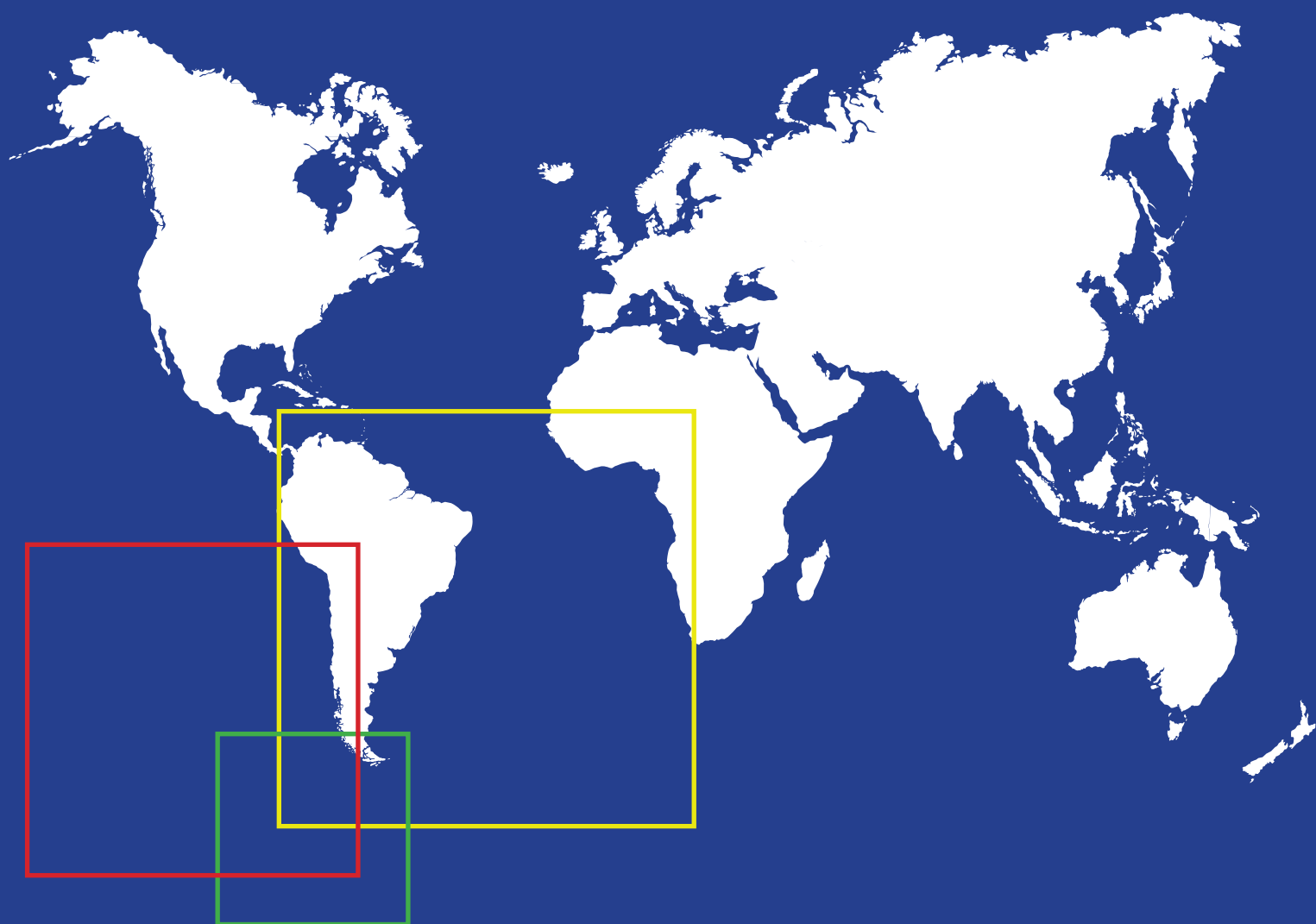




International
Labour
Office

Decent Work Country Profile ETHIOPIA



**Decent Work
Country Profile
ETHIOPIA**

Preface

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First published 2013

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ILO Cataloguing in Publication Data

Decent work country profile: Ethiopia / International Labour Office, ILO Country Office for Ethiopia and Somalia; Federal Democratic Republic of Ethiopia, Ministry of Labour and Social Affairs. - Addis Ababa: ILO, 2013

ISBN 9789221282730; 9789221282747 (web pdf)

ILO Country Office for Ethiopia and Somalia; Ethiopia; Ministry of Labour and Social Affairs

decent work / employment opportunity / working conditions / workers rights / occupational safety / social security / social dialogue / Ethiopia

13.01.1

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Printed in Ethiopia

The Decent Work Agenda comprises four inseparable, inter-related and mutually supportive pillars: employment, rights at work, social protection and social dialogue. In short, the concept sums up the aspirations of people in their working lives. Decent Work means work that is productive and delivers a fair income, security in the workplace, social protection for families, freedom for people to express their concerns, organize and participate in decisions that affect their lives and equality of opportunity and treatment for all women and men.

Measuring and assessing progress across the decent work agenda is an important concern for the ILO's constituents. However, the multifaceted nature of the concept means that measuring it is a complex task. With this in mind, the 2008 International Labour Conference adopted the ILO Declaration on Social Justice for a Fair Globalization, which recommends that member States may consider “the establishment of appropriate indicators or statistics, if necessary with the assistance of the ILO, to monitor and evaluate progress made [on decent work]”.

Following a Tripartite Meeting of Experts held in September 2008, the Governing Body agreed to test a comprehensive approach to the measurement of decent work by compiling a catalogue of indicators and preparing decent work country profiles for a limited number of pilot countries.

The Decent Work Country Profile for Ethiopia has been prepared through a partnership between the government, the Ethiopian Employers Federation (EEF) and the Confederation of Ethiopian Trade Unions (CETU), with technical and financial support from the ILO.

Its objective is to take stock of progress made during the first decade of the new century (broadly, 1999 to 2010, but data availability varies) towards decent work, highlight the remaining challenges in the decent work landscape, and provide insights into the policies required for progress to be accelerated, broadened and sustained as an integral part of the country's national development agenda.

Covering the four dimensions of decent work across eleven thematic areas, the Decent Work Country Profile for Ethiopia contains systematic information on rights at work and the legal framework for decent work, which provide the essential context for which analysis of important statistical indicators can be made.

Ministry of Labour and Social Affairs,
Federal Democratic Republic of Ethiopia

The Profile compiles up-to-date statistical and legal information available in Ethiopia using the list of indicators identified by national constituents and based on the standard ILO list (approved by the Governing Body). It draws on data from National Labour Force Surveys (NLFS) of 1999 and 2005, as well as the Urban Employment and Unemployment Surveys (UEUS) of 2009 and 2010. Further information provided by relevant stakeholders including the Central Statistical Agency (CSA), Ministry of Labour and Social Affairs (MOLSA), Ministry of Finance and Economic Development (MOFED), trade unions and employers' organizations; and administrative records from line Ministries and other organizations have been used.

The profile reveals recent progress in a variety of areas, including the socio-economic context, employment and work that should be abolished. In education sector, for example, the last decade has seen rising adult literacy and secondary school graduation rates, along with declines in the share of children out of school. Linked to this, it is observed that child labour has fallen in recent years.

Likewise, health indicators such as antenatal and potential health service coverage have improved since the early part of the last decade. Coupled with sustained high economic growth, the preconditions for advancing decent work in Ethiopia have also therefore improved.

The profile reveals rising labour force participation and employment to population ratios among men and women, which suggest both a growing (and potentially) productive workforce and a rising capacity of the economy to generate jobs. Alongside this, informal employment has declined and policy and programmatic steps from the government to enhance the quality and scope of social security have been intensified.

The profile further shows that vulnerable and precarious forms of employment remain widespread in the country. Poverty (although falling) and low pay, still remain a concern. Furthermore, wage disparities between men and women, and low proportion of women formal employment are some of the labour market characteristics observed in Ethiopia.

The profile also highlights the current limitations in the country in terms of data availability, and the emergence of knowledge gaps which, if bridged, could provide more accurate diagnostics for decent work and broader developmental plans and policies.

ILO Country Office for Ethiopia and Somalia

Acknowledgements

The Decent Work Country Profile for Ethiopia has been compiled with support from the International Labour Organization and in collaboration with the Ministry of Labour and Social Affairs, Ethiopian Employers Federation, The Confederation of Ethiopian Trade Unions, Central Statistical Agency.

The International Labour Organization would in particular like to thank the following persons for their contributions: H.E. Dr. Zerihun Kebede, Mr. Kassahun Follo, Mr. Tadele Yimer, Mr. Abebe Haile; Mr. George Okutho, Mr. Tite Habiyakare; Mr. Nikolai Rogovsky; Ms. Kidist Chala Mr. Assefa Bersufekad; Mr. Mehari Redae, Mr. Teshome Adno, Mr. Urgessa Bedada, and Mr. Saud Mohammed

While acknowledging the contributions of all mentioned, any errors or omissions found in the Decent Work Country Profile for Ethiopia will remain to be the responsibility of the International Labour organization.

Executive Summary

The objective of the Decent Work Country Profile for Ethiopia is to take stock of the progress made in the country over the last decade, identify the remaining challenges ahead, and provide insights into the policies required to address them. The Profile covers ten thematic areas and one socio-economic context, and draws on relevant statistics and important aspects of the legal framework for decent work in Ethiopia.

Over the last two decades, numerous reforms have been adopted in Ethiopia aiming to eradicate poverty and achieve broad-based, accelerated and sustained growth. The government has prepared the Plan for Accelerated and Sustained Development to End Poverty (PASDEP) which prioritized channeling resources to key sectors with a view to accelerating poverty reduction through higher production and productivity.

The government has also enacted a number of employment related laws: the Labour Proclamation No. 377/2003 on labour relations, the Federal Civil Servants Proclamation No. 515/2007, and regional civil service administration instruments, as well as other legal provisions including Proclamation No. 568/2008 on the right to employment of persons with disabilities. These laws state the major principles of labour rights enshrined in the Constitution.

The five-year Growth and Transformation Plan (GTP), focuses on socio-economic growth and transformation as a means of attaining equitable social development. It highlights the importance of supporting micro- and small-scale enterprises and strengthening Technical and Vocational Education and Training (TVET), as part of a broader programme promoting productive job creation.

Significant advances were made in the past five years in all levels of education; school enrolments have increased and school facilities have been upgraded. Expansion of health facilities has also been extensive. The health strategy has provided training and employment opportunities for thousands of health professionals and there has been a significant increase in the number of hospitals, health posts and health centres.

With respect to employment opportunities, the government's development approach incorporates the promotion of decent work through capacity building and intensive use of labour, as well as the abolition of unacceptable forms of work like child labour (including its worst forms).

Although some improvements are observed in Ethiopia's labour market situation, the country still struggles to create sufficient jobs to meet labour market demand. Moreover, job quality across much of the workforce remains a concern, since a high proportion of employment opportunities are still being created in the informal economy, while unemployment remains a particular problem for specific groups like women and young people in urban areas. Furthermore, issues such as working poverty remain pervasive, with a still high proportion of Ethiopian households earning less than what is necessary to survive.

Although earnings in paid employment outside agriculture have risen, the low pay rate (i.e. share of workers with monthly earnings below two thirds of the median) for non-agricultural work indicates persistent wage inequalities between men and women –a reflection, it is likely, of cultural norms and values that limit women's educational and labour market opportunities.

However, (although still significant) the share of working poor has declined –from 44.2 percent in 1999 to 38.7 percent- amid a rising employment-to-population ratio (i.e. more household members are contributing to family incomes). As the whole, despite positive developments, the earnings of a large proportion of the Ethiopian households remain inadequate.

A maximum working time of eight hours a day and 48 hours per week is set out for workers in the private sector by the Labour Proclamation, while working time for civil servants are governed by the Federal Civil Service Proclamation. While it is acknowledged that many low income employees need to work overtime to increase their earnings, efforts to gauge the extent to which legal provisions on the maximum working time are respected are undermined by the shortage of the labour inspectorate.

Labour force survey results of 1999 and 2005 showed that increasing shares of both men (from 14.9 percent to 24.6 percent) and women (from 8.5 percent to 9.1 percent) are working "excessive hours," that is more than 48 hours per week in the private sector, and 39 hours in the public sector. As in many developing and transition countries, high and growing shares of workers in excessive hours in Ethiopia is indicative of widespread poverty and an inadequate supply or growth of sufficiently remunerated jobs in the labour market.

The Labour Proclamation considers the intersection of work, family and personal life as requiring a balance between these often competing pursuits. Information regarding this dimension of decent work is difficult to obtain; the only data available concerns persons who would like to work but are not seeking employment due to family responsibilities, as a share of the total unemployed. In this regard, more females in Ethiopia are in this situation than males. Moreover, empirical evidence in many countries shows that women spend a considerable amount of their time on unpaid activities in the home each day, regardless of their employment status.

Owing to limited social care services in Ethiopia, there is a need for the government to create conducive conditions for the expansion of such services which help workers to better combine their work and family lives.

With regard to work that ought to be abolished, the Federal Constitution provides for the protection of children from child labour and economic exploitation, and prohibits their engagement in work that jeopardizes their health, safety and right to education. The Labour Proclamation likewise has provisions for protecting children from abuse. The government has defined and listed a regulation (issued in 2007/08) which prohibits child labour activities. Working conditions and the occupational safety and health of working children are covered by the labour inspectorate service which conducts preventive, complaints-based follow-up. The Labour Proclamation aims to reduce child labour and ultimately abolish it. However, to date, studies and data reveal that child labour remains a problem in Ethiopia.

Data obtained from the CSA reveal that in 1999 a total of 19.6 per cent children aged 5 to 17 years were involved in productive activities in urban areas: some 21.4 per cent of boys and 18 per cent of girls. The results of the Child Labour Survey 2001 show a 2.6 point decrease from 1999. In 2009 a further decline of 8.3 points was recorded. In terms of gender, decreases have been observed both in 2001 and 2009 for both sexes.

Stability and security of work is an important dimension for assessing progress on decent work. The results of the 2005 NLFS when compared to that of 1999 revealed the proportion of paid employees engaged in “precarious work” (i.e. contract labour, and temporary, seasonal and casual workers) has decreased by 5.7 and 5.1 percentage points for males and females respectively. While the rates for rural areas have decreased by ten points, the proportion of paid employees in precarious work was much higher in those areas. The UEUS of 2009 and 2010 also revealed that the proportion of male paid employees in precarious work declined by 3.3 points, although the decrease in the proportion of females was negligible.

Self-employed respondents stated that their work was unreliable with respect to availability or adequacy of hours. Informal economy employees are often without written contracts that clearly define and set the terms and conditions of work. In paid employment also, much remains to be done to effectively promote stability and security of work.

Regarding equal opportunity and treatment in employment, steps are being taken to promote gender equality and nondiscrimination against job applicants for men and women. Gender based labour market segregation persists, largely due to religious, social and cultural norms and the resulting differences in expectations and roles ascribed to men and women.

The results of the NLFS of 1999 and 2005 illustrate this segregation. Observing total employment in nine major occupational categories, it was found that men were disproportionately represented in the occupational category of legislators, administrators and managers (0.5 per cent of men were in employed in this high status category, compared to 0.1 per cent of women). At the same time, the highest number of women was employed in lower skilled categories and the share of women in wage employment in non-agricultural occupations declined from 39 per cent in 1999 to 16.7 per cent in 2005. The wage gap between men and women was 38.8 per cent in 2005.

The Labour Proclamation was promulgated to help extend fundamental rights at work and to define the powers and duties of the MOLSA at the federal government level for enforcing the law. In the regions, Bureaus of Labour and Social Affairs (BOLSAs) and local labour offices have similar responsibilities. The Federal Civil Service Ministry has established its own units to follow up on safety and health in government institutions. The highest numbers of occupational injuries were recorded in industry, where an overall increase was observed in the last decade. The highest figure noted was 9,020 in 2006. The latest available data covers 2010, when as in previous years; a significant majority of the reported injuries were non-fatal. A total of 46 fatal injuries were recorded in 2010. Despite the fact that laws are enacted the issue of safe work is not adequately addressed due to a lack of resources and too few inspectors. Moreover, awareness of workers and employers about the content of the laws and the appropriate functions of labour inspectors needs also to be improved.

Some progress has been made in the area of social security. The coverage of the pension scheme, which was limited to civil servants, the police, the military and members of parliament, was extended to employees of public establishments that were privatized. The scheme was also extended to the formal private sector in July 2011. Its benefits consist of medical care, sickness benefit, old-age benefit, employment injury benefit, maternity benefit, invalidity benefit and survivors' benefit. In 2004/05 the total benefits disbursed was Birr 637.1 million (approximately USD 34.6 million); this was raised to Birr 1.1 billion in 2007/08 (approximately USD 59.7 million) and later reached Birr 1.3 billion (approximately USD 70.6 million) in 2008/09.¹

With regard to health coverage, the Ministry of Health has developed a health insurance strategy which consists of two components: social health insurance and community based health insurance. The Productive Safety Net Programme started in 2005, has been implemented in 290 chronically food insecure *woredas* (districts). Non-governmental organizations (NGOs) have been playing complementary roles in children's education. At the same time, micro finance institutions provide financial services to the poor to create conducive situation for self employment.

The Labour Proclamation recognizes the importance of social dialogue for conflict resolution, social equity and effective policy implementation. Collective bargaining is one means by which social dialogue can be exercised to maintain harmonious industrial relations. In Ethiopia, collective bargaining exists, but in terms of the share of the labour force covered by such agreements, its prevalence is low. Ethiopia has also ratified a number of relevant ILO conventions, including two fundamental conventions: The Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98), as well as the Tripartite Consultation (International Labour Standards) Convention, 1976 (No. 144).

