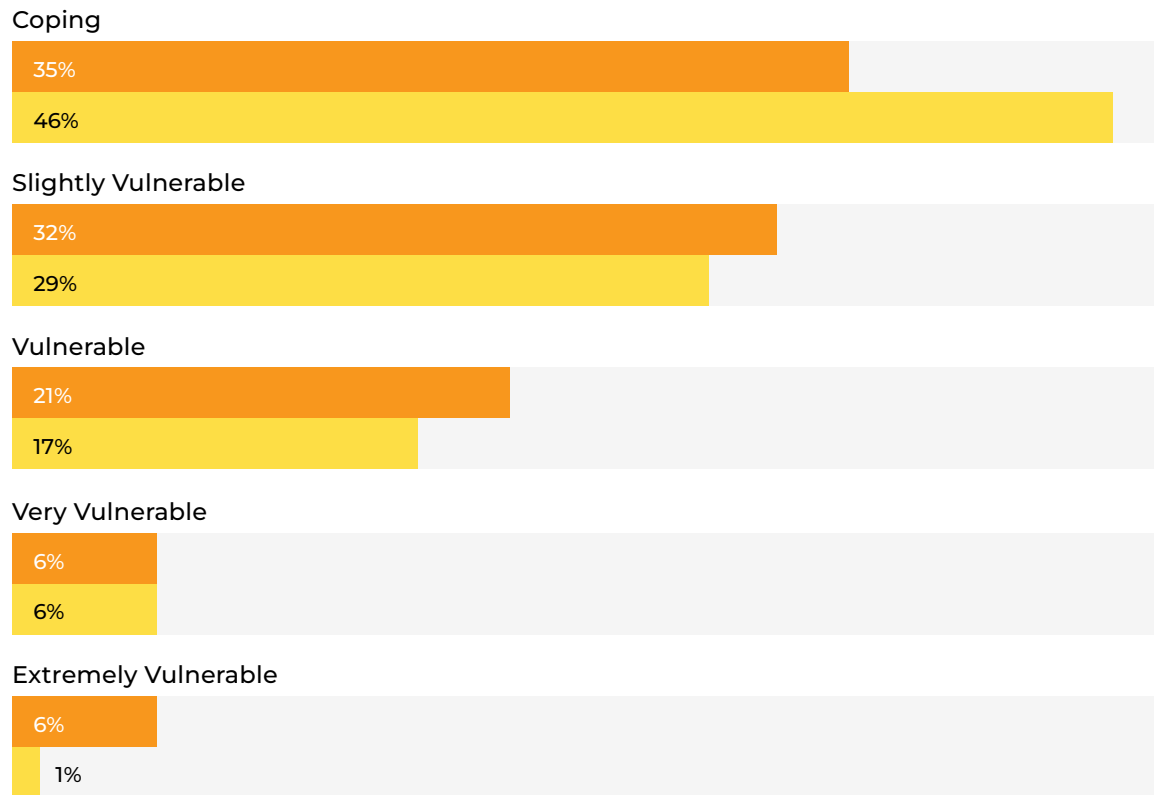
<sup>11</sup> Values are rounded to the nearest percentage and therefore may not sum to 100%.

## WHO IS SPEAKING OUT?

Many young women and men in Ethiopia are coping with the effects of the pandemic, and a higher percentage of women than men are coping (46% vs 35%). Only a small proportion of men and women surveyed are classified as very vulnerable or extremely vulnerable (Figure 2).

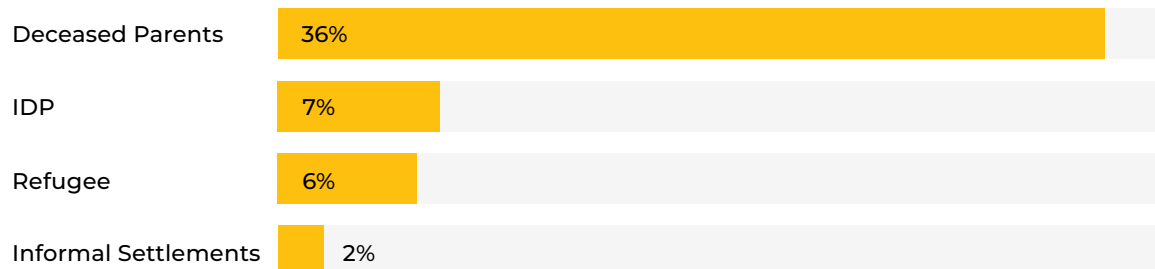
**FIGURE 2:**  
Vulnerability  
by gender<sup>12</sup>

● Men  
● Women



54% of respondents are the primary income earners in their households, and 62% have children under the age of 18 in their households, with an average of three dependents. Additional drivers of vulnerability reported by respondents include having one or more deceased parents, being internally displaced, having refugee status, or living in informal settlements (Figure 3).

**FIGURE 3:**  
Drivers of  
vulnerability



<sup>12</sup> Values are rounded to the nearest percentage and therefore may not sum to 100%.

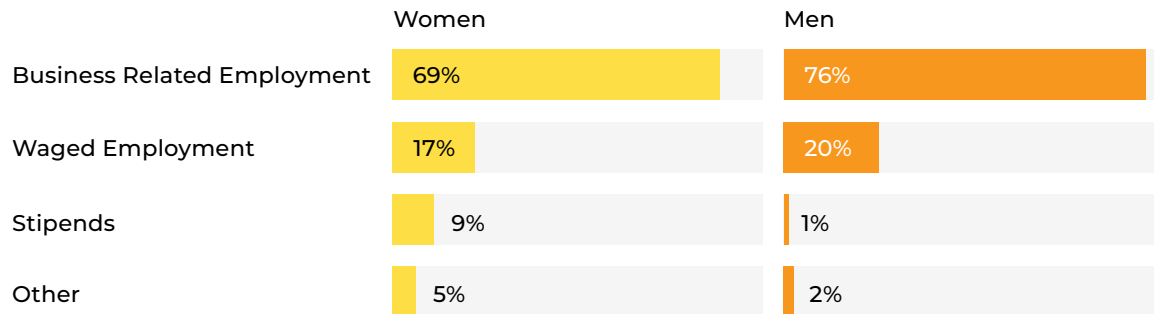


## WHO IS SPEAKING OUT?

71% of respondents are business owners, and 18% report waged employment as their primary source of income (Figure 4). For this reason, the data collected in Ethiopia is uniquely suited to articulate the impacts of COVID-19 on the lives and livelihoods of youth entrepreneurs.