In line with these instruments, the Federal Constitution and the Labour Proclamation have created conducive conditions for bipartite and tripartite consultations. Membership of the Confederation of Ethiopian Trade Unions increased from 320,000 in 2009 to 350,000 in 2010. However, gross trade union density and collective bargaining rates remain low. Membership of the Ethiopian Employers' Federation has increased from twelve to 166 in the last 12 years, although density of coverage did not exceed 2.4 per cent. To better contribute to the expansion of decent work, both workers and employers should pay greater attention to the role and importance of social dialogue as a means of promoting industrial peace and productivity.

1 Based on 26 February 2012 exchange rate of 1 ETB = 0.0543055 USD.

List of abbreviations

BOLSA	Bureau of Labour and Social Affairs
CEACR ILO	Committee of Experts on the Application of Conventions and Recommendations
CETU	Confederation of Ethiopian Trade Unions
CSA	Central Statistical Agency
EEF	Ethiopian Employers' Federation
FDRE	Federal Democratic Republic of Ethiopia
GDP	Gross Domestic Product
GTP	Growth and Transformation Plan
ILO	International Labour Organization
IPEC	The International Labour Organization's International Programme on the Elimination of Child Labour
MDGs	Millennium Development Goals
MOE	Ministry of Education
MOFED	Ministry of Finance and Economic Development
MOH	Ministry of Health
MOLSA	Ministry of Labour and Social Affairs
NGO	Non Governmental Organization
NLFS	National Labour Force Survey
PASDEP	Plan for Accelerated and Sustained Development to End Poverty
SDPRP	Sustainable Development and Poverty Reduction Programme
TVET	Technical and Vocational Education and Training
UEUS	Urban Employment and Unemployment Survey

Contents

Preface	i
List of abbreviations	vi
1 Economic and social context for decent work	1
2 Employment opportunities	13
3 Adequate earnings and productive work	19
4 Decent hours	23
5 Combining work, family and personal Life	27
6 Work that should be abolished	30
7 Stability and security of work	33
8 Equal opportunity and treatment in employment	36
9 Safe work environment	40
10 Social security	45
11 Social dialogue	50
References	56
Annexes	57

List of Tables with Statistical Decent Work Indicators

Table 1.1. Economic context for decent work	4
Table 1.2. Education context for decent work	8
Table 1.3. Health indicators	10
Table 2. Employment opportunities (age 15-64 years)	14
Table 3.1: Adequate earnings and productive work. Incidence of working poverty and poverty	20
Table 3.2: Adequate earnings and productive work. Low Pay rate (below 2/3 of median monthly earnings)	20
Table 3.3. Adequate earnings and productive work. Average real wages/earnings by sector	21
Table 4. Decent hours	23
Table 5: Combining work, family and personal life	27
Table 6: Work that Should Be abolished	30
Table 7: Stability and security of work	33
Table 8.1. Equal opportunity and treatment in employment: Occupational distribution by sex	36
Table 8.2. Equal opportunity and treatment in employment: gender differences	38
Table 9. Safe work environment reported occupationalinjuries (including illness), number of labour inspectors and inspections	40
Table 10. Social security	46
Table 11. Social dialogue, workers' and employers' representation	50

List of Legal Framework Indicators

Legal Framework Indicator 1. Labour administration	12
Legal Framework Indicator 2. Government commitment to full employment	16
Legal Framework Indicator 3. Unemployment insurance	16
Legal Framework Indicator 4. Statutory minimum wage	22
Legal Framework Indicator 5. Maximum hours of work	24
Legal Framework Indicator 6. Paid annual leave	25
Legal Framework Indicator 7. Maternity leave	28
Legal Framework Indicator 8. Parental leave	29
Legal Framework Indicator 9. Child labour	31
Legal Framework Indicator 10. Forced labour	32
Legal Framework Indicator 11. Termination of employment	34
Legal Framework Indicator 12. Equal opportunity and treatment	37
Legal Framework Indicator 13. Equal remuneration of men and women for work of equal value	39
Legal Framework Indicator 14. Employment injury benefits	42
Legal Framework Indicator 15. Labour inspection	43
Legal Framework Indicator 16. Pension	47
Legal Framework Indicator 17. Incapacity for work due to sickness/sick leave	48
Legal Framework Indicator 18. Incapacity for work due to invalidity	48
Legal Framework Indicator 19: Freedom of association and the right to organize	52
Legal Framework Indicator 20: Collective bargaining right	53
Legal Framework Indicator 21. Tripartite consultation	54

1 Economic and social context for decent work

1.1 Economic Context

Ethiopia adopted a federal constitution in 1995, which provided for the establishment of a Federal Democratic Republic form of government with nine regional states and two city administrations. The Constitution ensures general principles of labour rights such as the right to organize, the right to strike, the right for maternity leave with full pay and the right of children to be protected from exploitative practices.

Ethiopia has also implemented various reforms since 1990 with the aim of achieving broad based, accelerated and sustained growth to eradicate poverty. The reforms have been sustained overtime within a stable political environment. Over the past ten years, the strategies implemented by the government of Ethiopia have included the Sustainable Development and Poverty Reduction Programme (SDPRP) and The Plan for Accelerated and Sustained Development to End Poverty (PASDEP).

The SDPRP was well integrated with existing policies and strategies. The SDPRP rests on four pillars: 1) Agricultural development-led industrialization; 2) Decentralization and empowerment; 3) Justice system and civil service reform; and 4) Capacity building for private and public establishments. The PASDEP was a five-year development strategy (2005/06-2009/10). It was prepared based on the MDG targets and the government's vision for national development. Its main objectives were ensuring accelerated, sustained and broad based economic development as well as preparing the ground for full achievement of Ethiopia's MDG targets by 2015 (including Target 1b on the achievement of full and productive employment and decent work for all). In this regard, resources were mainly channeled to sectors prioritized for poverty reduction effects including: education, health, water, agriculture, transport and infrastructure.

In line with the PASDEP, the Decent Work Country Programme of Ethiopia has focused on the following priorities: 1) poverty reduction through decent work opportunities for men and women; 2) enhancing social protection and HIV/AIDS workplace policies; and 3) promotion of rights at work and social dialogue. Under these priorities, issues including the use of labour intensive approaches in infrastructure development, promoting the employment creation capacities of micro and small enterprises, as well

as macro and sectoral policies, are addressed.

In addition, to create a smooth employment relationship between employers and employees and thereby enhance production and productivity, the government has proclaimed three major employment related laws. The public service employment regime is regulated by the Federal Civil Service Proclamation at federal level and by Regional Civil Service Administration instruments at regional level.

The private sector employment regime is regulated by the Labour Proclamation. Employees of state owned profit-making enterprises, and those of NGOs, charitable and religious institutions also fall within the scope of the Labour Proclamation (see Legal Framework Indicator 1 "Labour administration"). The Labour Proclamation reflects the major principles of labour rights enshrined in the Constitution. Initially enacted in 1993, it was revised in 2003 to widen its scope and address implementation problems. However, the law does not cover the self-employed. Moreover, Proclamation No. 568/2008 on the right to employment of persons with disabilities was enacted in line with the UN Convention on the Rights of Persons with Disabilities (2006) which Ethiopia signed in 2007 and formally ratified in 2010. Proclamation No. 568/2008 requires public and private employers to provide equal employment opportunities to persons with disabilities and make reasonable accommodations. However, detailed analysis of the conditions of employment and work of persons with disabilities is not provided due to a lack of reliable data.

For proper implementation of the Labour Proclamation and other related laws, a labour administration system has been established by the government with the MOLSA as a focal point at the Federal level and the BOLSAs in the regions. However, just five of BOLSAs are members in the regional executive organ (regional cabinet). Moreover, city administrations of regional states and zonal levels, assisted by local labour offices, perform employment, labour relations and inspection services. Nevertheless, without a coordinated and well-financed system of labour administration, it is difficult to achieve the aim of decent work for all. Therefore, there is a need to upgrade the system by providing sufficient skilled manpower, finance and equipment (see Legal Framework Indicator 1 "Labour administration").

Currently the government of Ethiopia is implementing a five-year Growth and Transformation Plan (2010/11-2014/15) to accelerate sustainable development. The Plan focuses on job creating economic activities which result in economic growth as a means for achieving poverty reduction and equitable social development. The strategy places emphasis on comprehensive development, based on the results of the Agricultural Development-Led Industrialization Strategy implemented in the past decade.

The Growth and Transformation Plan sets out a number of targets aiming to:²

- maintain a real GDP growth of at least 11 per cent per annum and meet the MDGs (which includes Target 1b on the *creation of full and productive employment and decent work for all*);
- expand and ensure quality education and health services to achieve the relevant MDGs in the social sector;
- create favorable conditions for establishing good governance and the stable democratic developmental state.

The five years ending in 2009/10 witnessed an annual average real GDP growth rate of 11 percent. Agriculture, industry and services registered an average annual growth rate of 8.4 per cent, 10.0 per cent and 14.6 per cent, respectively. In 2005, 77.1 per cent of workers were employed in agriculture, 7.3 per cent in industry and 15.0 in services.

The 2005-2010 periods also witnessed the beginnings of two changes in the economic landscape of the country as a shift to a higher growth path and more diversified sources of growth took place. In 2002/03 growth was volatile due to unpredictable weather conditions in the agricultural sector as well as associated negative terms of trade. However, following the recovery that began in 2003/04, growth has been sustained and complemented by the strong performance of the service sector and the construction, manufacturing, trade, tourism, banking, insurance and real estate subsectors. Construction, for example, was given a boost by much needed public sector investment in infrastructure (roads, rural infrastructure development, including food security, telecom, power and irrigation) as well as private sector expansion.

An ongoing process of micro and small enterprise development with the necessary input of the TVET system, is aimed at creating productive job opportunities (see Legal Framework Indicator 2 “Government commitment to full employment”). In the past five years some 1.5 million new jobs were created in these sub-sectors. Substantial support was provided, including increased in-service training, provision of production and market facilities, technological support and provision of small enterprise information servicing.³

² See also MOFED, 2010.

³ See also MOFED, 2010.

Relevant Legislation

The Constitution of the Federal Democratic Republic of Ethiopia (1995)
 Labour Proclamation No. 377/2003 as amended by Proclamation No.494/2006
 Federal Civil Servants Proclamation No. 515/2007
 Right to Employment of Persons with Disability Proclamation No.568/2008
 Employment Exchange Services Proclamation No.632/2009
 Public Servants' Pension Proclamation No. 714/2011
 Private Organizations Employees' Pension Proclamation No. 715/2011

Scope of the Law

The Ethiopian employment regime mainly covers two broad categories of employment relationship. These are private sector employment and employment in public service.

The public service employment regime is regulated by the Federal Civil Servants Proclamation No. 515/2007 at the federal level and by regional civil service administrative instruments in the respective regions. These federal and regional instruments regulate the conditions of recruitment, promotion, separation and other related issues for permanent employees of the state administration. However, judges, prosecutors, members of the armed forces and the police force have their respective special laws for regulation.

The employment relation in the private sector is regulated by the Labour Proclamation. Employees of state owned business enterprises and employees of NGOs, charitable and religious institutions are with the ambit of the Labour Proclamation. Employees who undertake managerial functions in private enterprises and domestic workers are, however, excluded from its scope. Nonetheless, managerial employees and domestic workers who are excluded from the Labour Proclamation are still covered by the provisions of the Civil Code of 1960. According to article 3(2) of the Labour Proclamation employment relations arising out of a contract concluded for the purpose of upbringing, treatment, care of rehabilitation, education and training (other than apprenticeship) are excluded from its scope of application. For the purpose of the Labour Proclamation, an employer is a person who employs one or more employees and an employee is a physical person who agrees to perform work for, and under the authority of, the employer for a definite or indefinite period, or piece work in return for wages (article 2(1) and 4(1), Labour Proclamation).

Types of Contracts

There are three types of employment contract: 1) contracts of an indefinite period; 2) contracts of a fixed period; and 3) contracts for piece-work.

An employment contract under the Labour Proclamation does not require any special form for its validity and can be made orally or in writing. It is only if and when the employment contract fixes a probation period that a written contract is required by law for its validity. The maximum ceiling for any probation period is set by law at 45 consecutive days. Contracts of definite duration shall be presumed to be of indefinite duration if the nature of the job is of a continuous nature.

Under the civil service, the length of probation period is normally six months but it can be further extended for an additional three month period if the performance of the employee on probation is “below satisfactory”.

Table 1.1. Economic context for decent work

Context Indicator	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Labour productivity (estimate), in 2000 constant Ethiopian Birr ¹							2666		3075			
Labour productivity growth rate (estimate), in %									15.3			
Income/Earnings inequality, P90/P10												
Gini index ²		0.28					0.30					
Urban		0.38					0.44					
Rural		0.26					0.26					
Employment by major branch of economic activity, in % to the total ⁴												
Agriculture	79.9						82.4				9.8	11.4
Industry	5.4						5.8				21.5	20.5
Services	14.6						11.8				68.7	68.1
GDP, in million in US\$ ⁵	7330	7653	7571	7234	7949	9176	11330	14049	18180	25056	30351	27504
GDP, in million in Birr ⁶	55051	62299	63069	61779	68204	79185	98006	121943	159803	231518	316253	354527
GDP at Current Market Price (in Million)	58789	66648	68027	66557	73432	86661	106473	131641	171989	248303	335392	382939
GDP growth (annual), in % ⁷		13.2	1.2	-2.0	10.4	16.1	23.8	24.4	31.0	44.9	36.6	12.1
GDP per capita, (Birr) ⁸	996	1111	1104	1053	1133	1303	1559	1881	2376	3315	4367	4860
GDP per capita, (USD) ⁹	133	136	133	123	132	151	180	217	270	359	419	377
GDP per capita growth (annual), in% ¹⁰		11.5	-0.6	-4.6	7.6	15.0	19.6	20.6	26.3	39.6	31.7	11.3
Average inflation rate (CPI) based on the Ethiopian fiscal year months of June and July) ¹¹	1999/00	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11
				11.0	7.5	6.1	10.3	15.8	24.9	38.7	3.0	18.0

Source: MOFED, the data were collected and calculated by MOFED Experts

1. Data on labour productivity are estimated by dividing GDP for a particular year by the number of employed persons in that year. The estimates are available for only two years on both GDP and employed person at national level.
2. Source: Data on Gini Index were obtained from MOFED, Dynamics of Growth in Ethiopia, 2004/05.
3. Source: CSA. 1999, 2005 NLSF, and 2009, 2010 UEUS.
4. GDP in million US \$: For the purpose of international comparison, the national currency was converted to US\$ by dividing the exchange rate of a given specified year and presented in Birr as well.
5. GDP in million US \$: For the purpose of international comparison, the national currency was converted to US\$ by dividing the exchange rate of a given specified year and presented in Birr as well.
6. The annual GDP growth was calculated on the basis of the national currency (Birr).
7. GDP per capita income was computed by taking GDP at current market price over the midyear population.
8. GDP per capita income was computed by taking GDP at current market price over the midyear population.
9. GDP per capita growths refer to the percentage change in national currency in Birr.
10. Poverty indicator data were taken from MOFED 2004/05. They were calculated based on the CSA, 2000 and 2004 household budget and expenditure survey results. Source: MOFED, Dynamics of Growth and Poverty in Ethiopia, 2004/05. The figures in 2009 and 2010 represent the national poverty data
11. For the purpose of comparison the inflation rate for each month was obtained as compared to the same month in the previous year. The average inflation rate for a specified year was computed based on monthly CPI data covering the 12 months of the Ethiopian calendar from July to June. Source: CSA, country and regional level Consumer Price Indices compiled and calculated from monthly report 2011.

After stagnating in the 1980s and early 1990s, the Ethiopian economy is now one of the fastest growing in the world. Propelled by a range of economic, social and political reforms, the country has in recent years delivered consistent double-digit expansions in GDP and GDP per capita, and this has enabled substantial inroads to be made to both socio-economic development and the decent work agenda. In 2010, GDP per capita growth was 11.3 percent, down heavily from previous years but still a major improvement on the early 2000s, which for several years were negative.

However, despite consistently high economic growth in recent years, the challenges of unemployment and a lack of productive employment remain formidable. The unemployment rate was relatively high in 1999, but fell in the years to 2007; the most affected groups are young people, women, school-leavers and new graduates. This reflects the growing number of new entrants into the labour market during this time and a lag in resulting job creation.

Over the last two decades, the total labour force aged 15-64 years⁴ has more than doubled, increasing from 14.7 million in 1984 to 26.5 million in 1994, 33 million in 2005 and to 36 million in 2009. Employment creation for such a rapidly increasing labour force, particularly for new entrants, is a formidable challenge (see Chapter 2 “Employment opportunities”). Low labour productivity could also be linked to time-related underemployment experienced both in the rural and urban areas of the country, partially resulting from a lack of employment opportunities. In 1999, out of the total population employed, 44.8 per cent responded that they were willing and ready to work additional hours. By 2005, this figure had more than halved, but still represented a large share of under-utilized labour in the country.

Poverty analysis (GTP APR MoFED, 2011/12)) shows that poverty has fallen from 45.5 per cent in 1995/96 to 38.7 per cent in 2004/05 and to 29.6 per cent in 2010/11. However, in light of the incredibly rapid GDP growth the country has experienced for the majority of the last decade (between 2006 and 2009 the per capita GDP growth rate averaged almost 28 percent per year), the rate at which poverty has been declining appears somewhat more modest. Nevertheless, the Government target to reduce poverty to 22.2 percent by 2014/15 remains achievable.

Inequality, as measured by the Gini coefficient has also increased, from a level of 0.28 in 2000 to 0.30 in 2005 (the closer to 1 the figure, the more unequal the country is in terms of income distribution). This change was driven by sharply increasing inequality in urban areas, where the Gini coefficient rose from 0.38 in 2000 to 0.44 in 2005 (in rural areas the Gini coefficient remained unchanged at 0.26 in both years)(see Table 1.1 “Economic context for decent work”).

Historically, Ethiopia has been known for its low inflation, except during drought years of 1984/85, 1991/92 and 2002/03 where inflation was associated with the performance of the agricultural product market (MOFED, 2002). However, in recent years containing inflation has become a preeminent macroeconomic challenge. Inflationary pressures intensified in the latter half of the last decade, rising from 15.8 percent in 2006 to 38.7 percent in 2008, before entering a downward trend since then. In 2010, the average inflation rate was 18 percent.

1.2 Social Context – Education

In the field of education, significant progress has been made over the past five years. Some ten thousand primary schools were built between 2005 and 2010, bringing the total to 25,217. As a result, the number of classrooms grew from 161,795 to 247,698.⁵ The gross enrolment rate for grades one to eight (primary level) grew from 79.8 per cent in 2004/05 to 94.2 per cent in 2009/10 while the net enrolment rate of primary education increased from 68.5 per cent to 87.9 per cent in the same period. As more girls are going to school, the gender gap in gross enrolment rates narrowed from 0.75:1 to 0.93:1⁶ for primary education. This change is attributed to a number of measures taken by the government, including awareness raising among communities about the importance of girls’ education, and efforts to make schools more friendly to girls like constructing separate latrines for boys and girls, assigning female teachers and head-teachers to provide close support to girls and organizing girls clubs at schools, and providing tutorials, guidance and counseling service to female students⁷(Education Sector Development Programme, ESDP III).

In recent years, there has also been a substantial increase in the number of secondary schools, from 706 in 2005 to 1,335 in 2009/10. At the same time, the gross enrolment rate for grades nine to ten increased from 27.3 per cent to 39.7 per cent, and the net enrolment rate increased from 11.8 per cent to 12.6 per cent in the same period. Student teacher ratios for primary and secondary schools have improved too and there are now a higher number of teachers per student (see Table 1.2 “Education context for decent work”).

The abolishment of the shift system, in all parts of the country was expected to give more time for the learning process and improve the quality of education without additional expenditure. The adult secondary school graduation rate increased from 39.9 percent in 2003 to 62.3 percent in 2010. Likewise, the adult literacy rate rose from 29.9 percent in 1999 to 37.9 percent in 2004. In 2000 the Ministry of Education undertook a policy study called *Alternative Basic Education* (ABE) looking at alternative routes to education and how to expand basic education throughout the country. Following this study alternative basic education was given more attention and centres have been established in a number of pastoralist and semi-agricultural areas of the country and are now operational. In 2009, enrolment in alternative basic education schemes was 780,342.⁸

Since 2000/01 a substantial expansion has taken place in technical and vocational education and training. TVET has become an instrument for producing technicians equipped with practical skills who would be job creators and contribute to employment growth. TVET provides training to those who completed general secondary education (grade ten), as well to unemployed people and marginalized groups of society enrolled on market oriented programmes responding to the demands of the growing industrial sector of the economy.⁹ The total enrolment in TVET programmes during the PASDEP greatly increased, from 106,336 to 717,603, as participation grew at a rate of 14.1 per cent between 2003 and 2010. More than half of the participants were female indicating a relatively good gender balance at the national level.¹⁰ Some 448 TVET establishments had been opened by 2010.

⁴ The age category has been changed from 10-64 years to 15-64 years for the purpose of making the figures compatible with the Decent Work Profile and for international comparison.

⁵ MOFED, 2010.

⁶ MOE, Education Statistical Abstract, 2005-2009.

⁷ MOE, Third Educational Development Plan, 2010 to 2015.

⁸ MOE, IBID 2001 – 2009.

⁹ MOE, IBID 2001 – 2009.

¹⁰ MOE, IBID 2001 – 2009.

Table 1.2. Education context for decent work

Context Indicator	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Children not in school, in % ¹												
Male							12.0	1.4	2.0	-0.5	2.4	3.4
Female							28.5	16.1	14.9	9.5	7.0	9.9
Education of adult population												
Adult literacy rate, in % ⁶	29.9	29.2					37.9					
Male	41.1	39.7					49.9				70.5	71.6
Female	19.2	19.4					26.6				88.2	88.3
Urban areas	72.0	69.9					74.2				78.8	79.4
Rural areas	22.1	21.7					30.9					
Adult secondary school graduation rate, in % ⁷												
Male					39.9	45.8	42.8	48.1	49.8	38.4	42.6	62.3
Female					47.6	51.9	50.3	54.7	56.1	44.6	49.9	69.7
Urban areas					26.7	34.5	29.1	36.9	39.5	28.6	32.2	52.7
Pupil teacher ratio												
Primary education					64	65	66	61	59	57	54	51
Secondary education					45	48	51	54	48	43	41	36
Student/pupil section ratio (regular)												
Primary education					73	74	69	69	64	62	59	57
Secondary education					77	79	78	82	79	74	68	64
Number of schools												
Kindergarten					1 067	1 244	1 497	1 794	2 313	2 740	3 865	3 318
Primary education (Grade 1-8)					12 471	13 181	16 513	19 412	20 660	23 354	25 212	26 951
Secondary education (Grade 9-12)					491	595	706	835	952	1 078	1 197	1 335
TVET					153	158	199	264	388	458	458	448
Higher education					13	21	23	50	55	61	72	90
Graduates from High school												
Secondary Education					102 139	143 262	166 205	228 959	287 215	283 911	298 993	429 899
Graduates from all programs of higher education												
First Degree												
Total					6 294	7 600	11 535	25 335	29 845	47 979	55 770	66 999
Male					5 589	6 446	9 646	21 240	24 474	38 048	39 231	51 300
Female					705	1 154	1 889	4 095	5 371	9 931	16 539	15 699
Second Degree												
Total					474	736	1 126	1 388	2 671	2 664	3 257	4 873
Male					432	684	1 025	1 252	2 412	2 380	2 856	4 194
Female					42	52	101	136	259	284	401	679
Third degree												
Total												
Male											10	17
Female											-	18
Female share of First Degree Graduates					11.2	15.2	16.4	16.2	17.4	20.7	29.7	23.4
Female share of Second Degree Graduates					8.9	7.1	9.0	9.8	9.4	10.7	12.3	13.9

Source: MoE, Education Statistics Annual Abstract, 2006/07, 2008/09 and 2009/10.

- Data on children not in school were obtained by calculating the difference between the number of school age children and the corresponding number of children currently enrolled for school. The school age population here embraces those in the age category 7-14 years and the enrollment included grades one to eight which contains the first cycle grades (one to four) and the second cycle grades (five to eight) in the new curriculum design. Thus, the calculation was made based on those children not currently enrolled in school as a percentage of the total school age population. Source: Educational Statistics, 2008/09, 2009/2010.
 - Individuals who could read and write and perform simple arithmetic calculations are considered as literate. The number of literate persons aged ten years and above is expressed as a percentage of the total population of the same age category.
 - Adult secondary graduation rates represent the proportion of students who achieved passing scores in the Ethiopian Secondary School Certificate Examination Grade 10/EGSECE/. Source: MOE, Education Statistics, 2008/09.
 - Pupil Teacher Ratio is the average number of pupils at a given educational level per teacher at the same level. It was calculated by dividing the total number of pupils at a given level of education by the total number of teachers available to teach at that level.
 - Pupil Section Ratio is the average number of pupils, at a given educational level, in a given section. It was calculated by dividing the total number of pupils at a given level of education by the total number of sections available for that level.
 - 7, 8 Source: MOE, Education Statistics 2008/09 and 2009/10.
- At the higher education level, the number of undergraduate students in public universities grew from 78,232 in 2004/05 to 185,788 in 2009/10. The number of students graduating with first and second level degrees increased sharply, with a particularly large increase in the number of women graduating with first degrees (see Table 1.2 "Education context for decent work"). The number of public and private colleges and universities increased at rate of 15.8 per cent between 2003 and 2010, reaching 90 in 2010. The number of university teachers also grew from 4,847 to 11,238 during the PASDEP. Of these 50.8 per cent were first degree holders, 40.3 per cent had a second degree and 8.9 per cent had a third level degree.¹¹

11 MOE, Education Statistical Abstract.

1.3 Social context – health

In the health sector, a health extension strategy was designed and implemented between 2004/05 and 2009/10. Its objective was to reduce child mortality, improve maternal health and combat the spread of HIV/AIDS, tuberculosis and malaria. In total, 33,819 health extension workers were trained and deployed in rural kebeles¹² across the country. Since 2000, the number of hospitals, health centres and health posts has increased dramatically, with access increasing most rapidly since 2005 through the including the opening of some 60 hospitals and over 8,000 new health posts. Shifting patterns within the health sector have led to a decrease in the number of physicians and health assistants, and at the same time, an increase in the number of health officers and nurses (see Table 1.2 “Health indicators”).

Commendable results of the strategy attained during the implementation of the PASDEP include:

- The number of women of child bearing age using contraceptives up from 15 to 32 per cent
- Prenatal service coverage up from 46 to 63 per cent
- Postnatal service coverage up from 15 to 30 per cent

Delivery related deaths of mothers decreased from 871 per 100,000 in 2005 to 590 per 100,000 in 2010. The under five mortality rate also decreased from 123 per 1,000 to 101 per 1,000.¹³ The adult HIV/AIDS prevalence rate also decreased from 12.0 in 2003 to 9.5 in 2005 (See Table 1.3 “Health indicators and Annex 6 “HIV/AIDS prevalence”).

The introduction of free market principles and the issuing of various sectoral policies and strategies such as the investment policy, industrial policy and the agricultural led industrialization strategy have helped to generate a domestic environment conducive to the steady growth of the Ethiopian economy and concomitant employment growth. In addition, the education and health programmes have helped to develop the skills and capabilities of the population and workforce. Together, these developments have improved the foundations for decent work in the last decade.

1. There is no data on HIV/AIDS covering the whole working age population (15-64 years); the above data are estimated by WHO/UNAIDS and the MOH and covers the population aged 15-49 years. Source: MOH, single point HIV prevalence estimates, June 2007 and MOH AIDS in Ethiopia 5th report 2003 and 6th report 2005
2. The coverage includes the service provided by private health facilities. Source: MOH, Health and Health Related Indicators June 2007/08 and 2008/09
3. Percent change is calculated to show the difference in percent as compared to the base year results Source: MOH, Health and Health Related Indicators 2007/08 and 2008/09

¹² The smallest administrative unit in Ethiopia.

¹³ MOFED, 2010.

Table 1.3. Health indicators

Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Indicators	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Estimated % of working-age population (data only for 15-49 years) who are HIV positive ¹					2.2	2.1	2.1	2.1	2.2	2.3	2.4
Male					1.7	1.7	1.7	1.7	1.8	1.8	1.9
Female					2.6	2.5	2.5	2.6	2.6	2.8	2.9
Urban areas					7.9	7.8	7.8	7.7	7.7	7.7	7.7
Rural areas					1.0	1.0	1.0	0.9	0.9	0.9	0.9
Health staff to population ratio											
Doctors to population ratio									1:37 996	1:36 158	
Health Officer to population ratio									1:63 785	1:48 451	
Nurses to population ratio									1:4 725	1:3 869	
Health extension workers to population ratio									1:3 224	1:2 514	
Number of facilities ²											
Hospitals	103	110	115	119	126	131	138	143	149	195	
Health centres	356	382	412	451	519	600	635	690	732	1 362	
Health station + national health service	2 330	2 393	2 452	2 396	1 797	1 662	1 206	1 376	1 517	****	
Private clinics not for profit					359	379	480	397	271	271	
Private clinics for profit	1 119	1 170	1 235	1 229	1 299	1 578	1 784	1 756	1 788	2 582	
Health posts	833	1 023	1 311	1 432	2 899	4 211	6 191	8 528	11 446	12 488	
Pharmacies	304	311	311	302	275	276	246	320	NA	NA	
Drug shops	250	249	309	299	375	381	476	577	NA	NA	
Rural drug vendors	1 950	1 917	1 856	1 888	1 783	1 787	1 754	2 121	NA	NA	
Total	7 245	7 555	8 001	8 116	9 432	11 005	12 910	15 908	15 903	16 898	
Percent change of facilities ³		4.3	5.9	1.4	16.2	16.7	17.3	23.2	0.0	6.3	
Human resources in health services											
Physicians	1 263	1 366	1 888	2 032	1 996	2 453	2 115	1 806	2 085	2 151	
Health officers	201	296	484	631	683	776	715	1 151	1 242	1 606	
Nurses	6 713	7 723	12 838	14 160	15 544	18 809	17 845	18 146	16 765	20 109	
Health assistants	8 330	7 386	8 149	6 856	6 628	6 363	4 800	3 184	2 140	1 486	
Para medical	2 201	2 758	3 824	4 641	5 215	6 259	5 431	3 863	7 731	5 021	
Health extension workers						2 737	9 900	17 653	24 571	30 578	
Total	18 708	19 529	27 183	28 320	30 066	37 397	40 806	45 803	54 534	60 951	
Percent change of human resources in services		4.4	39.2	4.2	6.2	24.4	9.1	12.2	19.1	11.8	
Potential health service coverage	57.3	59.1	61.0	61.3	64.0	72.1	76.9	86.7	89.6	90.0	
Potential health service coverage*	66.1	68.0	70.7	70.2	73.2	82.9	92.0	98.1	-	-	
Expanded Programme on Immunization (EPI) Coverage	41.9	41.9	51.5	50.4	60.8	70.1	75.6	72.6	85.4	81.6	
Health service utilization	0.27	0.27	NA	0.29	0.36	0.30	0.33	0.32	0.24	0.30	
Contraceptive acceptance rate	13.3	18.7	17.2	21.5	23.0	25.2	35.8	33.6	53.9	56.2	
Antenatal coverage	29.1	34.7	34.1	27.4	40.8	42.1	50.4	52.1	61.2	67.7	

Source: Health and health related indicators 2007/08 and 2008/09.

Legal Framework Indicator 1.

Labour administration

Law, policy or institutions: There is not yet a national employment policy in Ethiopia although a draft policy is submitted for adoption. The MOLSA at the federal and the regional BOLSAs have been entrusted with the power to coordinate labour administration issues. Employment service, employment exchange and inspection service are some of the most important activities which the labour administration agencies are expected to focus on. Other organs include the tripartite Labour Advisory Board and Labour Relations Board, however, the Advisory Board is only operational at the federal level.

At the federal level, MOLSA is a member of the Council of Ministers and is headed by the Minister of Labour and Social Affairs and two state Ministers, one of whom is responsible for labour affairs while the other is responsible for social affairs. The State Minister for Labour Affairs is empowered to look after the Directorate for Harmonious Industrial Relations and the Directorate for Employment Promotion. The Labour Advisory Board is composed of fifteen tripartite members whose main function is to advise the Minister on labour matters. The Labour Relations Board whose power is to entertain collective labour disputes is accountable to the State Minister for Labour Affairs.

At the level of the regions too, there are organs of labour and social affairs in the regional administrative structures. However, only five of the eleven regional organs are members of the Regional Cabinet (the regional executive organ). The law envisages that Labour Relation Boards should also exist at the regional level; accordingly, these have been established and are operating in a number of regions.

If and when labour disputes occur, depending on the type of dispute (whether it is an individual or collective labour dispute), dispute resolution institutions are in place to assist, namely, regular courts and Labour Relations Boards. With individual disputes, labour benches of regular courts at the federal and regional levels are given the competence to entertain and decide on cases. Collective labour disputes are within the jurisdiction of the Labour Relations Board. Regardless of the nature of the dispute, amicable settlement through conciliation or other means outside formal channels is also possible.

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Ratification of ILO Conventions: The Labour Administration Convention, 1978 (No. 150) and the Labour Inspection Convention, 1947 (No. 81) have not yet been ratified.

2 Employment opportunities

The government of Ethiopia has embarked on socio-economic reforms aiming to accelerate sustainable development. In this respect, there has been a focus on job creating programmes which result in economic growth and poverty reduction (i.e. pro-poor growth) and promote equitable social development. As a strategy, the government has placed emphasis on comprehensive development under the Growth and Transformation Plan, based on the results of the Agricultural Development-Led Industrialization (ADLI) Strategy implemented in the past decade.¹⁴

The government sees employment creation as part of a comprehensive development policy and strategy that aims for poverty reduction. The Growth and Transformation Plan assumes that growth will help create employment (particularly for young people) and raise incomes, thus eventually eradicating poverty. Although Ethiopia does not yet have an employment policy, the responsibility of the state for acting to increase employment opportunities is stipulated in the Federal Constitution¹⁵ (see Legal Framework Indicator 2 “Government commitment to full employment”). A draft national employment policy was prepared by the MOLSA with the financial and technical support of the ILO in 2010 and is now being reviewed.

The country’s development agenda also focuses on the abolition of child labour and its worst forms, as well as HIV/AIDS control to limit its harmful socio-economic impact. The MOLSA issued a directive on April 17, 2011 regarding the employment of persons with disabilities. The directive shows the importance of mainstreaming disability issues as an integral part of sustainable development. It recognizes that discrimination against a person on the grounds of disability is a violation of their inherent worth and points out the need to promote and protect the human rights of persons with disabilities.¹⁶

Labour force participation rates are high in Ethiopia and increased by 3.5 percentage points between 1999 and 2005, with women’s participation increasing more than that of men. Participation rates in urban areas are lower than in rural areas and grew more slowly over the period (see Table 2 “Employment opportunities”).

¹⁴ MOFED, 2010.

¹⁵ The Constitution of the Federal Democratic Republic of Ethiopia article 41(7), August 1995. Addis Ababa.

¹⁶ MOLSA, Directives Issued for the Implementation of Proclamation No.568/2000 Regarding Employment of Persons with Disabilities (In Amharic, April 2011.)