**FIGURE 4:**

Types of employment among respondents<sup>13</sup>



<sup>13</sup> Values are rounded to the nearest percentage and therefore may not sum to 100%.



#DOTYouth Bethelhem Tizazu



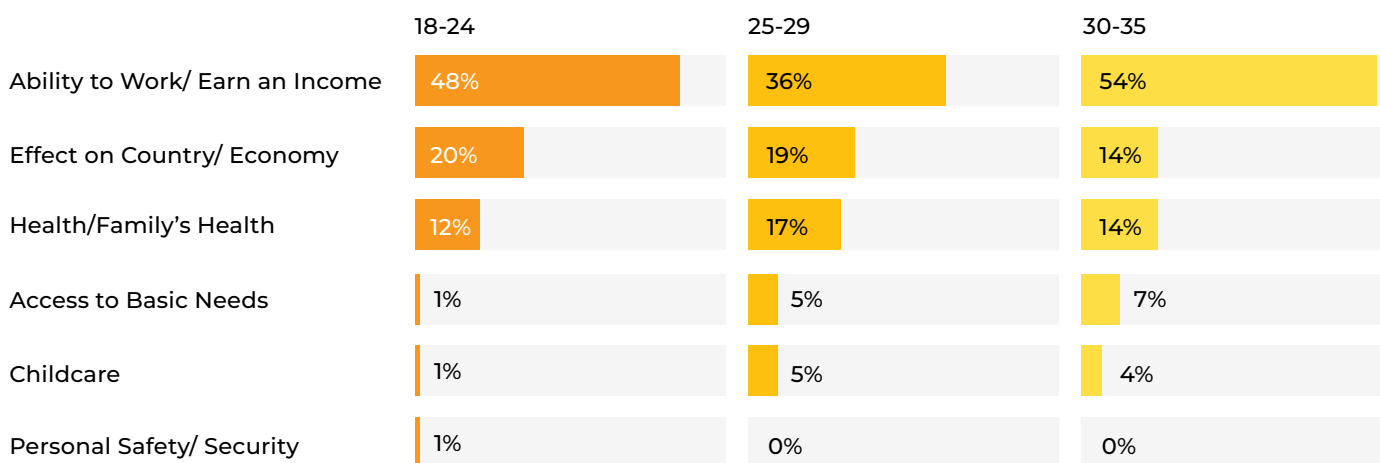
# Country Results

Data was collected in Ethiopia from October to December 2020. The country results presented here therefore represent the impact of the pandemic during the main period of lockdown, and do not represent changes in the lives and livelihoods of youth since. The results of this investigation were distilled through a robust process of youth engagement in analysis, synthesis, and reflection.

## CHALLENGES ETHIOPIAN YOUTH ARE FACING AS A RESULT OF COVID-19

Young women and men in Ethiopia have numerous concerns about the effects of the pandemic on their lives and livelihoods. The majority of youth surveyed indicate that their top concern is their ability to work and earn an income, followed by the effect of the pandemic on the country and economy, with similar concerns reported across age groups (Figure 5).

**FIGURE 5:** Top concerns by age group<sup>14</sup>

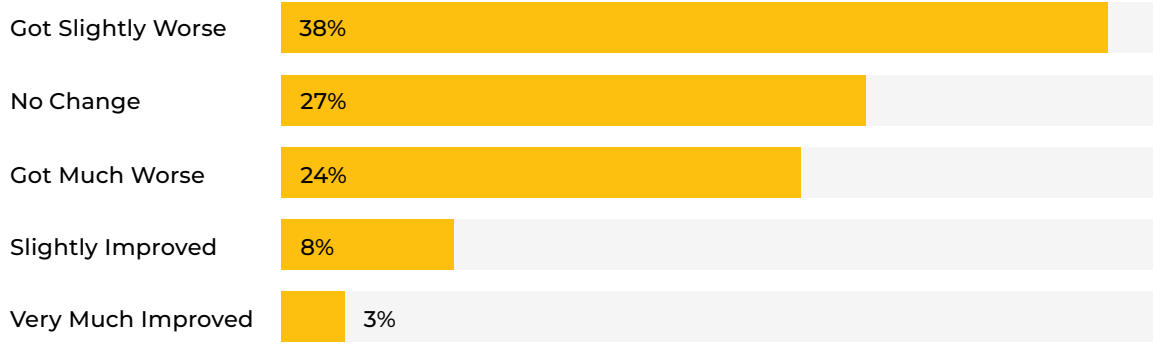


Young women and men in Ethiopia report their quality of life worsened during the lockdowns, with 24% indicating their lives became much worse and 38% reporting their lives became slightly worse. 27% report no change in their quality of life (Figure 6).