Table 2. Employment opportunities (age 15-64 years)

Decent Work Indicator	NLFS			Census			UEUS		
	1999	2005	2007	2005	2007	2009	2010		
Employment-to-population ratio (aged 15-64 years), in % ¹	75.7	81.3	72.0						
Male	87.6	89.3	79.2			69.3	69.0		
Female	64.9	74.2	65.1			44.1	45.0		
Urban areas	56.6	57.7	51.4			55.9	56.7		
Rural areas	79.4	86.3	77.3			-	-		
Unemployment rate (aged 15-64 years), in % ²	8.4	7.7	4.1			-	-		
Male	4.5	2.8	3.5			12.1	11.2		
Female	12.7	8.4	4.8			30.1	28.1		
Urban areas	26.4	21.2	17.4			20.6	19.4		
Rural areas	5.2	2.8	1.4			-	-		
Informal employment (proxy), in % ³	67.3	49.0	-			-	-		
Male	45.9	33.2	-			23.7	24.5		
Female	82.0	61.8	-			42.2	39.5		
Urban areas	49.2	41.0	-			31.1	30.8		
Rural areas	-	-	-			-	-		
Labour force participation rate/Activity rate/ (15-64 years), in % ⁴	82.6	86.1	75.1						
Male	91.7	91.8	82.0			78.8	77.7		
Female	74.4	81.0	68.3			63.1	63.8		
Urban areas	76.9	73.2	62.1			70.4	70.3		
Rural areas	83.7	88.8	78.4						
Youth unemployment rate (15-29 years), in % ⁵	11.0	7.4	5.1			-	-		
Male	6.1	3.9	4.6			17.4	16.6		
Female	16.1	10.7	5.7			33.9	31.6		
Urban areas	34.3	27.0	21.0			26.0	24.5		
Rural areas	6.6	3.8	1.8						
Unemployment rate by level of education, in % ⁶									
Non-formal	5.8	2.9	3.0			13.1	11.3		
Primary	11.1	6.8	5.9			20.9	19.5		
Secondary	31.3	23.2	18.8			26.2	24.8		
Certificate	7.7	12.7	10.1			18.4	20.3		
Tertiary	13.2	11.4	8.3			9.5	11.6		
Employment by status in employment, in % ⁷									
Employees	9.0	8.9	10.7			51.3	52.3		
Employers	0.8	0.6	0.3			0.5	0.5		
Own-account workers (OAW)	48.6	45.9	61.6			38.6	37.6		
Contributing family workers (CFW)	41.0	44.2	21.3			8.1	7.0		
Other workers not classified	0.8	0.3	6.1			1.6	2.5		
Total	100.2	99.9	100.0			100.1	99.9		
Proportion of own-account workers and contributing family workers in total employment, in % ⁸	89.6	90.1	82.9			-	-		
Male	87.5	87.8	81.5			44.1	42.2		
Female	92.3	92.5	84.6			50.2	47.9		
Urban areas	54.1	53.1	47.0			46.7	44.6		
Rural areas	94.5	95.3	90.3						

Source: (CSA), 1999, 2005 NLFS, 2007 Census and 2009 and 2010 UEUS.

Notes: The discrepancy between the census and labour force survey results occurred due to the difference in sample coverage i.e. the census was undertaken on the basis of 20 percent sample or covered every five households, while the labour force surveys covered only 5-10 percent. This means 30 households were randomly selected in the sampled enumeration areas to represent 150-200 households. Therefore, the unexpected decline of unemployment rate including other indicators in the 2007 census has been observed because of the difference in the sample coverage between the census and the labour force surveys.

1. The employed population based on the current activity status approach consists of those persons who were engaged in productive activity for at least four hours during the seven days prior to the date of the interview, including those who had work but were not at work, those who were temporarily absent from work those who had a job attachment. The employment to population ratio was calculated by taking the currently employed population aged 15-64 years as a percentage of the total population of the same age group.
2. The employment data was obtained based on the relaxed definition, see below, and CSA LFS reports for more details.
3. The relaxed definition of unemployment which is pertinent to the Ethiopian labour market situation covers those persons who were without work and available for work for paid or self-employment, including those who were or were not seeking work or discouraged job seekers. The unemployment rate was computed by taking the unemployed persons aged 15-64 years as a percentage of the total number of economically active persons of the same ages (i.e. employed and unemployed).
4. The informal sector in the 1999 and 2005 NLFS consisted of establishments which had no license, no book of account and consisted of less than ten employees/workers. The UEUS of 2009 and 2010 considered only the first two elements of the definition, regardless of the number of employees/workers. Information on the informal sector was establishment based, not job based. The share of informal employment here is presented as a percentage of the total employed population 15-64 years of age.
5. The economically active is defined as persons who are engaged or are available for engagement in productive activities. It comprises the employed and unemployed population aged 15-64 years. The labour force participation rate or economic activity rate was computed as percentage of the economically active population over the sum of the total economically active and non-active population aged 15-64 years.
6. According to the Ethiopian definition, the youth population covers the category of persons aged between 15 and 29 years. Thus, the share of unemployed youth is expressed as percentage of the total economically active youth population of the same age.
7. Based on the new curriculum design, the level of education in this study classified grades 1-8 as primary. Grades 9-12 in the old curriculum are considered as secondary, while grades 9-10 in the new curriculum are considered as secondary. The certificate level is reported separately and comprises of those who completed grade 12+1 in the old curriculum, and TVET, 10+1 and 10+2 in the new curriculum. Diploma and above are classified as tertiary level.
8. Status in employment for each category was computed as a percentage of the total employed persons aged 15-64 years.
9. Own-account workers and contributing family workers consist of self-employed and unpaid family workers aged 15-64 years.

Legal Framework Indicator 2

Government commitment to full employment

Law, policy or institutions: The Federal Constitution of 1995 stipulates that: “the state shall undertake all measures necessary to increase opportunities for citizens to find gainful employment” (article 41(7)). Moreover, it provides that “the state shall pursue policies which aim to expand job opportunities for the unemployed and the poor” (Article 41(6)). Based on these constitutional stipulations the Ethiopian government has developed policies with a view to widening employment opportunities. Economic policies that pave the way towards encouraging private sector development have been put in place, as a result of which domestic and foreign direct investment have been attracted and retained. Policies on tax holidays, duty free import of investment related equipments and other similar incentives have been some of the concessions utilized to encourage investment. The government has also focused on labour intensive manufacturing industries such as leather and textile sectors due to their strong role in employment creation. To promote these industries, incentive and supportive schemes have been laid down, as a result of which, appreciable number of workers have been employed.

Moreover, to promote the creation and growth of micro and small enterprises, women and youth have been granted credit facilities and entrepreneurship training. The TVET Proclamation and the establishment of public and private technical and vocational training institutes are also entry points towards gainful employment and self-employment of young people. Various stakeholders were consulted in the adoption process of the TVET law.

Furthermore, at times, employment offices in Ethiopia also cooperate with public offices and organizations concerned with the preparation of training programmes and conduct studies on how to improve vocational training so as to enable proper implementation of the relevant laws.

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Sources: National legislation and NATLEX Database
(http://www.ilo.org/dyn/natlex/natlex_browse.country?_lang=en&p_country=ETH).

Legal Framework Indicator 3

Unemployment insurance

Law, policy or institutions: There is no unemployment insurance scheme in Ethiopia.

Benefits (level and duration) N/A

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Coverage of workers in law: N/A

Ratification of ILO Conventions: The Unemployment Convention, 1919 (No. 2) was ratified in 1966. The Social Security (Minimum Standards) Convention, 1952 (No.102) and the Employment Promotion and Protection against Unemployment Convention, 1988(No.168) have not yet been ratified.

Sources: National legislation and NATLEX Database.
(http://www.ilo.org/dyn/natlex/natlex_browse.country?_lang=en&p_country=ETH).

The employment-to-population ratio (EPR), which measures the proportion of working age people actually employed, increased from 75.7 per cent in 1999 to 81.3 per cent in 2005, signaling an improvement in the economy's ability to generate employment.¹⁷ In terms of gender, the EPR among women working increased more (9.3 percentage points) than that of men (1.7 percentage points). As with the labour force participation rate, the EPR is higher and increased by a larger amount in rural areas (6.9 points) than in urban areas (1.1 point increase). The UEUS results of 2009 and 2010 revealed that the EPR in urban areas increased by 0.8 percentage points over the two years. With regard to gender, the male EPR decreased slightly (0.3 points) while that of females increased (0.9 points). The rural EPR remained higher than the urban ratios. This is mainly due to the fact that almost all working age persons in rural areas undertake some agricultural work and are counted as employed during the reference period.

The Ethiopian Investment Authority has calculated the distribution of investment growth for major branches of the economy between 2000 and 2010 (see Annex 7). In the agricultural sector, investment in projects increased by 30 per cent, in employment by 36 per cent and in capital by 44 per cent. In industry, investment grew by 23 per cent in projects, 27 per cent in employment and 39 per cent in capital. While in the service sector investment grew by 30 per cent in projects, 21 per cent in employment and 25 per cent in capital.

The unemployment rates between 1999 and 2005 displayed an overall positive outlook, reflected by changes both from the point of view of gender and location (urban/rural areas). The decent work indicators included in Table 2 are computed using a relaxed definition of unemployment, according to which the unemployed are persons who are without work and available for work, including discouraged job seekers (i.e. persons considered “unemployed” may or may not be seeking work). Between 1999 and 2005, unemployment fell by 0.7 points; among males, it fell by 1.7 points and among females it by 4.3 points. Unemployment is most acute in urban areas (21.2 per cent in 2005, versus 2.8 per cent in rural areas), and is falling at a slower rate than in rural areas.

In urban areas many people face unemployment because the economy cannot provide employment opportunities for all new job seekers, including school-leavers and migrants from rural areas. Although a decline has been observed between 1999 and 2010, urban unemployment rates were still high in 2010 at 19.4 percent (based

on UEUS data). While improvements have been seen for both sexes, females consistently have higher unemployment levels than males. The higher unemployment among females can be explained by the prevailing gender norms that deprive women from equal access to employment. However, the increasing employment and declining unemployment rates seem to demonstrate that the availability of employment opportunities has improved to some extent, both at the national level and in urban areas (Table 2 “Employment opportunities”).

At the national level, there was a notable decrease in youth unemployment (from 11 per cent in 1999 to 7.4 per cent in 2005.) In terms of gender the decrease was 2.2 points for males and 5.4 points for females in the same period. However, as the youth population is large and the employment opportunities provided could not absorb all job seekers the volume of youth unemployment remains high. The UEUS revealed that female unemployed youth are at a greater disadvantage in the labour market, in part because societal pressures tend to discourage and prevent women from accessing employment opportunities.

Informal economy employment declined from 67.3 per cent in 1999 to 49 per cent in 2005, and this decline was evident for both men and women. In 2005, 33.2 of men and 61.8 per cent of women were employed in the informal economy. Moreover, the decline in informal economy employment rates in urban areas was significant: from 49.2 per cent in 1999 to 41 per cent in 2005 and down again to 30.8 per cent in 2010. The extent of informal economy employment and the proportion of own-account and contributing family workers (i.e. “vulnerable employment”) is substantial. As many workers in these activities face barriers to accessing benefits like paid leave and employment protection, as well as adequate earnings, safe working conditions, and reasonable working hours, their employment often lacks important elements of decent work.

With regard to the links between education and employment, unemployment has been a problem particularly of those with a senior secondary education, among which the unemployment rate has been higher than all other educational groups. Those with no formal education had the lowest unemployment levels in data collected until 2009. Unemployment rate for certificate holders and for those with tertiary education was 20.6 and 11.6 percent, respectively in 2010, up slightly on 2009 (based on the Urban Employment and Unemployment Survey, UEUS). The data presented suggest that educated youth entering the labour market face particularly high risks of unemployment. Part of this may also be related to the common observation that more educated -who are typically concentrated in urban areas- often prefer to wait for better paying or more secure jobs, thus contributing to the higher rates of unemployment among these groups (see Table 2 “Employment opportunities”).

¹⁷ Significant disparities exist between EPR and labour force participation rate figures across different surveys (i.e. the labour force survey, urban employment and unemployment survey, and the census). This may be attributed to differences in the coverage of the surveys.

With respect to employment by status in employment, the 1999 and 2005 NLFS, and the 2007 census revealed that the number of both paid employees and employers showed little change, the former remaining at around nine per cent of the workforce and the latter at under one per cent. According to NLFS data, the proportion of own-account workers (i.e. self-employed with no paid employees) decreased by 2.7 points between 1999 and 2005, while the number of contributing family workers (i.e. those holding a self-employment job in a market-oriented establishment operated by a relative living in the same household) increased by 3.2 points. The proportion of own-account workers and contributing family workers out of total employment –which taken together are often referred to as “vulnerable employment”- remained significant, at 89.6 per cent in 1999 and 90.1 % in 2005 according to the NLFS, and 82.9 per cent according to the 2007 census (Table 2 “Employment opportunities”).

“Vulnerable” workers (i.e. own account workers and contributing family workers) are referred to as such since they are typically less likely to have formal work arrangements, and therefore often lack decent working conditions, adequate social security and ‘voice’ through effective representation by trade unions. Vulnerable employment is also often characterized by inadequate earnings, low productivity and conditions of work that undermine workers’ fundamental rights.

From a gender perspective, the proportion of men and women working as own-account workers and contributing family workers were both high, although in both surveys and the 2007 census there was a slightly higher proportion of women in this group than men. Of the longitudinal surveys, the NLFS measured little change between 1999 and 2005 in the proportion of men and women own-account and contributing family workers, while the UEUS measured a decline among both women, from 50.2 per cent (2009) to 47.9 per cent (2010) and men from 44.1 per cent (2009) to 42.2 per cent (2010). The number of such workers in rural areas was captured in the NLFS and 2007 census and increase from 94.5 percent (1999) to 95.3 per cent (2005) in the NLFS years. The results of the 2007 census showed a decline to 90.3 per cent. The proportion of own-account workers and contributing family workers in urban areas was almost half that in rural areas. (Table 2 “Employment opportunities”).

To summarize, recent improvements are evident in terms of both the employment and unemployment situations in Ethiopia. However, the rate of new employment created could not yet match the number of new job seekers. Moreover, there remains much to be achieved with respect to the quality of jobs. Youth unemployment is high in urban areas and females are highly affected as they have increased their participation in the labour market. At the same time, traditional gender expectations continue to hinder women’s participation in the labour market. Nevertheless, the creation of employment opportunities for both men and women has played a big role in reducing poverty at the household level and contributed to an improvement in the general context for decent work.

3 Adequate earnings and productive work

Earnings derived from employment in productive activities determine income distribution, thus adequate earnings are essential to ensure balanced and equitable development –something particularly relevant for those in low paid jobs and in the lowest category of the income distribution. However, production for own-consumption and other sources of in-kind income are not included in the calculation of pay and earnings as the indicators here are computed for paid employees. The self-employed in agriculture are thus excluded from the analysis of adequate earnings.

The use of earnings for measuring income levels has its own limitations in a context where production for own-consumption is predominantly common in Ethiopia. Nonetheless, looking at data on average monthly income from paid employment gives a general indication of trends in adequate earnings. In 2005, of those in paid employment outside agriculture, 33.4 per cent of men and 55 per cent of women had low monthly earnings, i.e. below 2/3 of median (see Table 3.2 “Adequate earnings and productive work”).

Data obtained from the UEUS of 2009 and 2010 suggests a decline in workers earning “low pay”, as the share earning less than two-thirds of the median decreased for both males (from 27.1 to 19.7 per cent) and females (from 56.9 to 53.4 per cent). In 2005, 40.8 per cent of men were in permanent paid employment compared to 32.5 per cent of women. According to the UEUS, however, this figure actually rose again between 2009 and 2010, from 52.6 per cent to 56 per cent among men and from 43.3 per cent to 44.5 per cent among women.

There are gaps in the earnings of males and females, partly resulting from the persistence of traditional cultural norms that limit women’s education and work opportunities as well as the compensation they receive for their work. In urban areas in 2005, 29.3 percent of workers were earning low pay compared to 60.4 per cent in rural areas (there are no comparable earlier years, however, for this indicator).

According to the 2005 NLFS, the average real wage¹⁸ of male employees was Birr 397.6 while for female employees, it was Birr 239.1. On the other hand, the UEUS revealed that the average real wage for males was Birr 954.0 in 2009 and Birr 1,960 in 2010, while for females it rose from Birr 544 in 2009, to Birr 607 in 2010. The distribution of real wages by industry shows that in 2005 average earnings were highest (Birr 388) in the service sector, and the lowest (Birr 136) in the agricultural sector (see Table 3.3 “Adequate earnings and productive work”).

Data obtained from the Ministry of Civil Service show that over 50 per cent of civil servants received more than Birr 1,000 per month in 2009/10. With regard to gender, of 42,937 employees who received a monthly salary in the range of Birr 300-399, 43 per cent were women while of the 4,589 employees who received monthly salaries in the range of Birr 2,800-2,999 just 13 per cent were female employees.¹⁹ In this regard, it is worth noting that salary scale has been increased for the civil service since January 2011 (see Legal Framework Indicator 4 “Statutory minimum wage”).

18 US\$1.00 converts at some 8.50 Birr

19 MOLSA. Labour Market Information Bulletin 2009/10.

Table 3.1: Adequate earnings and productive work. Incidence of working poverty and poverty

Decent Work Indicator	NLFS		UEUS	
	1999*	2005	2009	2010
Percentage of population below the poverty line, in % ¹	44.2	38.7		
Male	44.4	39.9		
Female	43.4	33.9		
Urban areas	36.9	35.1		29.0
Rural areas	45.4	38.5		

Source: The above poverty data were obtained from MOFED, Dynamics of Growth and Poverty in Ethiopia (2004/05). The figure for the 2009/10 represents the PASDEP target.

Note: The above poverty figures were reported based on the Ethiopian calendar year which falls within the two consecutive years of the Gregorian calendar.

1. The poverty head count index is one of the best indicators of the poverty situation of a country. It refers to the head count of the population whose consumption is below the national poverty line i.e. the share of population that cannot afford to buy the basic basket of goods and essential non-food items. The proportion of the population below the poverty line (the head count index) is expressed in terms of the total population.

Table 3.2: Adequate earnings and productive work. Low Pay rate (below 2/3 of median monthly earnings)

Decent Work Indicator	NLFS		UEUS	
	1999	2005	2009	2010
Low pay rate (proportion of workers with monthly earnings below 2/3 of median monthly earnings, excluding agriculture), in % ¹				
All workers		37.9	-	-
Male		33.4	27.1	19.7
Female		55.0	56.9	53.4
Urban areas		29.3	39.0	33.7
Rural areas		60.4	-	-
Workers in permanent paid employment		37.6	-	-
Male		40.8	52.6	56.0
Female		32.5	43.3	44.5
Urban areas		46.8	48.9	51.3
Rural areas		21.9	-	-

Source: CSA, 1999 & 2005 NLFS and 2009/10 UEUS.

1. Low pay rate was computed as the proportion of workers with monthly earning below 2/3 of the median monthly earnings.

Table 3.3. Adequate earnings and productive work. Average real wages/earnings by sector

Decent Work Indicator	NLFS		UEUS	
	1999	2005	2009	2010
Average real wages/earnings, in constant 2000 Ethiopian Birr				
All wages/earnings ¹		338	792	871
Agriculture		136	790	646
Industry		289	702	815
Services		388	818	900
Male		398	954	1960
Female		239	544	607
Male/female ratio		1.7	1.8	3.2
Urban areas		422		
Rural areas		189		
Urban/rural ratio		2.2		

Source: CSA, 2005 NLFS, 2009 and 2010 UEUS.

1. Data on earnings from self-employment was not available. The above figures refer only to data on earnings or wages from paid employment that was collected from CSA Labour Force Surveys in the specified years

The latest poverty assessment was conducted by MOFED and is entitled *Dynamics of Growth and Poverty*. MDG 1 on poverty, employment and hunger, aimed to reduce by halve the proportion of people living on less than one dollar a day by 2015. In the case of Ethiopia in 1999, the poverty headcount of people falling below the national poverty line was 44.2 per cent in 1999, by 2005 this had fallen to 38.7 per cent. Poverty is higher in rural areas than in urban areas, although the gap narrowed in the first half of the 2000s, and by 2005 some 35.1 per cent of the urban population were poor compared to 38.5 per cent of the rural population (see Table 3.1 “Adequate earnings and productive work”). As indicated in the Growth and Transformation Plan, based on the identified relationship between economic growth and its elasticity to poverty, it is calculated that the poverty headcount had declined to 29.2 per cent in 2009 and further to 28.2 per cent in 2010.²⁰

Legal Framework Indicator 4 Statutory minimum wage

Law, policy or institutions: The Federal Constitution of 1995 provides that “the government shall endeavor to protect and promote (...) the living standards of the working population of the country” (Article 89(8)). With this object in view, the civil service employment regime has applied a minimum wage. The Labour Proclamation, however, does not set a minimum wage for the employment relations that it governs. Wage setting under the labour law, is rather left to be regulated either through individual employment contracts or collective agreement. Thus, the business sector does not have a statutory minimum wage.

Minimum wage levels: For employees of the government the minimum monthly wage has been set at Birr 420 (some US\$ 25) since January 2011.

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Coverage of workers in law: N/A.

Coverage of workers in practice: N/A.

Ratification of ILO Conventions: The Minimum Wage Fixing Convention, 1970 (No. 131) has not yet been ratified.

Sources:

1. National legislation and NATLEX Database, (http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ETH);
2. TRAVAIL Database (http://www.ilo.org/dyn/travail/travmain.sectionReport1?p_lang=en&p_countries=ET&p_sc_id=1&p_year=2011&p_structure=1).

The analysis presented above reveals that the average monthly income from paid employment and non-agricultural self-employment has increased overall, while the average monthly incomes remain higher for males than female workers and higher in urban than rural areas (see Table 3.3 “Average earnings and productive work”).

The salary scale of civil servants and the minimum wage of citizens who go abroad for work have been fixed by law. However a minimum wage is not yet set for private sector employees. Low pay is common among the self-employed in the informal sector and among own-account workers. However, in recent years, the proportion of people on low pay has shown a decreasing trend regardless of sex and location. Data also shows that earnings in paid employment in the non-agricultural sector have improved. Thus, expansion of access to paid employment has contributed to improvements in earnings and consequently, to the development of decent work in Ethiopia.

4 Decent hours

Decent working time is an important indicator of the quality of jobs. The first ILO convention adopted in 1919 set a maximum of eight hours of work a day and 48 hours per week for workers in industry. The coverage was extended to workers in commerce under the Hours of Work (Commerce and Offices) Convention, 1930 (No. 30). Many regulations have since been adopted on a variety of work time related subjects such as daily and weekly rest periods and annual leave (See Legal Framework Indicators 5 “Maximum hours of work” and 6 “Paid annual leave”).

Table 4. Decent hours

Decent Work Indicator	NLFS		UEUS	
	1999	2005	2009	2010
Excessive hours (more than 48 hours for the private sector and 39 hours for the public sector per week) total in % ¹	12.2	17.1	-	-
Male	14.9	24.6	57.0	59.0
Female	8.5	9.1	48.2	48.5
Urban areas	39.2	48.5	53.3	54.5
Rural areas	8.1	12.7	-	-
Time-related underemployment rate, in % ²	44.8	22.2	-	-
Male	48.9	24.0	20.7	19.0
Female	39.3	20.2	24.9	22.8
Urban areas	34.6	18.3	22.5	20.6
Rural areas	46.4	22.7	-	-
Rate of workers with decent hours, in % ³	43.0	60.7	-	-
Male	36.2	51.5	22.3	22.0
Female	52.3	70.7	26.9	28.6
Urban areas	26.2	33.2	24.2	24.9
Rural areas	45.5	64.6	-	-

Source: CSA, 1999, 2005 NLS and 2009 and 2010 UEUS.

1. According to Ethiopian legislation the normal working hours for civil servants are 39 hours per week, while for workers covered by Labour Proclamation No. 377/2003 or employees in private organizations the weekly normal working hours are 48 hours. The share of employed persons who were working more than normal hours as percentage of the total employed population aged 15-64 years. Based on ILO recommendations those persons who are not covered by legislation were treated with the 48 hours criteria. Consequently a higher percentage share is observed as a result of inclusion of self-employment.
2. Time-related underemployment is defined as currently employed persons aged 15-64 years who (i) worked less than normal working hours and (ii) are available to work more hours during the specified reference period. The time-related underemployment rate was calculated by taking the underemployed population as percentage of the total employed population of the same age category.
3. Persons in decent working hours include those who were neither working excessive hours nor underemployed. The rate of workers with decent work hours was obtained as percentage of the total employed population of the same ages.

To fulfill decent work criteria, working time should neither be excessive, nor insufficient. Regulations should ensure safety and health, enable people to enjoy family and personal life, promote gender equality, boost productivity and aid worker choice and influence over the time they spend working.

Legal Framework Indicator 5 Maximum hours of work

Law, policy or institutions: The Federal Constitution of 1995 provides that “workers have the right to reasonable limitation of working hours, to rest and to leisure” (article 42(2)). Accordingly, maximum hours of work per day and per week have been fixed by the labour and civil service laws.

Number of hours allowed: Based on the Labour Proclamation, regular working week consists of eight hours per day and 48 hours per week (article 61(1)). As long as the maximum weekly working hours are not exceeded, the maximum daily working hours can be extended to ten hours if and when circumstances require. These limits in working hours also apply to NGOs and state-owned business enterprises. For young workers between the ages of 14 and 18 years, normal working hours shall not exceed seven hours a day (Article 90, Labour Proclamation). Workers are also entitled to an uninterrupted weekly rest day of 24 hours, preferably Sunday, in the course of each seven days (article 69, Labour Proclamation).

Civil service: A maximum of 39 hours per week is set (daily working hours are regulated by the Council of Ministers through regulations applicable to federal civil servants). Working hours applicable to regional civil servants are to be determined by the relevant regional organs.

In principle, overtime work is prohibited. However, there are exceptional situations, exhaustively laid down by the Labour Proclamation (Article 67(1), which allow for overtime work, including: occurrence of actual or imminent accident, force majeure, urgent work and substitution of absent workers assigned on work that runs continuously without interruption.

The hourly rate for overtime payment is higher than the ordinary hourly rate. The preferential and differential rates of payment vary from 1.25 to 2.25 times higher than the regular hourly rates depending on the particular time the overtime work was performed. Penalties for violation of provisions on hours of work are prescribed in the Labour Proclamation and amount to Birr 500 (US\$ 30). The Minister of Labour and Social Affairs is entrusted with a power to issue directives reducing the normal hours of work for particular economic sectors, industries or occupations where there are hazardous conditions of work without reduction in wages (Article 62, Labour Proclamation).

Management staff and domestic employees are not covered by labour law. Further, although employees of the private sector who are not covered by the Labour Proclamation are covered by the 1960 Civil Code, this does not have a provision on maximum working hours. Hence, their contractual relation will determine their working hours.

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Coverage of workers in law: N/A

Coverage of workers in practice: N/A

Ratification of ILO Conventions: The Hours of Work (Industry) Convention, 1919 (No. 1) and the Hours of Work (Commerce and Offices) Convention, 1930 (No. 30) have not yet been ratified.

Sources:

1. National legislation and NATLEX Database (http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ETH);
2. TRAVAIL Data base (http://www.ilo.org/dyn/travail/travmain.sectionReport1?p_lang=en&p_countries=ET&p_sc_id=1001&p_year=2011&p_structure=2).

Legal Framework Indicator 6 Paid annual leave

Law policy and institutions: The Federal Constitution of 1995 provides that workers have the right to a reasonable periodic leave with pay (article 42(2)). In line with the constitutional stipulation, both employment regimes provide for paid annual leave. Furthermore, “an agreement by a worker to waive his annual leave shall be null and void” and annual leave cannot be converted into cash. It is only when the employee’s contract of employment is terminated that unutilized leave may be converted into cash and payable to the separated employee. Every annual leave should be utilized within the budget year but if circumstances which warrant postponement of the leave occur, it can only be postponed for two budget years.

Qualifying conditions: The Labour Proclamation stipulates that “a worker shall be granted his first year of leave after one year of service” (Article 78(1)). Thus one year of service is a precondition in order to qualify for annual leave. However, the entitlement to annual leave accrues throughout the year after completion of probation period and, in the event that a worker’s service is terminated within the first year, his or her annual leave entitlements will be paid on a pro-rata basis (Articles 77-78, Labour Proclamation). Under the Civil Service Law, for a civil servant to be entitled to the first annual leave, he must have been in service for eleven months (Article 36(2)). Employees of the private sector who are not covered by the Labour Proclamation are covered by the 1960 Civil Code.

Leave entitlement: The annual leave entitlement, under the Labour Proclamation, is for at least 14 days in the first year, plus an additional day for each subsequent year of service. Longer annual leave than that provided by law can be obtained through individual employment contracts or collective agreement. Under the civil service employment regime, 20 working days with pay are allocated as annual leave for the first year of service and one working day shall be added for every additional a year of service; the maximum available annual leave being 30 working days.

Under the 1960 Civil Code, every employee is entitled to ten consecutive days annual leave if they have been in the service of the employer for between one year and five years; 15 consecutive days per year when the service is more than five and less than fifteen years; 20 consecutive days per year when employment is more than fifteen years (article 2562; Civil Code).

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Coverage of workers in law: N/A

Coverage of workers in practice: N/A

Ratification of ILO Conventions: The Holidays with Pay Convention (Revised), 1970 (No. 132), the Holidays with Pay Convention, 1936 (No. 52) and the Holidays with Pay (Agriculture) Convention, 1952 (No. 101) have not yet been ratified.

Sources:

1. National legislation and NATLEX Database (http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ETH);
2. TRAVAIL Data base (http://www.ilo.org/dyn/travail/travmain.sectionReport1?p_lang=en&p_countries=ET&p_sc_id=1001&p_year=2011&p_structure=2).

In Ethiopia a legal maximum of eight hours work per day and 48 hours per week is set for workers in the private sector and state enterprises covered by the Labour Proclamation. Working time in the civil service is governed by the Federal Civil Service Proclamation which provides for a maximum of 39 working hours per week. The daily working hours of federal civil servants are determined by regulation of the Council of Ministers.

In 1999 and 2005 a higher percentage of males worked excessive hours than females; a similar pattern continued later in the decade and by 2010 some 59 per cent of men were working excessive hours compared to 48.5 per cent of women (see Table 4 “Decent hours”). This gender difference could be explained by the fact that many women are engaged to a large extent in unremunerated household activities which not captured in working time data (and thus cannot be captured in excessive hours data). Working excessive hours is a more evident phenomenon in urban than rural areas. This is because measurement of working time in urban areas depends on actual hours instead of usual hours of working time. Actual hours refer to real time taken to perform a productive activity while usual hours mean typical period rather than a specified reference time. Nonetheless, working time in rural areas is low due to the seasonality of agricultural activities.

The Federal Constitution provides that workers should have the right to take periodic leave with pay. Accordingly, the Labour Proclamation entitles workers who have served at least one year to full-paid annual leave which cannot be waived or converted into cash (workers with less than one year of service receive annual leave entitlements on a pro-rata basis). Annual leave can be converted into cash only when a contract of employment is terminated, and cannot be postponed for more than two years (see Legal Framework Indicator 6 “Paid annual leave”). This provision relates to the need for maintaining the safety and health of employees²¹ (See also Chapter 9 “Safe work environment”).

Time-related underemployment indicators show the proportion of workers who would like to work more hours but cannot find work for the additional time they have available, expressed as the percentage of the total working population. In this regard it is a measure of labour underutilization in the labour market and for many, represents a major barrier to the achievement of decent work with an adequate standard of living. Time-related underemployment in Ethiopia declined from 44.8 per cent in 1999 to 22.2 per cent in 2005. Disaggregated by sex, the proportion of underemployed men fell significantly, from 48.9 per cent to 24 per cent, and for women it fell by a similar percentage, from 39.3 per cent to 20.2 per cent.

Underemployment is also higher in rural than urban areas, although the rate declined more rapidly in rural areas and narrowed the gap to 18.3 per cent (urban) and 22.7 per cent (rural) in 2005. According to later surveys on the urban labour market in 2009 and 2010, underemployment was around 20 per cent, the rate declined by 1.9 points over the two years (see Table 4 “Decent hours”).

According to data from 1999 and 2005, the proportion of workers with decent (i.e. the share of employed persons not in “excessive” hours and not “underemployed”, using the earlier defined statistical definitions of these categories) hours aged 15-64 years increased in the first half of the 2000s. The UEUS of 2009 and 2010 showed the same trend. More women than men worked decent hours, although the proportion of both groups in this category increased rapidly between 1999 and 2005, rising from 36.2 per cent to 51.5 percent of men and from 52.3 per cent to 70.7 percent of women. Decent working hours were more common in rural than urban areas, although again improvements were made in both areas, with the proportion of workers with decent hours in urban areas there was an increase from 26.2 percent in 1999 to 33.2 percent in 2005 and in rural areas from 45.5 per cent (1999) to 64.6 per cent (2005). According to the UEUS of 2009 and 2010 the overall decent hours rate increased, although the proportion of male workers with decent hours decreased by 0.3 points while that of female workers grew by 1.7 points (see Table 4 “Decent hours”).

In conclusion, it can be stated that the maximum number of hours of work provided by the Labour Proclamation has remained in force without being revised, while excessive hours have shown considerable fluctuations, especially among employed men (among which it almost doubled between 1999 and 2005). At the same time, the proportion of workers with decent hours –i.e. those not in excessive hours and not under-employed- has increased in paid employment. However, in as much as the self-employed in particular are often compelled to work “excessive hours” to raise their earnings to an adequate level, it is clear that the achievement of decent working time for all is a difficult challenge at Ethiopia’s current level of development, where a large section of working people still live in poverty or close to the poverty line.

5 Combining work, family and personal Life

The intersection of work, family and personal life and the balance workers can achieve between these aspects of their lives is an important dimension in measuring decent work and relates to the ILO Workers with Family Responsibilities Convention, 1981 (No. 156). Ethiopia has enacted the Labour Proclamation which considers this intersection, as reflected in different forms of leave provided to employed persons (see also Chapter 4 “Decent hours”).

Unfortunately, data on combining work, family and per-

sonal life is difficult to obtain. The only relevant information currently available in Ethiopia concerns persons who have a general desire to work, but are not seeking employment due to child care or family responsibilities. Persons in this situation constituted 2.8 per cent of those not working in 1999, rising to four per cent in 2005. Gender disaggregation indicates that more females are not working due to family responsibilities than men. There was little disparity in these trends between urban and rural areas. (see Table 5 “Combining work, family and personal life”).

Table 5: Combining work, family and personal life

Decent work indicator	NLFS		UEUS	
	1999	2005	2009	2010
Persons who are not employed, have a general desire to work, but are not seeking employment due to child-care or family responsibilities, in % of those who are not employed ¹	2.8	4.0	-	-
Male	0.2	0.3	0.2	0.3
Female	5.4	7.3	5.2	4.7
Urban areas	2.4	3.9	2.9	2.7
Rural areas	2.9	4.0	-	-

Source: CSA, 1999, 2005 NLFS and 2009 and 2010 UEUS.

1. The above data were obtained from the response of questions on reasons for not seeking employment. The data include those persons whose reasons for not working were family responsibilities such as mother or child care, delivery or pregnancy. The shares of these groups were obtained as a percentage of the total not working population including the unemployed and inactive population.

Persons in paid employment often spend some of their time on unpaid care or household work, for example caring for elderly or sick relatives. However, for traditional and cultural reasons, women typically bear greater responsibility of such activities.

In addition, in rural areas in particular, the traditional role of women is to collect water and firewood for the home – a task that is not counted as paid employment per se, but nonetheless has an economic value and moreover, affects the balance between work (in a broader sense), family and personal life.