<sup>14</sup> Values are rounded to the nearest percentage and therefore may not sum to 100%

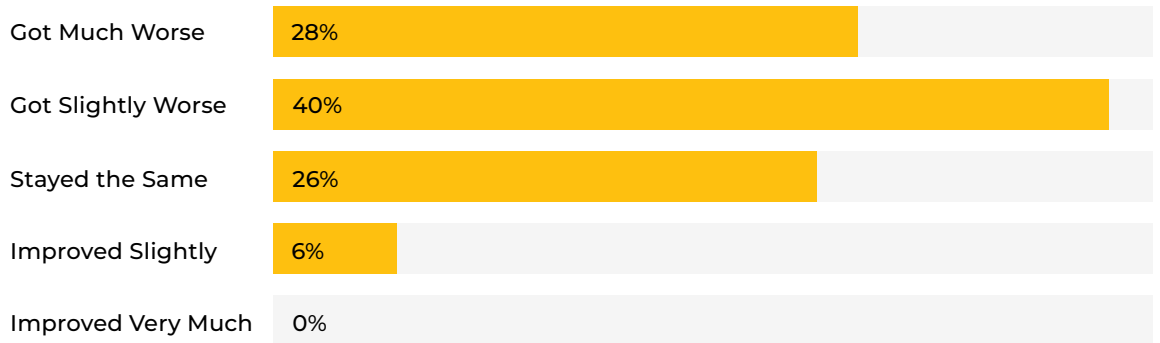
COUNTRY RESULTS

**FIGURE 6:**  
Quality of life



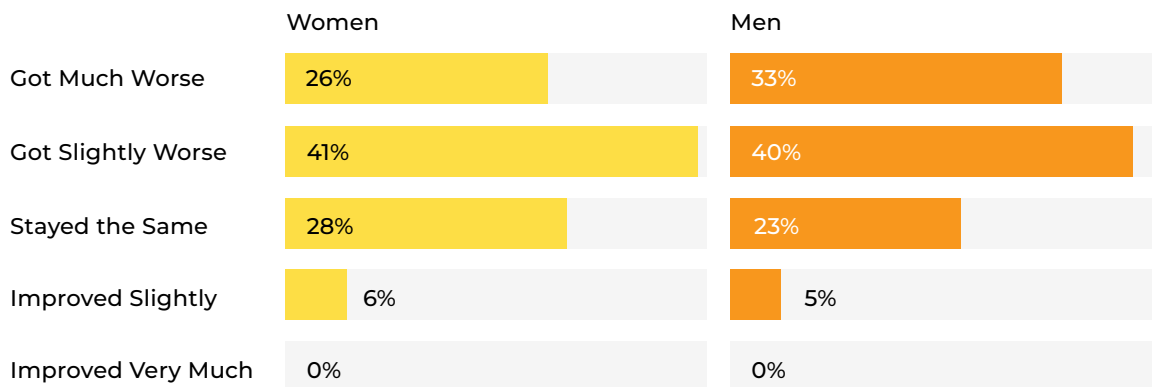
Ethiopian youth are experiencing substantial household financial shocks, with 68% indicating their family financial situation has worsened (Figure 7).

**FIGURE 7:**  
Family financial situation



The economic impacts are affecting women and men similarly, however a larger proportion of men than women indicate their family financial situation has become much worse (33% for men vs 26% for women). More women report that their family finances have remained the same (Figure 8).

**FIGURE 8:**  
Financial impacts by gender<sup>15</sup>



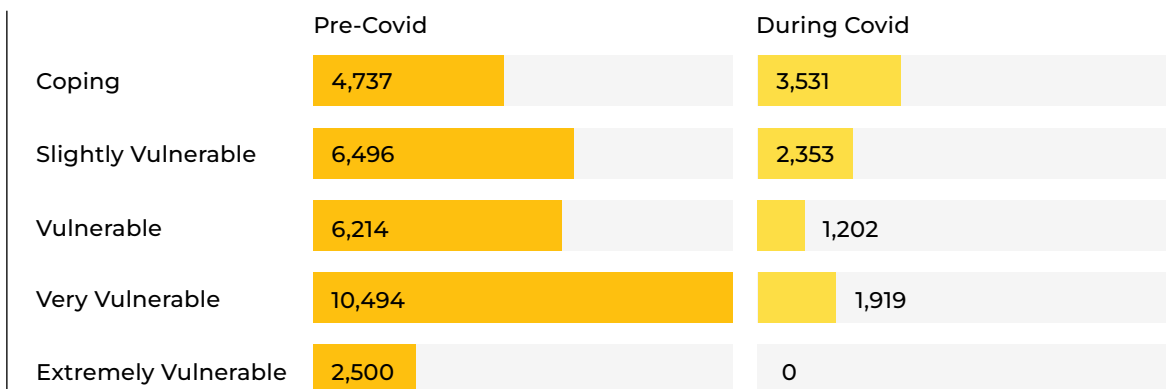
<sup>15</sup> Values are rounded to the nearest percentage and therefore may not sum to 100%.

## COUNTRY RESULTS

The financial impacts are most acutely felt by those who are more vulnerable, with youth classified as vulnerable experiencing the greatest declines in monthly income. Youth categorized as extremely vulnerable report they do not have any income since COVID-19 (Figure 9).

**FIGURE 9:**

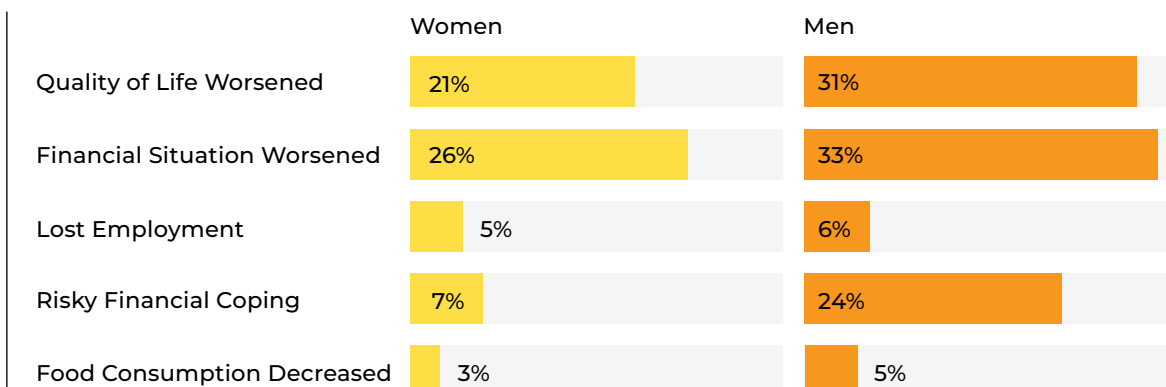
Change in monthly income (ETB)



Young men are faring worse than young women in terms of the effects of the pandemic on their quality of life, financial situation, employment and food consumption. Substantially more men than women are also employing risky financial coping strategies such as taking on additional debt as a coping mechanism (Figure 10).