Legal Framework Indicator 7

Maternity leave

Law, policy or institution: The Ethiopian Federal Constitution of 1995 states that “women have the right to maternity leave with full pay. The duration of maternity leave shall be determined by law taking into account the nature of the work, the health of the mother and the wellbeing of the child and family. Maternity leave may, in accordance with the provisions of law, include prenatal leave with full pay” (article 35(5)(a)). Consistent with the Constitution, the Labour Proclamation provides for paid maternity leave. Both permanent and temporary employees are covered. Workers who are not covered by the Labour Proclamation may be entitled to a limited amount of maternity leave under the 1960 Civil Code (article 2566) if their contract with the employer does not provide longer maternity leave. Similar entitlement is available for female civil servants.

Qualifying conditions: Additional leave requires a medical certificate from a medical institution recognized by the government.

Benefit levels: The duration of maternity leave has been fixed at 90 days out of which the first 30 days belong to prenatal leave and the remaining 60 days are postnatal leave. According to the law if the mother gives birth prior to the expiry of the prenatal leave, the postnatal leave automatically commences. Maternity leave is fully paid (article 88, Labour Proclamation). Longer maternity leave may be obtained through collective agreement. The civil service law also provides for 90 days maternity leave for civil service employees (article 42, Federal Civil Service Proclamation).

Financing: Payment for maternity leave is to be covered by the employer.

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Coverage of workers in law: N/A

Coverage of workers in practice: N/A

Ratification of ILO Conventions: The Maternity Protection Convention, 2000 (No. 183) and the Social Security (Minimum Standards) Convention, 1952 (No. 102) have not yet been ratified.

Sources:

1. National legislation and NATLEX Database (http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ETH);
2. TRAVAIL Database (http://www.ilo.org/dyn/travail/travmain.sectionReport1?p_lang=en&p_countries=ET&p_sc_id=2000&p_year=2011&p_structure=3).

Legal Framework Indicator 8

Parental leave

Law, policy and institutions: The Federal Civil Service Proclamation has introduced the concept of paternity leave in the sense that the husband shall be entitled to paternity leave with pay for five working days at the time of his wife’s delivery (article 41(6)). The Labour Proclamation does not have a provision on paternity leave, although it stipulates “leave for family purposes” where an employee may be entitled to leave without pay for up to five consecutive days in the case of “exceptional and serious events” (article 81(2)). Such a serious event may include the birth of a child.

Qualifying conditions: N/A

Benefit levels and duration: N/A

Financing: The employer will cover the cost in case of the civil service employment regime and the employee in case of the Labour Proclamation employment regime.

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Coverage of workers in law: N/A

Ratification of ILO Conventions: The Workers with Family Responsibilities Convention, 1981 (No. 156) was ratified in 1991.

In an effort to balance their greater responsibility at home with a need to maintain income through paid work, many women opt for forms of self-employment, even if this means in the informal economy, due to the greater flexibility (particularly with regard to working time) this work typically offers – to enable coexistence of work and family duties. While self-employment can (but not necessarily) offer greater flexibility in terms of working time and geographical location, self-employed jobs are often low paid and of low quality, in terms of their characteristics vis-à-vis those of “decent work” (adequate earnings, safe work environment, protection of rights, access to social security, and the like). In the informal economy, self-employment often also means being excluded from legal protections as set out in the labour law.

The Labour Proclamation has provisions for balancing work, family and personal life and maternity protection, which protect all paid employees (permanent and temporary). The period of maternity leave, for example, is determined by law and/or collective agreement and takes into consideration the nature of the work, the health of the mother and the wellbeing of the new infant and fam-

ily. Maternity leave includes prenatal and postnatal leave with full pay (see Legal Framework Indicator 7 “Maternity leave”). Other aspects of maternity protection provided for in the Labour Proclamation include: working hours and the prohibition of night work for pregnant employees. Regarding personal and family life, the Labour Proclamation also provides for marriage leave which is taken when an employee gets married and mourning leave following the death of a close relative.

In conclusion, self-employment can provide flexibility to better combine work, family and personal life; however this often involves working in the informal sector, which often lacks the core tenets of decent work. Since social care services are inadequate both in the public and private sectors in Ethiopia, there is a need for the government to encourage the expansion of these services through community as well as private initiatives to enable people to better balance work and family life.

6 Work that should be abolished

International Conventions which require that child labour and forced labour should be abolished include the Minimum Age Convention 1973 (No.138), the Worst Forms of Child Labour Convention 1999 (No.182), the Forced Labour Convention 1930 (No. 29) and the Abolition of Forced Labour Convention, 1957, (No. 105). Ethiopia has ratified all of these ILO conventions as well as the UN Convention on the Rights of the Child. It has taken the World Summit for Children as a base for preparing the national programme of action for children. This chapter focuses on the abolition of child labour, as to date; no data is available on forced labour.

The Federal Constitution provides against child labour in article 36(1)(d), stating that children should be protected from economic exploitation and forced labor that jeopardizes their health, safety and rights to education. The Labour Proclamation forbids the employment of children under the age of 14 years, while children aged 14-18 years are classified as young workers by the same law and are allowed to work in occupations which are considered to be non-hazardous and have no detrimental effect on their safety, health and developmental prospects. Article 89(4) of the Labour Proclamation prohibits the involvement of children in night work as well as in the following activities:

- work involving heavy weight lifting, pushing, pulling or any other similar work;

- work connected with electric power generation plants;
- mining, quarrying and similar underground work;
- digging tunnels and work in sewers.

In 1995 the government also issued a directive which defines and lists prohibited child labour activities. Working conditions and the occupational safety and health of working children are to be protected by the labour inspection service in accordance with articles 177-182 of the Labour Proclamation (see Legal Framework Indicator 9 “Child labour”).

The aim of the Labour Proclamation is to reduce and ultimately abolish child labour and to create alternative opportunities such as education and vocational training. The fundamental causes of child labour are directly linked with the socio-economic setting as the majority Ethiopian households suffer from poverty. Other contributory factors are related to social and cultural factors and attitudes which result in child labour being viewed as either necessary or acceptable.

The Ethiopian government has worked with the ILO in the implementation of its International Programme on the Elimination of Child Labour (IPEC) and with other concerned agencies in an effort to reduce and eventually eliminate child labour. The government is also developing integrated and coordinated programmes to prevent and eliminate the worst forms of child labour.

Table 6: Work that Should Be abolished

Decent Work Indicator	NLFS	CLS	UEUS
	1999	2001	2009*
Children engaged in economic activities aged 5 -17 years, in % of total ¹	19.6	17.0	8.7
Male	21.4	18.1	8.8
Female	18.0	15.9	8.5

Source: CSA, 1999 NLFS Survey, 2001 Child Labour Survey (CLS) and 2009 UEUS.

1. Children aged 5-17 years who were engaged in productive activities are expressed as percentage of all children of the same age group. This was used as a proxy indicator for child labour. The above figures refer to those children only in urban areas.

In the calculation of data on child labour, a distinction is made between child labour and child work. Child work is carried out by family members in order to help the household undertake productive activities without compromising schooling, while child labour is productive activity in which a child is engaged for payment and which prevents children from engaging in childhood activities. In rural areas child work is common and as such the statistical data obtained through the 2001 child labour survey include a high preponderance of child work.

Child labour in Ethiopia is known to be more prevalent in urban than rural areas. This is because pay related work is relatively available in urban areas. Therefore data obtained from the CSA are concerned with child labour in urban

areas. The data presented in Table 6 “Work that should be abolished” concerns child labour among children aged 5-17 years in urban areas. Over the ten years between 1999 and 2009, the data presented suggests a decline in the extent of child labour. In 1999 some 19.6 per cent of children were engaged in productive activities in urban areas, with a higher rate among boys (21.4 per cent) than girls (18.0 per cent). The results of the 2001 Child Labour Survey show child labour had decreased by 2.6 percentage points since 1999 (although the two surveys are not strictly comparable). Due to efforts made against child labour and expansion of schooling, by 2009 a further decline of 8.3 points was recorded, with significant declines noted in child labour among both boys and girls (see Table 6 “Work that should be abolished”).

Legal Framework Indicator 9 Child labour

Law, policy and institutions: The Federal Constitution of 1995 provides that “every child has the right not to be subjected to exploitative practices, neither to be required nor perform work which may be hazardous or harmful to his education, health or wellbeing” (article 36(1)(d)). The Criminal Code prohibits the trafficking of minors for sexual and labour exploitation (article 597). Although the Criminal Code does not define a “minor”, the Civil Code defines a minor as a person of either sex who has not attained the full age of 18 years (article 198). Ethiopia established a National Steering Committee Against the Sexual Exploitation of Children. Moreover, the following relevant National Plans of Action have been adopted: for Children 2003-10 and Beyond; on Sexual Exploitation and Abuse of Children 2006-2010; and on Protecting Street Children from Worst forms of Child Labour.

General age for admission to employment: The minimum age for admission to employment is 14 years under the Labour Proclamation while the civil service, in principle, requires the attainment of 18 years of age. However, birth registration is not yet regularly undertaken in Ethiopia and as such age is difficult to conclusively verify.

Admission to/prohibition of hazardous work: Hazardous activities in which young employees should not be engaged in have been listed in the Labour Proclamation. Most of these relate to lifting heavy weights, mining, power transmission lines and sewerage systems. Furthermore, the MOLSA has been entrusted with the power to prescribe additional lists of activities prohibited for young employees. Indeed, it issued a Directive on the subject in 1995.

Legally, the Ministry of Women, Children and Youth Affairs and the MOLSA, at the federal level and their counter parts at the regional levels, are granted with the power of promotion of child welfare and supervision towards the abolishment of child labour.

In order to reduce the prevalence of child labour, among other things, child education has been given utmost importance in the country’s educational policy and access to primary education has been widening. Primary education is now a right but it is not yet compulsory. Public educational facilities are freely available but their class size and quality need further improvement. Efforts to improve the quality of education are thus underway through the introduction of relevant packages. Private primary educational institutions are fee paying and their availability is mainly limited to the urban areas.

Evidence of implementation effectiveness: see source 2 below.

Ratification of ILO Conventions: The Minimum Age Convention, 1973 (No. 138) was ratified in 1999 and the Worst Forms of Child Labour Convention, 1999 (No. 182) was ratified in 2003.

Sources:

1. National legislation and NATLEX Database (http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ETH);
2. CEACR 2010 observation on the application of Convention No. 138 (http://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100_COMMENT_ID:2321855) and 2010 direct request on the application of Convention No. 182 (http://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100_COMMENT_ID:2321896).

Legal Framework Indicator 10

Forced labour

Law, policy and institutions: The Federal Constitution of 1995 expressly states that “no one shall be required to perform forced or compulsory labour” and it further declares that “trafficking in human beings for whatever purpose is prohibited” (article 18(2) and (3)). In a similar spirit, an employee is entitled to freely resign from employment without stating any reason for his action by providing prior notice of onemonth to the employer (article 31, Labour Proclamation). Thus, an employee cannot be forced to stay in a job against their will. Under the Civil Service Law, the government office may delay the employee’s release for a maximum of three months if the civil servant has been indispensable and could not be replaced easily although he can freely resign by providing one month notice (article 78, Civil Service Law).

The Ethiopian Criminal Code of 2004 has provisions which penalize “enslavement” stating that “whoever forcibly enslaves another, trades or traffics in or exploits him in any manner or keeps or maintains another in a condition of slavery, even in a disguised form is punishable with rigorous imprisonment from five to 20 years and a fine not exceeding Birr 50,000” (article 596).

A national high level organ composed of representatives from relevant government organs and social partners has been established and is operating with a view to curbing the trafficking of women and children. Furthermore in order to attain speedy trial and thereby deter potential offenders from becoming involved in trafficking activities, a special bench within the Federal Court has been assigned to trafficking cases.

Exceptionally, however, the Federal Constitution spells out what practices should not be considered as forced labour. For instance, compulsory labour as a penalty for criminal conviction is permitted under the Constitution. Moreover, compulsory labour may be exacted on conscientious objectors in lieu of compulsory military service and a member of a community may be compelled to render service should the community decide to voluntarily perform activities of economic and social benefit to that particular community (article 18(4)). The Criminal Code also provides for circumstances when a court may impose compulsory labour against a convict (article 103).

Evidence of implementation effectiveness: See source 2 below.

Ratification of ILO Conventions: Forced Labour Convention, 1930 (No. 29) was ratified in 2003; the Abolition of Forced Labour Convention, 1957 (No. 105) was ratified in 1999.

Sources:

1. National legislation and NATLEX Database (http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ETH);
2. CEACR comments on the application of Convention No. 29 (http://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100_COMMENT_ID:2321821);
3. Convention No. 105 (http://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100_COMMENT_ID:2321843).

Data would suggest that recent political efforts made to reduce and eventually abolish child labour are delivering results, although the surveys observed in this chapter are not strictly comparable with one-other and hence do not deliver a consistent trend. Furthermore, additional measures to enforce the law and prevent children from drifting into economic activities have to be implemented more effectively as part of efforts to promote broad based socio-economic development under the Growth and Transformation Plan.

7 Stability and security of work

Stability and security of work is an important dimension for assessing progress on decent work. Statistically, they are best measured through indicators of ‘precarious work’ – namely, work that by contractual status is of casual, seasonal, temporary or short term nature. Because these jobs provide no expectations of a long-lasting employment relationship, they represent a key source of vulnerability and risk for affected workers. Informal employment and vulnerable employment also share many characteristics of precarious work and can thus serve as complementary indicators of stability and security at work.

Analyzing employment stability and security requires examination of the length and nature of employment contracts, as well as the ease (or difficulty) with which employers in a country (or sector) can dismiss a worker, and related to this, the level of access workers have to social security and other social benefits. In Ethiopia, the Labour Proclamation requires that termination of employment cannot be left to the full discretion of the employer. It makes a distinction between grounds of termination that enable the employer to terminate employment without notice, and grounds which require prior notification. It also encompasses prohibited grounds of termination (see Legal Framework Indicator 11 “Termination of employment”).

Precarious jobs lack stability and expose employees to the risk of sudden termination, as they typically lack legal and administrative safeguards against such action. Precarious employment consists of those paid employees aged 15-64 years working as temporary, contractual and casual workers, as a percentage of total paid employees of the same age. Stability and security of work denotes long time tenure without much risk of termination, and hence the precarious work indicator in this chapter focuses on work that does not typically provide these conditions, and hence offers some insight into deficits in quality of employment and decent work.

In 2005, 62.4 per cent of employees were in precarious employment, a decrease of 5 percentage points from 1999. Declines in precarious work were evident for both males and females during this period, however more women than men remained in this type of work by 2005: 59.2 percent of male employees compared to 67.2 percent of female employees. The results of the 2009 and 2010 UEUS also show a decrease in precarious work between the two years, from 47.3 per cent to 44.0 percent among men and from 55.8 per cent to 55.5 per cent among women.

Precarious employment is more prevalent in rural than urban areas. Yet the share of workers in these types of jobs remained rather static in the latter category, at close to 53 per cent between 1999 and 2005, while in rural areas it declined, from 88.1 per cent to 78.1 percent.

Table 7: Stability and security of work

Decent Work Indicator	NLFS		UEUS	
	1999	2005	2009	2010
Proportion of paid employees in precarious types of work (contract, temporary and seasonal /casual workers), in % of all paid employees ¹	67.4	62.4	-	-
Male	64.9	59.2	47.3	44.0
Female	72.3	67.2	55.8	55.5
Urban areas	52.6	53.2	50.6	48.7
Rural areas	88.1	78.1		

Source: CSA, 1999 and 2005 NLFS and 2009 and 2010 UEUS.

1. Precarious work is a term used to describe non-standard employment which is poorly paid, insecure, unprotected, and often cannot support a household. Precarious work is frequently associated with the following types of employment: part-time employment, self-employment, fixed-term work, temporary work, on-call work, home workers, and telecommuting. All of these forms of employment are related in that they depart from the standard employment relationship (full-time, continuous work with one employer). Each form of precarious work may offer its own challenges but they all share the same disadvantages: low wages, few benefits, lack of collective representation, and little or no job security. The precarious employment in the above figures includes those paid employees aged 15-64 years who work in temporary, contractual, and casual employment. The percentage share of persons in precarious employment was obtained as per the total employed population aged 15-64 years.

According to the UEUS of 2009 and 2010, self-employed respondents frequently stated that their work was unreliable with respect to availability or inadequate in terms of hours. At the same time, informal sector employees are often without written contract which clearly defines and sets the terms and conditions of employment and work.

In conclusion, the picture on stability and security of work remains unclear, except with certain divergences between urban and rural areas. According to the NLFS of 1999 and 2005, a majority of employees (aged 15-64 years) were still in precarious work, although in urban areas this share was relatively static, and in rural areas, the shares are declining. Similarly, the UEUS of 2009 and 2010 revealed that about half of paid employees in urban areas were in the same situation (it does not capture rural employment trends). Although adequate legal provisions are made with respect to the termination of employment, there is still a lot to be done to effectively implement measures pertaining to stability and security of work as a whole.

Legal Framework Indicator 11

Termination of employment

Law, policy or institutions: Termination of employment in Ethiopia is not at the sole discretion of employers. The employer is required to show valid reasons for dismissals. The Labour Proclamation provides grounds for termination associated with the employee's conduct (serious misbehavior) that enable the employer to terminate employment without notice (article 27(1)). In addition, the grounds for dismissal with notice (relating to the worker's capacity or the operational requirements of the enterprise) are listed in article 28(1) and (2) of the Labour Proclamation. It is clear that attainment of pensionable age is also a valid ground of termination. The termination of apprenticeship contracts is also regulated by specific rules (article 51, Labour Proclamation). Employees on a probationary period are also protected by specific rules on their dismissal (article 11, Labour Proclamation). Termination of civil servants' contracts is governed under the Federal Civil Service Proclamation.

Substantive requirements for dismissal: The Labour Proclamation lists prohibited grounds for dismissal, including: marital status, pregnancy, family responsibilities, filing a complaint against the employer, race, colour, sex, religion, political opinion, nationality, trade union membership and activities, and ethnic origin of the employee (article 26(2)). Employees whose employment was terminated on such grounds are entitled to reinstatement (article 43(1)).