**FIGURE 10:**

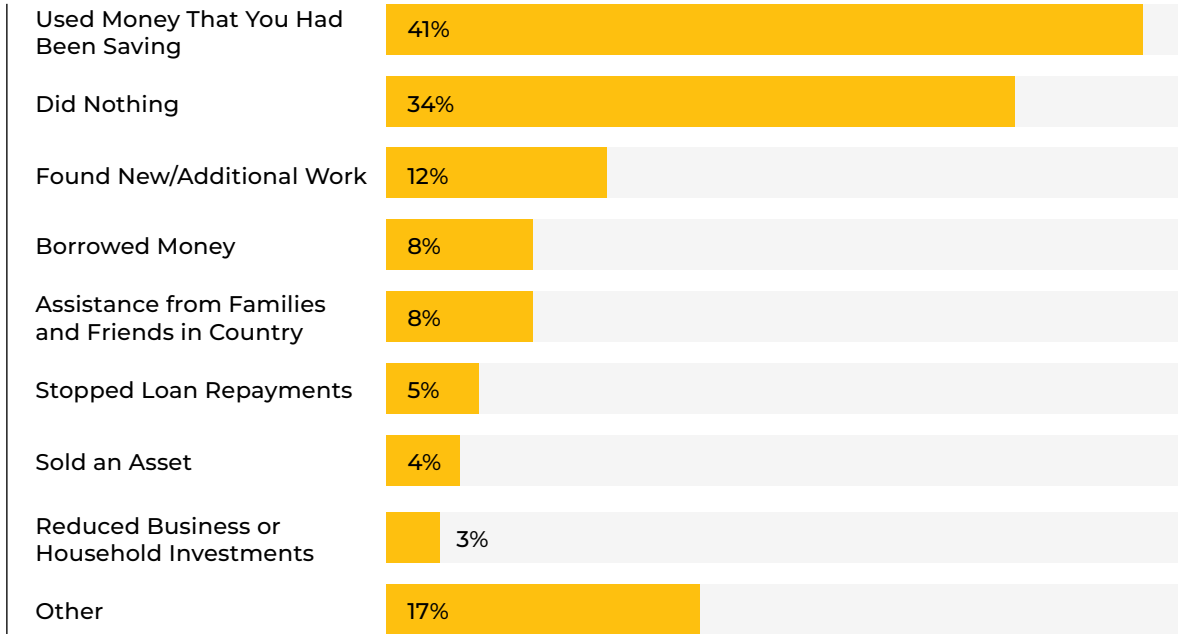
COVID-19 impacts by gender



A large proportion of Ethiopian youth surveyed (41%) are coping with the economic challenges wrought by COVID-19 by using their savings. 34% indicate that they are not doing anything to cope. Very few youth report finding additional work, borrowing money, or relying on assistance from family and friends to offset economic losses (Figure 11).

**FIGURE 11:**

Coping strategies

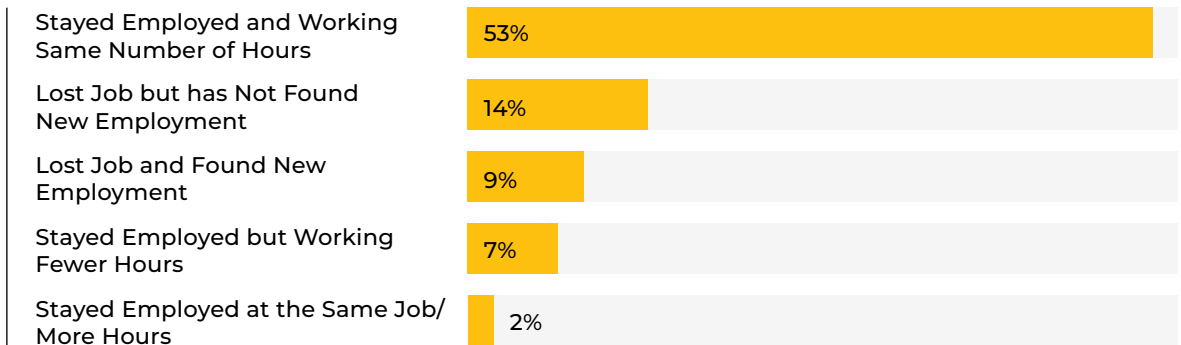


## IMPACT OF COVID-19 ON YOUTH EMPLOYMENT

For salaried employees, youth surveyed are not reporting significant impacts, with the majority (53%) indicating they have stayed employed at the same job with the same number of hours. A further 14% lost their job but managed to find a new job to offset income loss. Just 9% of Ethiopian youth surveyed lost their job and remained unemployed (Figure 12).

**FIGURE 12:**

Impact of COVID-19 on employment among waged employees<sup>16</sup>



<sup>16</sup> Values are rounded to the nearest percentage and therefore may not sum to 100%.