Procedures for individual dismissals: Where a dismissal requires notice, notice has to be in writing (article 35(1), Labour Proclamation). The notice period varies according to the length of service of the employee: one month if the length of service does not exceed one year, two months if the length of service is between one and nine years, and three months if the length of service exceeds nine years. The notice period for terminating a fixed term contract shall be agreed upon by the parties (article 35(2), Labour Proclamation).

Collective dismissals for economic reasons: Dismissals associated with structural or operational requirements of the enterprise may lead to group job losses (i.e. a reduction of labour force). A collective dismissal is defined as affecting at least ten percent of employees; or in cases of an undertaking with a workforce of 20 to 50 employees, affects at least five employees (article 29, Labour Proclamation). In collective dismissal cases, consultation with a trade union or employees' representatives who will be affected is a precondition. In such cases dismissal is to be effected by providing advance written notice to the affected employees. The duration of notice period is two months (article 35 (1)(d), Labour Proclamation). Cash payment in lieu of the notice period is an alternative measure left to the employer (article 44).

Severance pay and redundancy payments: Employees whose employment was terminated due to serious misconduct are not entitled to severance payment associated with their terminations. Employees who resigned before serving five years, or those who died before five years of service are not also entitled to severance payment. In other cases, severance payment is due provided that the employee is not entitled to a pension scheme or provident fund arrangement. In addition to this, two months wage of the employee shall be accorded to employees whose employment has been terminated due to reduction of workforce measures.

Evidence of implementation effectiveness: see source 2 below.

Ratification of ILO Conventions: The Termination of Employment Convention, 1982 (No. 158) was in 1991.

Sources:

1. National legislation and NATLEX Database (http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ETH);
2. CEACR 2011 direct request on the application of Convention No. 158 (http://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100_COMMENT_ID:2700328);
3. DIALOGUE EpLex Database (http://www.ilo.org/dyn/eplex/termmain.showCountry?p_lang=en&p_country_id=118).

8 Equal opportunity and treatment in employment

Respect for the rights of equal opportunity and treatment in employment is a fundamental aspect of decent work and embraces the elimination of all forms of discrimination with regard to employment. The Federal Constitution states that all persons are equal before the law and the Labour Proclamation prohibits employment discrimination of any sort (see Legal Framework Indicator 12 “Equal opportunity and treatment”). Promoting gender equality and non-discrimination against job applicants or employees is an objective to be pursued when implementing policies pertaining to labour administration. The Federal Constitution and the Labour Proclamation emphasize gender equality in all areas of the labour administration system in Ethiopia.

Article 42(d) of the Constitution clearly indicates that women workers have the right to equal pay for equal work in Ethiopia. However, there remains significant labour market segregation between men and women in terms of their prevalence in economic sectors and types of occupation. For example, those jobs which are regarded as demanding in terms of physical strength or are associated with physical risks are dominated by men. Moreover, the opportunities for women to go into higher caliber jobs are limited due to cultural prejudice. Looking at employment data across nine major occupational categories highlights the extent of gender segregation in the Ethiopian labour market. Among legislators, administrators and managers (the most “prestigious” category in the ISCO-88 industrial classification, albeit not always the highest paid), men’s shares were consistently higher than women’s, in both labour force survey and UEUS data. In 2010, 1.5 percent of employed females were in these occupations, while for men this share was 4.6 percent (Table 8.1 “Equal opportunity and treatment in employment”).

Table 8.1. Equal opportunity and treatment in employment: Occupational distribution by sex

Occupational Distribution by Sex ¹	NLFS				UEUS			
	1999		2005		2009		2010	
	Male	Female	Male	Female	Male	Female	Male	Female
Legislators, administrators and managers	0.5	0.1	0.6	0.2	4.5	1.7	4.6	1.5
Professionals	0.4	0.1	0.8	0.4	7.5	4.4	8.1	5.5
Technicians and associate professionals	1.5	0.7	1.6	0.8	8.1	5.4	7.6	5.7
Clerks	0.6	0.8	0.6	0.8	4.4	8.5	4.0	8.0
Service workers and shop sales workers	4.3	8.7	4.6	10.5	20.3	33.5	18.3	30.6
Skilled agricultural and fishery workers	64.7	14.8	63.3	24.5	8.1	4.9	8.5	6.2
Craft and related workers	4.1	24.5	4.8	11.0	18.9	16.8	20.4	17.1
Plant and machine operators and assemblers	1.0	0.2	1.0	0.3	8.5	1.3	8.7	1.1
Elementary occupations	22.8	50.2	22.6	51.3	19.7	23.5	19.9	24.3

Source: CSA, 1999, 2005 NLFS and 2009 and 2010 UEUS.

1. The share of males and females out of total employment is presented on the basis of National Occupational Classification ISCO 88.

Legal Framework Indicator 12.

Equal opportunity and treatment

Law, policy and institutions: The principle of equality has been incorporated under the Federal Constitution. It reads as follows: “All persons are equal before the law and are entitled without discrimination to equal protection of the law”. In this regard the Labour Proclamation prescribes that “it shall be unlawful for an employer to discriminate between workers on the basis of nationality, sex, religion, political outlook or any other ground (article 14(1)(f)). The phrase “any other ground” is a catch-all phrase inserted to cover other potential grounds of discrimination and hence the list is an open ended. The Civil Service Proclamation also prohibits discrimination on the above-mentioned grounds as well as specifying discrimination on the basis of disability and HIV/AIDS status as prohibited (article 13(1)). Ethiopia has also recently ratified the UN Convention on the Rights of Persons with Disabilities.

It is important to note also that the Federal Constitution goes beyond the prohibition of discrimination in prescribing for affirmative action for women with a view to remedy persistent gender discrimination. The Civil Service Law also includes affirmative action measures in favour of female job candidates and candidates with disabilities who are to be given priority in employment when they earned a score equal or close to that of other candidates (article 13(3)). The Proclamation on the right of employment to persons with disabilities (No.568/2008) has also enshrined the principle of reasonable accommodation by the employer in employment relations involving persons with disabilities (article 6). There has also been a National Policy on Women since 1993 in which issues of gender equity and equality have been formulated and discussed at length.

Evidence of implementation effectiveness: See source 2 below.

Coverage of workers in law: The non-discrimination laws apply both to labour and civil service employment regimes.

Ratification of ILO Conventions: The Equal Remuneration Convention, 1951 (No. 100) was ratified in 1999; the Discrimination (Employment and Occupation) Convention, 1958 (No. 111) was ratified in 1966.

Sources:

1. National legislation and NATLEX Database (http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ETH);
2. CEACR 2011 observation on the application of Convention No. 111 (http://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100_COMMENT_ID:2699421);
3. In 1999 some 0.4 per cent of employed males were classed as professionals, increasing to 0.8 per cent in 2005, compared to 0.1 per cent (1999) and 0.4 per cent (2005) of women. For the technicians and associate professionals category employment growth was slower for both sexes, rising from 1.5 per cent of men (1999) to 1.6 per cent (2005) and 0.7 per cent of women (1999) to 0.8 per cent (2005).
4. The majority of men were employed in the skilled agricultural and fisheries occupational category: 64.7 per cent in 1999 and 63.3 per cent in 2005. At the same time, the majority of women were employed in elementary occupations: 50.2 per cent (1999) and 51.3 per cent (2005). The UEUS also indicated differences in favour of males. In 2009 and 2010 in urban areas, the proportion of female workers was lower than that of men in all employment groups except clerks, service workers and elementary occupations. The lowest proportion of women worked in the plant as machine operators and assemblers occupational group; 1.3 per cent in 2009 and 1.1 per cent in 2010.

Table 8.2. Equal opportunity and treatment in employment: gender differences

Decent Work Indicator	NLFS		UEUS	
	1999	2005	2009	2010
Female share of employment in high-status occupations (ISCO-88 groups 11 and 12), in % ¹				
Female share of employment, total	15.0	11.0	-	-
Agriculture	14.4	20.3	25.6	19.4
Industry	13.0	0.0	11.1	20.4
Services	15.2	6.2	19.0	19.2
Urban areas	14.9	16.3	18.8	19.3
Rural areas	15.3	11.1	-	-
Gender wage gap (total monthly wages/earnings from paid employment) in % ²				
Gender wage gap, total		38.8	-	-
Monthly wages/earnings from paid employment		38.8	43.0	44.7
Urban areas		48.3	43.0	44.7
Rural areas		27.1	-	-
Share of women in wage employment in the non-agricultural sector, in % ³				
Share of women in wage employment, total	39.0	16.7	-	-
Urban areas	39.5	36.4	39.6	41.4
Rural areas	37.7	13.4	-	-
Female share of employment by major occupational groups, in % ⁴				
Female share of employment/occupations, total	44.9	48.1	41.9	43.1
Legislators, administrators and managers	18.4	19.7	20.9	20.5
Professionals	17.2	28.9	29.7	33.8
Technicians and associate professionals	25.7	30.8	32.5	36.0
Clerks	49.0	56.1	58.0	60.4
Service workers and shop sales workers	62.3	68.0	54.3	55.9
Skilled agricultural and fishery workers	15.7	26.5	30.4	35.7
Craft and related workers	83.0	68.2	39.1	38.8
Plant and machine operators and assemblers	14.3	21.9	10.1	8.7
Elementary occupations	64.2	67.7	46.2	48.0

Source: CSA, 1999, 2005 NLFS, and the 2009 and 2010 UEUS.

1. High status occupation refers to major sub groups 11 (legislators and administrators) and 12 (company directors and corporate managers).
2. The formula used to calculate the gender pay/wage gap is $GPG = (Em - Ef) / Em * 100$, where Em are average monthly earnings of males and Ef represent average earnings of females. The data here refer only to paid employees.
3. The share of women in wage employment was derived from status in employment i.e. employees in wage employment in the non-agricultural sector, and the calculation was made as percentage of the total employed population aged 15-64 years.
4. Female share of employment by major branches of economic activity was calculated as a percentage of the total employment aged 15-64 years.

Legal Framework Indicator 13

Equal remuneration of men and women for work of equal value

Law, policy or institutions: The Federal Constitution of 1995 provides for “equal pay for equal work” (article 42(1)(d)). Similarly, article 35(8) of the Federal Constitution stipulates that “women shall have the right to equality in employment, promotion, pay, and the transfer of pension entitlements”. The Labour Proclamation stipulates that “women shall not be discriminated against as regards. . . payment, on the basis of their sex”. It further provides that “it shall be unlawful for the employer to discriminate against female workers in matters of remuneration on the ground of their sex”. The Civil Service Law provides that “all positions of equal value shall have equal base salary” (article 7). The Labour Proclamation stipulation the imposition of a fine amounting to Birr 1200 (some US\$70) to penalize employers who fail to observe these provisions (article 184(2)(c)). However, there have been no court cases on discriminatory payment.

Evidence of implementation effectiveness: see source 2 below

Ratification of ILO Conventions: The Equal Remuneration Convention, 1951 (No. 100) and the Discrimination (Employment and Occupation) Convention, 1958 (No. 111) are both ratified by Ethiopia on 24.03.1999 and 11.06.1966 respectively.

Sources:

1. National legislation and NATLEX Database (http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ETH);
2. CEACR 2011 direct request on the application of Convention No. 100 (http://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100_COMMENT_ID:2699100).

The extent to which the earnings of women and men differ is measured by the gender wage gap; this indicator reflects how much women’s wages are lagging behind those of men or vice-versa. The wage gap between men and women was 38.8 percent in 2005, showing a significant disparity (see table 8.2 “Equal opportunity and treatment in employment”). At this time, the gap was wider in urban (48.3 per cent) than rural areas (27.1 per cent). In rural areas a significant decrease of 24.3 percent points was observed between 1999 and 2005. More recent data provided by the 2009 and 2010 UEUS on urban areas only revealed that the wage gap grew from 43.0 per cent in 2009 to 44.7 per cent in 2010.

The share of women in wage employment in the non-agricultural sector declined from 39.0 per cent in 1999 to 16.7 per cent in 2005. In urban areas, this share declined from 39.5 per cent in 1999 to 36.4 per cent in 2005. Since growth in wage employment outside agriculture is often (but not always) associated with growth in the core components of decent work, this trend may represent a deterioration of the conditions supporting decent work for women in Ethiopia.

The distribution of women’s share of employment in major occupational categories shows an increase from 44.9 per cent in 1999 to 48.1 per cent in 2005. The UEUS of 2009 and 2010 also documented continued growth. Between 1999 and 2005, women’s share of employment increased in all occupations except the craft and related workers group in which a 14.8 point decrease was observed. The highest percentage growth was recorded in the skilled agricultural and fishery workers occupation. According to the UEUS

of 2009 and 2010, the highest female share of employment was observed in the clerk category (see Table 8.2 “Equal opportunity and treatment in employment”).

In sum, occupational distribution data by sex indicates that significant gender disparities still exist in the labour market in Ethiopia, while wage data also shows that women continue to earn on average less than 40 percent of what men do in paid employment (or less than 45 percent based on the UEUS). Despite a favourable legislative and policy environment for promoting equal opportunity and access to employment (including the international standards it has ratified and the laws it has promulgated -see Legal Framework Indicator 13 “Equal remuneration of men and women for work of equal value”), women continue to be under-represented in the most prestigious occupations, and at the same time more likely to be in elementary occupations, many of which are typically low paying. In 2005, women made up only 19.7 percent of legislators, administrators and managers (i.e. 80.3 percent were men), and 68 percent of service and shop sales workers.

However, it must be noted that whether recent occupational segregation trends relate to personal choice (i.e. women favouring certain occupations more than others) or systematic barriers to entry into certain types of employment (or a combination of the two) is something that cannot be gauged from this data alone. More research is required in order to determine the precise state of “equal opportunity and treatment in employment” as a core component of decent work in Ethiopia

9 Safe work environment

Ethiopia has recognized the importance of safe working environments by issuing legal provisions based on ILO standards. Ethiopia has adopted the Occupational Safety and Health and Working Environment Convention, 1981(No.155), although as yet, there is no national occupational safety and health policy which would guide the implementation of practical safety and health measures at the national and enterprise levels (in accordance with the convention). Moreover, there are a number of policy instruments in place in the country which recognize and promote the need for safe working environments.

The Federal Constitution and the Labour Proclamation have several related articles in this regard. The Labour Proclamation Article 92, for example, points out the obligations of an employer to take all necessary measures to ensure that workplaces are safe, healthy and free of any danger to ensure the wellbeing of workers. Article 93 of the Proclamation provides that workers are obliged to cooperate and complement the regulations and instructions issued by the employer in order to ensure safety and health at work places. Other provisions related to occupational injuries are stipulated in articles 95 to 112 of the Proclamation.

A draft national occupational safety and health policy is submitted to Council of Ministers for adoption. Its objective is to promote a strong occupational safety and health system which helps to prevent and control occupational hazards effectively. It encompasses various methods of implementation and roles of stakeholders.

Although there is no compulsory insurance system for occupational injuries in Ethiopia, the MOLSA is empowered to identify and require some enterprises to join a compulsory insurance scheme. However, this provision has not yet been implemented. As a starting point, the Labour Proclamation requires the employer to compensate for occupational injuries unless it is confirmed that the employee intentionally inflicted the injury. In the latter case the employee has to bear the expenses (See Legal Framework Indicator 14 “Employment injury benefits”).

The labour inspection system is not adequately coordinated as the Labour Proclamation does not apply to all areas of employment, while the Federal Civil Service Ministry has its own units to follow up safety and health at government institutions. The Ministry of Health also undertakes supervision of the conditions of health care at work places. The Labour Inspectorate, which is answerable to MOLSA and BOLSAs, is responsible for enforcement of policies pertaining to occupational safety and health. Occupational injuries sustained at work are reported at local labour offices for workers covered by the system (see Legal Framework Indicator 1 “Labour administration”).

Table 9. Safe work environment reported occupational injuries (including illness), number of labour inspectors and inspections

Decent Work Indicator	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Reported occupational injuries (fatal and non-fatal), total number ¹		1576	1013	3581	1130	2862	1422	9020	2846	3027	5438	6745
Agriculture		613	280	295	325	323	549	578	471	554	809	952
Industry		959	723	3055	473	2490	832	8413	2359	2399	4516	5645
Services		4	10	231	332	49	41	29	16	74	113	148
Reported occupational injuries (non-fatal), total number		1572	1007	3578	1122	2860	1417	9013	2768	3022	5390	6699
Agriculture		613	280	294	324	323	545	578	466	554	809	950
Industry		955	717	3054	467	2488	831	8406	2287	2396	4513	5603
Services		4	10	230	331	49	41	29	15	72	68	146
Reported occupational injuries (fatal), total number		4	6	3	8	2	5	7	78	5	48	46
Agriculture		0	0	1	1	0	4	0	5	0	0	2
Industry		4	6	1	6	2	1	7	72	3	3	42
Services		0	0	1	1	0	0	0	1	2	45	2
Occupational injury rate (non-fatal) ²							1.257				2.392	2.823
Agriculture							1.909				14.916	11.708
Industry							5.742				8.929	11.572
Services							0.070				0.049	0.096
Occupational injury rate (fatal) ³							0.443				2.130	1.939
Agriculture							1.401				0.000	2.465
Industry							0.691				0.594	8.674
Services							0.000				3.213	0.132
Number of labour inspectors ⁴		12	16	18	21	32	50	57	57	73	106	123
Male		12	16	18	21	31	49	54	54	69	92	107
Female		0	0	0	0	1	1	3	3	4	14	16
per 10,000 paid employees							0.44				0.47	0.52
per 10,000 employed persons							0.02				0.25	0.27
Number of labour inspections ⁵		1092	764	2513	3674	5460	826	2734	1062	1459	1285	2328
per 10,000 paid employees							7.33				5.70	9.81
per 10,000 employed persons							0.32				3.01	5.13

Source: CSA, 1999, 2005 NLFS and 2009 and 2010 UEUS.