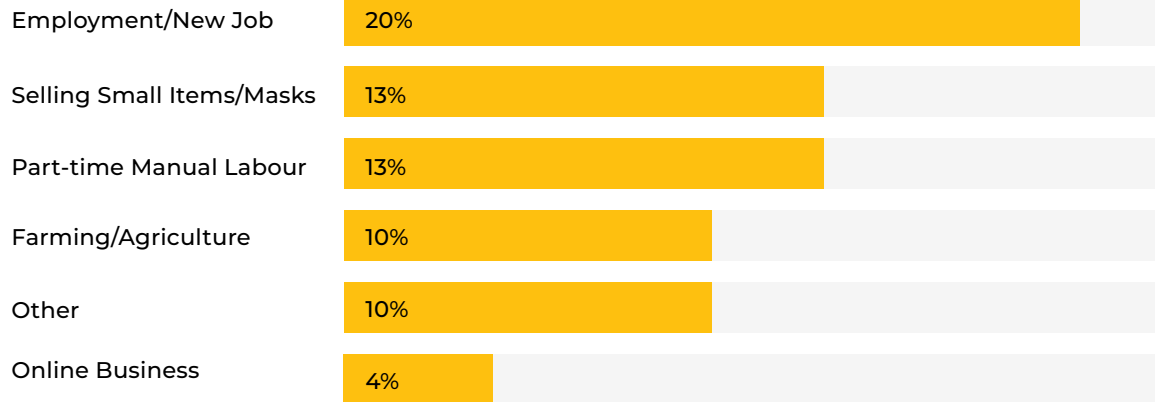


## COUNTRY RESULTS

23% of youth surveyed have taken on additional work during COVID, either to replace lost income or to take advantage of new market opportunities that emerged, such as selling masks and hand sanitizer, or taking on work in sectors not affected by lockdowns such as manual labour and farming (Figure 13).

**FIGURE 13:**

Sources of additional income



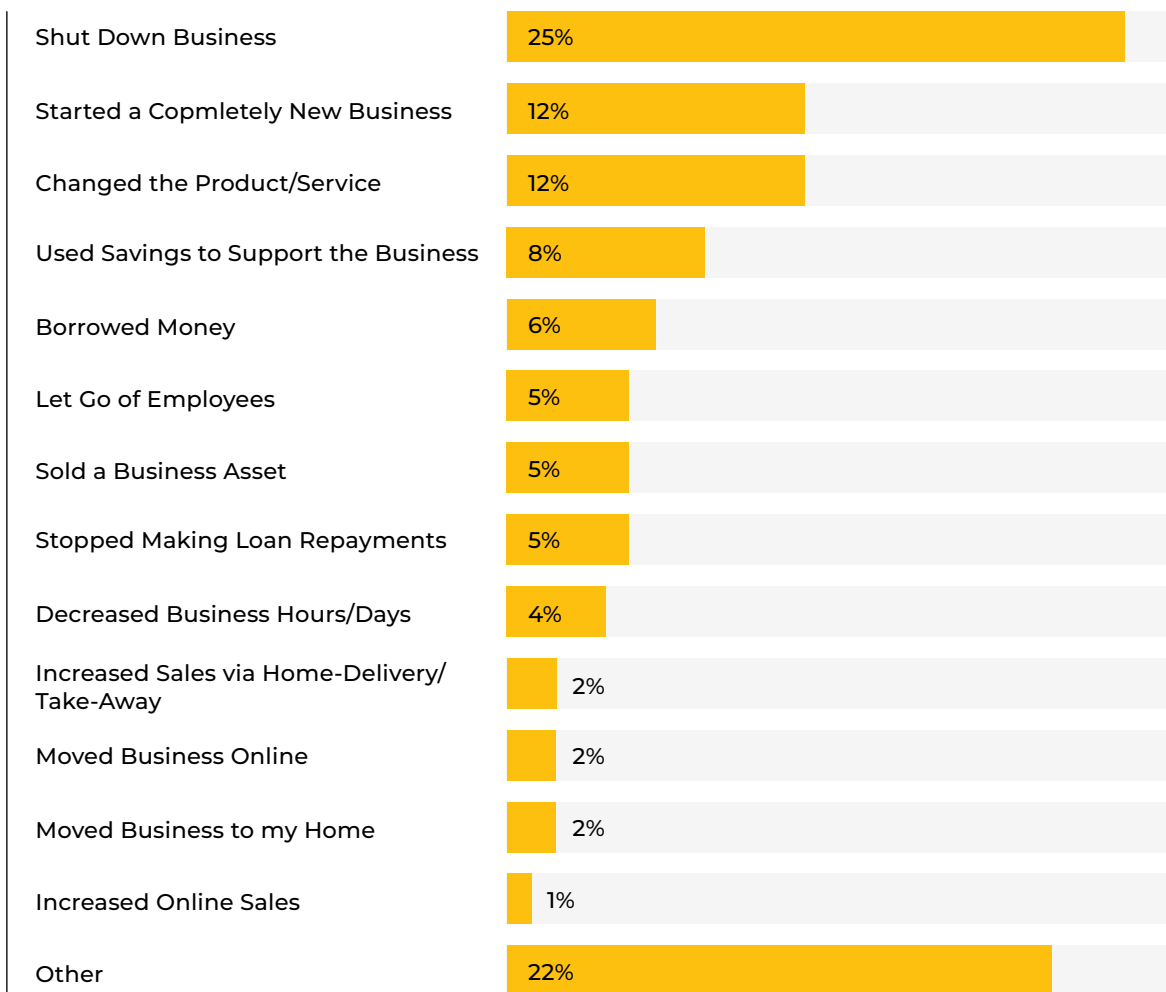
#DOTYouth Eyerusalem Bekele

## IMPACT OF COVID-19 ON YOUTH ENTREPRENEURSHIP

The economic challenges Ethiopia faced in the wake of COVID-19 had a marked negative impact on microentrepreneurs and small business owners. 25% of youth entrepreneurs surveyed closed their business due to the pandemic. A small proportion of business owners managed to stay in business by reducing their hours, letting go of employees or selling assets (Figure 14).

**FIGURE 13:**

Sources of additional income

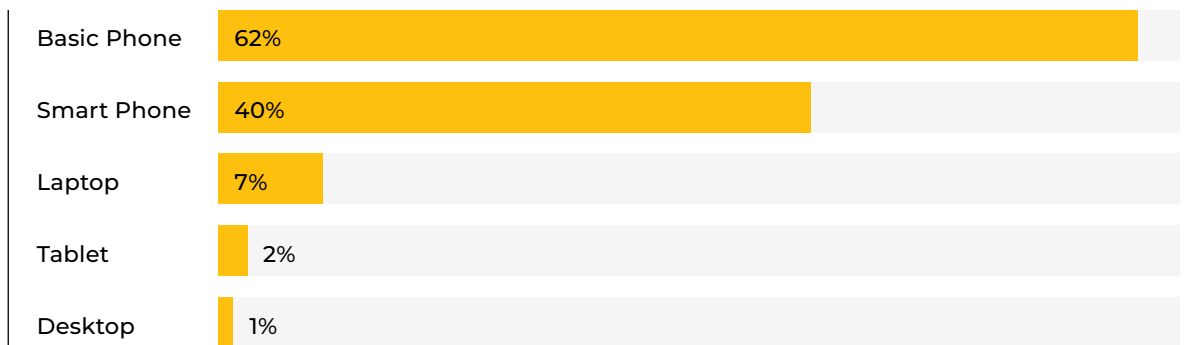


Some entrepreneurs who have been able to keep their businesses running during COVID-19 are employing creative coping strategies such as starting a new business (12%) or changing the product or service to changing market demands (12%). Very few young people report making digital pivots or changing the delivery model as adaptive strategies (Figure 14).

## DIGITAL PROFILE OF ETHIOPIAN YOUTH

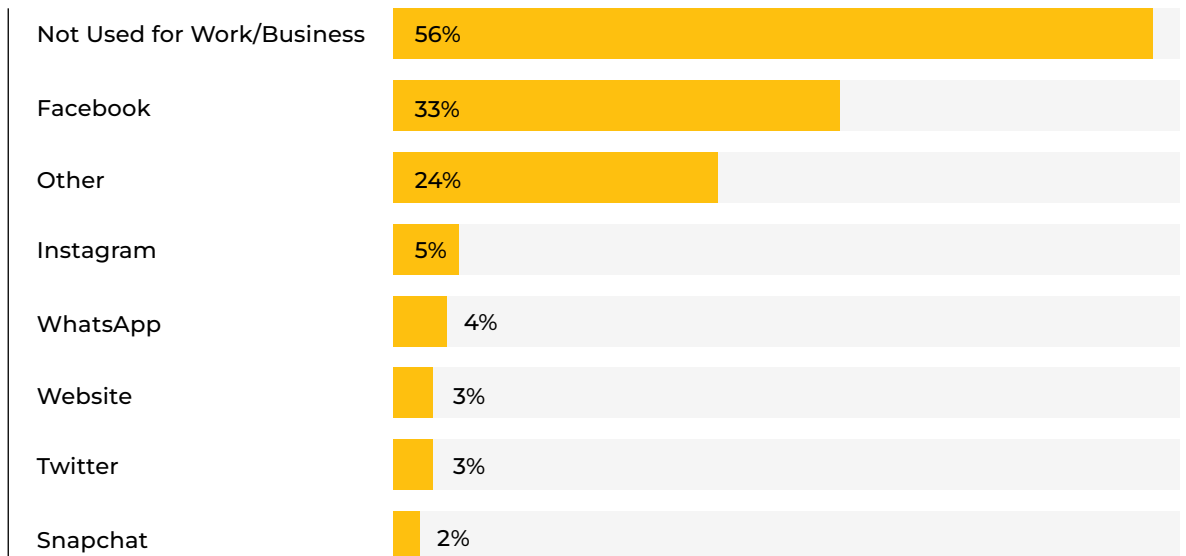
Access to digital devices among youth is relatively low in Ethiopia, with just 40% reporting they own an internet-enabled smartphone, and only 7% owning a laptop. The majority of youth own a basic phone, which only allows limited access to online tools and services (Figure 15). There is a notable gendered digital divide, with significantly more men than women reporting access to a smartphone (54% of men vs 34% of women) or laptop (16% of men vs 3% of women).

**FIGURE 15:**  
Digital device ownership



The majority of youth surveyed in Ethiopia are not using social media apps at all for work or business. Of those who are, Facebook is by far the most commonly used platform (Figure 16).

**FIGURE 16:**  
Social media apps used for work or business

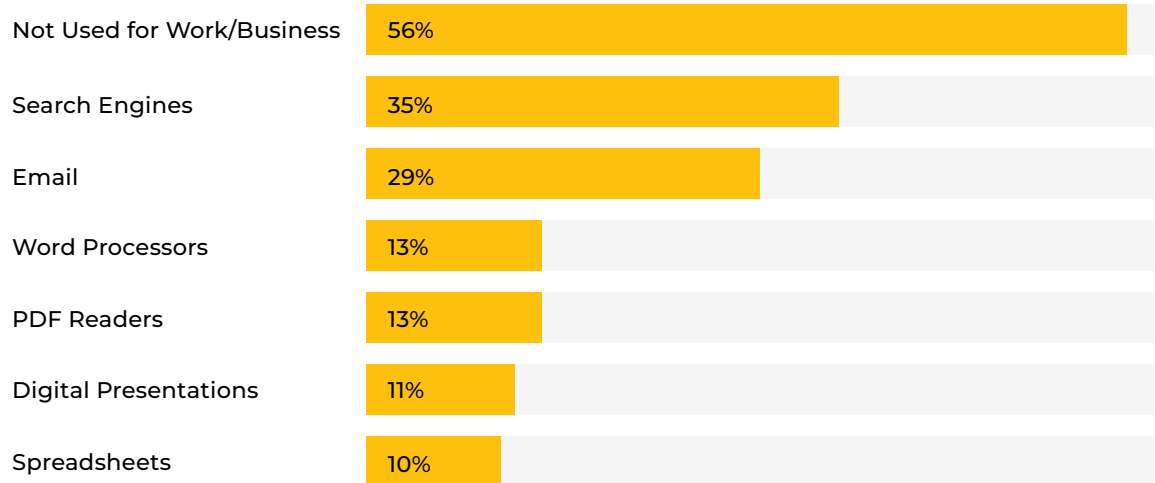


## COUNTRY RESULTS

Similarly, the majority of youth surveyed report they are not using any digital tools for work or business. Of those who are, search engines are the most commonly used tools, followed by email (Figure 17).

**FIGURE 17:**

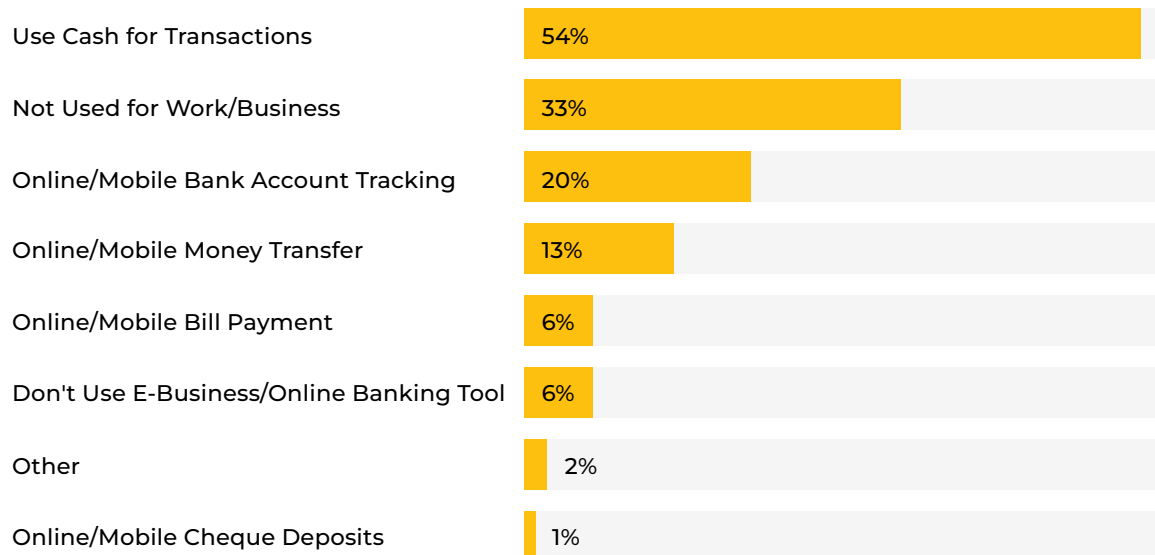
Digital applications used for work or business



Youth surveyed in Ethiopia also report low levels of adoption of digital financial services, with the majority reporting they do not use them at all and continue to rely on cash transactions in their work and businesses (Figure 18).

**FIGURE 18:**

Fintech used for work or business

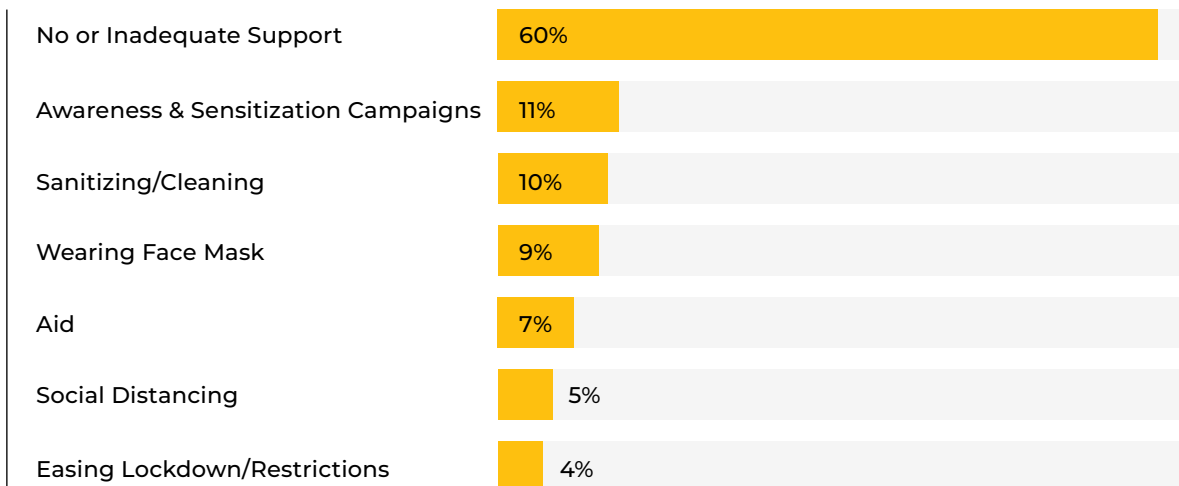




## SOURCES OF SUPPORT AND SUPPORT NEEDED

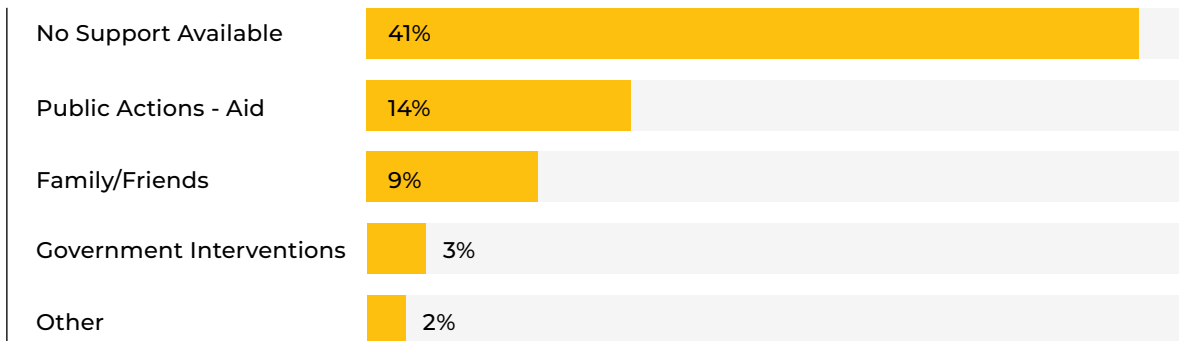
60% of young women and men in Ethiopia cannot identify any sources of hope to help them bounce back from the effects of the pandemic. A small proportion of youth cited awareness campaigns and health related services as sources of hope (Figure 19).

**FIGURE 19:**  
Sources of hope



41% of youth also indicate they are not aware of any support available to help them cope and recover. Of those who have accessed support, they have relied primarily on aid provided by NGOs or help from family and friends (Figure 20).

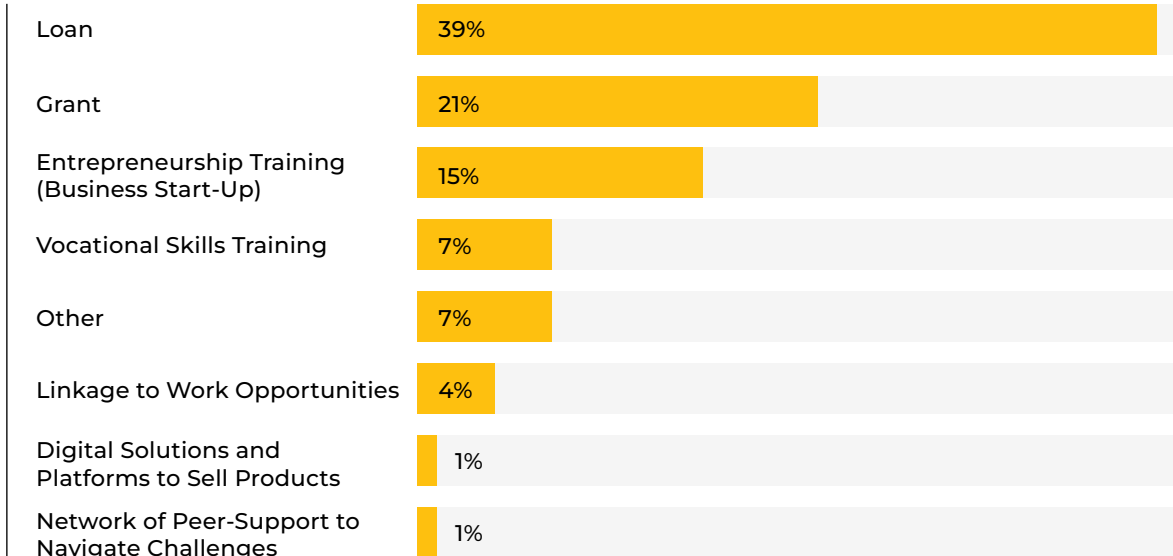
**FIGURE 20:**  
Support available



Youth surveyed identify financial aid in the form of loans and non-recoverable grants as the predominant support they need to get back on their feet. 15% of youth also identified entrepreneurship training, and 7% vocational or technical skills training that could help them recover their livelihoods or get access to better opportunities (Figure 21).

**FIGURE 21:**

Support needed



Ethiopian entrepreneurs report they need, on average, \$3,300 of capital to recover their businesses post-pandemic.



**\$3,300**

Average capital needed for recovery

**\$1,300**

Median capital needed for recovery

**\$51**

Minimum capital needed for recovery

**\$77,000**

Maximum capital needed for recovery

# Conclusions

Ethiopian youth require urgent support to develop the digital skills and confidence they need to leverage new and emerging opportunities enabled by expanded technological access and innovation.

- + Ethiopian youth lag behind other African youth in their adoption and use of digital tools. The high cost of use coupled with low levels of confidence and awareness of digital services mean that Ethiopian youth do not frequently apply technology in their livelihoods journeys. Targeted, needs-based programming is needed to help youth in Ethiopia harness the potential of digital technology to improve their lives.

Young Ethiopian entrepreneurs need inspiration and hope to recover from the economic effects of the pandemic, and improve their resilience to future shocks.

- + Youth support organizations should promote youth who have successfully pivoted their jobs or businesses during the COVID-19 pandemic as role models for their peers. Youth in Ethiopia lack access to information about what it takes to be successful, and how to overcome challenges. Inspiration from other youth can motivate job-seekers and entrepreneurs in the face of adversity, and help them identify the skills and traits they need to succeed.

There is an urgent need for youth-friendly recovery capital for young entrepreneurs.

- + The economic impacts of the COVID-19 pandemic have decimated micro and small businesses. While support does exist to help entrepreneurs get back on their feet, services are not accessible to youth who cannot meet the requirements of banks and government financial services. This is causing youth-run businesses to fall further behind.
- + Financial support needs to be bolstered by training and mentoring to ensure that youth can use funds to build more resilient ventures and pivot their businesses to respond to changing market conditions.



#DOTYouth Bethelhem Jambo

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