1. Source: Data were reported from ten Regions and do not include information from Benishangul-Gumuz Region.
2. Occupational injury rates (non-fatal) were calculated as incidence rates, i.e. the number of new cases of occupational injury per the number of workers of the same group during the reference period. In this case the non-fatal injury rate was computed by assuming the number of injured workers aged 15-64 years as a proportion of the number of persons in paid employment aged 15-64 years disaggregated by industry and multiplied by 1,000. The injury rates (fatal and non-fatal) for 2009 and 2010 refer only to urban areas.
3. Occupational injury rates (fatal) were also estimated as incidence rates, i.e. the number of new cases of fatal occupational injury per the number of workers of the same occupational group during the reference period. In this case the fatal injury rate was computed by assuming the number of injured workers aged 15-64 years as a proportion of the number of persons in paid employment aged 15-64 years classified by industry and multiplied by 100,000.
4. The percentage share of labour inspectors was computed to show the number of labor inspectors per 10,000 paid employees aged 15-64 years while the percentage share of labour inspectors is expressed in terms of the number of labour inspectors per 10,000 paid employed persons aged 15-64 years.
5. The percentage share of labour inspections was computed to show the number of labour inspectors per 10,000 paid employees aged 15-64 years while the percentage share of labour inspections is expressed in terms of the number of labour inspections per 10,000 paid employed persons aged 15-64 years.

Legal Framework Indicator 14 Employment injury benefits

Law, Policy or institutions: The Federal Constitution of 1995 stipulates that “all persons have the right to clean and healthy environment” (article 44). The MOLSA reported that a national policy on occupational safety and health is being formulated at draft level. Even though Ethiopia does not have a compulsory insurance system for employment injuries, the MOLSA has been empowered to identify and require certain enterprises to join a compulsory insurance scheme. In fact, for employees who are recruited to go abroad as migrant workers, employment agents are required to arrange an insurance scheme for the benefit of the employees prior to departure (article 15(1)(e), Employment Exchange Services Proclamation No.632/2009). Under the Labour Proclamation the employer is responsible for compensation of employment injuries irrespective of fault, unless it is shown that the employee intentionally inflicted the injury (article 96(2)).

Qualifying conditions: Under the Private Organization Employees Pension Proclamation No. 715/2011, an employee who sustains an employment injury of not less than ten per cent and permanently separates from work due to an incapacity that prevents him from engaging in any remunerated work is entitled to receive an incapacity pension for life (article 35).

Benefit (levels and duration): The incapacity pension shall be 47 per cent of salary received during the month prior to the occurrence of the injury. Where the employment injury did not result in a loss of capacity to work, a lump sum incapacity gratuity shall be paid to the victim. The amount of the gratuity shall be equal to 47 per cent of the monthly wage multiplied by 60 and multiplied by the percentage of the injury sustained. Similar requirements and entitlements apply for those who are covered under the civil service employment regime.

In enterprises where there is no pension scheme, it will be the law on employment injury, derived from the Labour Proclamation, which applies. In such cases, where the injury results in temporary disability, namely, an injury that prevents the injured employee from rendering service for up to one year, the employee will be entitled to full wage for the first three months, not less than 75 per cent of the monthly wage for the next three months; and at least 50 per cent of the monthly wage for the remaining six months (article 108(2)). For an injury which is permanent but partial, entitlements will be assessed in the framework of permanent and total disability payment and compensation will be proportionate to the degree of disability. In cases where the injury brings about permanent and total disability or death the employee or, as the case may be, their dependents shall be entitled to five years of the employee's wages to be covered by the employer.

Financing: The National employees pension scheme shows, 11 per cent of the employees' wage shall be contributed by the employer while 7 per cent of the employees' wage shall be deducted every month and delivered by the employer to the Private Organization Employees' Pension Fund. For employees who do not have a pension scheme, the employer shall cover the cost of employee injury compensation. Finally, compensation associated with employment injury is exempted from tax liability.

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Coverage of workers in Practice: N/A

Ratification of ILO conventions: The Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Employment Injury Benefits Convention, 1964(No.121) have not been ratified.

Sources:

1. National legislation and NATLEX Database (http://www.ilo.org/dyn/natlex/natlex/browse/country?p_lang=en&P_country=ETH)

Legal Framework Indicator 15 Labour inspection

Law, Policy or institutions: There is no unified labour inspection system in Ethiopia. It is rather a decentralized one. The supervisory power of the labour inspection system, which is established under the Labour Proclamation, has been limited to monitoring private and state owned business enterprises. On the other hand, under the civil service law, the Federal Civil Service Agency has been empowered to monitor occupational safety and health conditions within the federal civil service institutions (article 48(3), Federal Civil Service Proclamation). Labour inspectors at the federal level are required and empowered to supervise safety, health and working conditions at state owned enterprises operating in the two city councils while the regional labour inspectors have been assigned with similar tasks for private business enterprises operating in their respective regions. Under the labour law regime, Occupational Safety and Health Committees are expected to be established at plant levels (article 92(2)).

Legally, the powers and responsibilities of the labour inspectorate, under the Labour Proclamation, are integrated in that the inspectorate covers not only occupational health and safety issues but also monitors the observance of minimum working conditions. Labour inspectors also have the power to enter freely into work premises, powers of investigation, power of injunction and the power of instituting court proceedings against non-compliance. Recent records show that as of 2010 there were only 123 labour inspectors all over the country. Their level of education and training together with their gender mix are also issues of concern. For instance, out of the 123 inspectors only 16 of are female.

The labour inspection service was established within the organizational structure of the MOLSA and under the BOLSA's at the regional level. Labour inspectors are members of the civil service whose employment and other related issues are regulated under the civil servants' employment regime.

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Coverage of workers in law: N/A

Coverage of workers in practice: N/A

Ratification of ILO Conventions: the Occupational Safety and Health Convention, 1981 (No. 155) was ratified in 1991. The Labour Inspection Convention, 1947 (No.81) and its 1995 Protocol; the Labour Inspection (Agriculture) Convention, 1969 (No. 129) and the Promotional Framework for Occupational Safety and Health Convention, 2006 (No. 187) have not been ratified.

Sources:

1. National legislation and NATLEX Database (http://www.ilo.org/dyn/natlex/natlex/browse/country?p_lang=en&P_country=ETH)

In order to examine the extent of implementation of the Labour Proclamation and the occupational safety and health system, occupational injury and labour inspection rates can be indicative of the level of workplace safety. Occupational injuries are reported through a notification system, the reporting for which limited to the workers covered by the law. The numbers of reported injuries vary from sector to sector.

Data on occupational injuries obtained from local labour offices show fluctuations from year to year in the past decade. The number of injuries (fatal and non-fatal) increased significantly from 1,013 in 2001 to 6,745 in 2010 –which may indicate either a serious deterioration in workplace safety, an upsurge or improvement in reporting, or a combination of the two. A breakdown of the injuries by major industrial sectors reveals wide variations across different branches.

Among the three broad sectors considered (industry, agriculture, and services), the highest numbers of occupational injuries –both fatal and non-fatal- were recorded in industry (8,413 in 2006), where reported injuries rose from 959 in 2000 to 5,645 in 2010. The agricultural sector had the second largest number of injuries with a high of 952 in 2010 (see Table 9 “Safe work environment”), and an overall rising trend from 613 to 952 over the 2000 to 2010 period. However, compared with the numbers the sector employs, this figure is comparatively low. The service sector had the lowest number of injuries, ranging from a low of four in 2000 to a high of 332 in 2003. Overall, the trend in this sector was also upward, however, with reported injuries rising from 4 in 2000 to 148 in 2010. In all cases, underreporting is a serious problem, and hence the figures in Table 9 are likely to underestimate the true extent of occupational injuries in Ethiopia.

Of the injuries reported in 2010, the overwhelming majority (6,699 out of 6,745) were non-fatal. Again, reporting on fatal injuries has fluctuated over the years, although distribution among the sectors parallel the overall pattern indicated above. The highest number of fatal injuries in the last decade (78) occurred in 2007. Overall, industry had the highest number of fatal injuries. This is as expected because of the risks it involves. Nonetheless, the notification system seems biased towards this sector (i.e. awareness of and access to reporting mechanisms are generally easier in formal manufacturing enterprises than rural agricultural enterprises, for example).

Indicators of the number of labour inspectors provide information on the extent to which the state can enforce safe work principles in the country’s workplaces. Over the last decade (2000 to 2010), the number of labour inspectors has increased from 12 to 123. However, looking at the ratios of labour inspectors per 10,000 paid employees and per 10,000 employed persons (formal) the proportion remains small; the highest being 0.52 for the former and 0.27 for the latter, both in 2010. There have been significant fluctuations over the years in the number of labour inspections: a high of 5,460 inspections was recorded in 2004, when there were only 32 labour inspectors nationwide. In 2010, there were 2,328 inspections and 123 labour inspectors.

The duties of labour inspectors cover various activities including complaints based inspection, preventive inspection, accident registration, research, advisory and training services, and enforcement of minimum labour standards. However, staff shortages, together with inadequate training and poor equipment in the labour inspectorate continue to undermine efforts to enforce the law and promote a safe work environment for all Ethiopians. Hence, although the institutional architecture has improved for promoting safe work in recent years (i.e. through national laws and the labour inspectorate), this remains a problematic area in Ethiopia due to the sheer size of the task and the remaining financial and human resource limitations.

It will be necessary in the coming years to enhance the capacity of the labour inspectorate, as well as to raise awareness among workers and employers about occupational safety and health and the contextual framework of the labour law. Awareness of workers and employers about the content of the laws and the appropriate functions of labour inspectors has to be raised if the service is to be effective in bringing the desired results and to enhance decent work environment.

10 Social security

Social security is a fundamental human right and implies a basic set of protections against life’s contingencies and risks at work from youth until retirement. The most important principles that sustain and comprise social security as an integral part of “decent work” are solidarity, universality, equality, and full and compulsory coverage.

The Federal Constitution stipulates that policies shall aim to give social security coverage to all Ethiopians (article 90(1)). The Public Servants’ Pension Proclamation No. 714/2011 regulates the public sector pension scheme which covers civil servants and state employees in enterprises. The Social Security Agency covering employees in private organizations is established according to the Private Organization Employees’ Pension Proclamation. In addition, a Productive Safety Net Programme, which provides social assistance to the needy, is operational in rural and urban areas. The Labour Proclamation includes provisions for benefits in case of incapacity for work due to sickness or invalidity (see Legal Framework Indicators 15, 16 and 17).

Recent years has seen a greater political focus on the development of social protection schemes in Ethiopia. A national social protection policy has been initiated by the federal government after the signing of the African Union Social Protection Framework. A National Social Protection Platform, which includes representatives from government, donors, UN organizations and other stakeholders, has also been formed and is jointly chaired by the MOLSA and the Ministry of Agriculture. The policy has been prepared to provide a framework for the coordination of social protection services in the country. Its objectives are to reduce risks, vulnerability and poverty by promoting the productive capacity of the poor and their opportunity for income generation, thereby lifting them above the poverty line.

Public servants, police and the military are covered by a specific social insurance scheme, which has now been extended to public sector workers who became private employees through privatization (of the enterprise in which they were employed). Members of parliament are also entitled to social insurance benefits. Recently, the protection scheme has been extended to the formal private sector. Among the nine branches of social security cited by the ILO, social insurance in Ethiopia includes medical care, sickness benefit, old-age benefit, employment injury benefit, maternity benefit, invalidity benefit and survivors’ benefit. In 2010, the Social Security Agency provided social benefits to over 600,000 pensioners. In 2004/2005 the total benefits was Birr 637.1 million, this was raised to Birr 1.1

billion in 2007/08 and to Birr 1.13 billion in 2008/09.²² Although coverage of females is significantly lower than that of males because of the higher level of employment of males, the right of women to equality in employment, promotion, pay and the transfer of entitlements are clearly stipulated in article 35(8) of the Federal Constitution.

In 2010 some 9.9 per cent of men aged 60 years and above were benefiting from a direct government pension, compared to 7.5 percent of women. In 2007, the latest data showed that 2.6 per cent of economically active men were contributing to a pension scheme, compared to 1.2 per cent of women (see Table 10 “Social security”).

The Ministry of Health has developed a health insurance strategy that has two major components: social health insurance and community based health insurance. The Proclamation on Social Health Insurance has already been issued and the social health insurance component has been in operation since July 2011. This component covers employees in the formal sector such as government employees, employees of NGOs, private sector entities with ten or more employees, pensioners receiving a pension from the Social Security Agency and core family members of the above (spouse and children less than 18 years old). The community based health insurance will cover informal workers on the basis of collective pooling of health risks and members are involved in the management of benefits available to all participants. Together, the two health insurance schemes are expected to cover 50 per cent of the population and will reduce financial barriers to access to health services. However this cannot be verified currently due to a lack of data.

Other social protection initiatives currently active in Ethiopia are, the Productive Safety Net Programme, the Integrated Urban Community-based Child Care scheme, and various micro-finance schemes. In 2003, building on the National Food Security Strategy, the government launched a major consultation process with development partners that aimed at formulating an alternative food crisis response which would support the needs of chronically food insecure households and aim to develop a long-term solution to the problem of food insecurity. A new coalition for food security was formed that proposed a food security programme aimed at shifting households out of emergency situations by preventing rather than responding to food insecurity.

²² Teshome Megersa, 2003.

Table 10. Social security

Decent Work Indicators	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Share of population aged 55 years and above (1999-2003) and 60 years and above(2004-2010) benefiting from a pension, in % ¹	8.0	8.3					8.7		9.3			8.7
Male	7.4	8.1					9.2		9.2			9.9
Female	8.6	8.6					8.1		9.5			7.5
Share of economically active population contributing to a pension scheme, in % ²	1.6						1.5		2.1			
Male	2.2						1.9		2.6			
Female	1.0						1.0		1.2			
Total public and private social security expenditure, in % of GDP ³												
Public health-care expenditure, in % of GDP		0.7	0.9	1.0	0.7	0.6	0.7	0.6	0.6	0.6	0.5	0.6

Source: CSA, data were obtained from the 1999, 2005 NLFs and the 2007 Population and Housing Census. Data on health expenditure as a per cent of GDP was obtained from the Ministry of Health (MOH).

1. The share of the population benefiting from a pension was considered by taking those persons 55 years old and above for the years 1999 up to 2003, as a percentage of all persons above 55 years of age. After 2003 the pensionable age was increased from 55 to 60 years, and the percentage calculations have been done using the age 60 years and above benefiting from a pension.
2. The share of the economically active population contributing to a pension scheme was computed based on the number of the employees in government/the civil service, who were contributing to a pension, as a percentage of the total labour force aged 15-64 years.

Legal Framework Indicator 16

Pension

Law, policy or institutions: The Federal Constitution of 1995 provides that “to the extent the country’s resources permit, policies shall aim to provide all Ethiopians. . .social security” (article 90(1)). The Public Servants’ Pension Proclamation No. 345/2003(recently replaced by Proclamation No.714/2011) regulates the pension scheme in the public sector. This scheme covers employees of the civil service and employees of state owned enterprises. Furthermore, enterprises which were formerly state-owned but which have been recently privatized are required to maintain the pension scheme arrangement. The Ethiopian Pension and Social Security Agency has been established by law to administer issues associated with the public sector pension scheme.

In order to widen the scope of the country’s social security system, the Ethiopian Parliament issued the Private Organization Employees Pension Proclamation (No.715/2011) which entered into force on 8 July 2011. Based on this law, a new agency named the Private Organization Employees Social Security Agency was established by the Council of Ministers to administer the private sector pension scheme.

In rural and urban areas, the government, with the generous support of development partners, has been implementing the Productive Safety Net Programme under which unemployed and needy members of society will be provided with cash or in kind benefits in return for socially beneficial services such as environment rehabilitation, reforestation, and soil and water conservation activities.

Qualifying conditions :Regular retirement age for both the public and private service has been harmonized and is fixed at the age of 60 for both male and female employees. Early retirement is sometimes possible, for example in cases of employment injury or redundancy. A minimum service of ten years in a permanent employment position in an institution covered by a pension scheme is a requirement for eligibility to a pension benefit. However, employees in the private sector who already had a Provident Fund arrangement at the time of the entering into force of Proclamation No. 715/2011 are at liberty to maintain their Provident Fund scheme if they so desire instead of participating in the new pension scheme(Article 3(2)(a), Proclamation No.715/2011).

Benefits (level and duration): One who is entitled to pension benefits will receive a minimum of 30 per cent of their average monthly earnings during the three years of service preceding retirement, this shall be increased by 1.25 per cent for each year of service beyond ten years but the maximum amount of payment is 70 per cent of such monthly earnings (article 19).The beneficiary will be paid every month. Pension benefit is exempted from tax liability and any form of attachment. If the pensioner dies, their entitlement could be transferred to the surviving spouse; children of the deceased who have not attained the age of 18; and parents of the deceased who were wholly or mainly supported by the deceased.

Financing: Contributions from employees (7 per cent) of wage and employers (11 per cent) of the employee’s wage shall be transferred to the Pension Fund every month by the employer.

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Coverage of workers in law: Permanent employees of public and private agencies and enterprises including employees of NGOs are covered by the pension scheme.

Coverage of workers in practice: N/A

Ratification of ILO Conventions: The Social Security (Minimum Standards) Convention, 1952 (No. 102), and the Invalidity, Old-Age and Survivors’ Benefits Convention, 1967 (No. 128) are not yet ratified.

Sources:

1. National legislation and NATLEX Database (http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ETH).

Legal Framework Indicator 17

Incapacity for work due to sickness/sick leave

Law, policy or institutions: Both the civil service and the labour law employment regimes provide for sick leave. Employees are entitled to sick leave with pay for sicknesses which are not associated with their job. Sickness related to employment is categorized under occupational disease and is regulated under employment injury benefits (see Legal Framework Indicator 14 “Employment injury benefits”).

Qualifying conditions: In order for an employee to benefit from sick leave, he or she must have passed the probation period of employment. The probation period, as mentioned earlier, is of a maximum of 45 days under the Labour Proclamation and six months under the civil service law. The sickness needs to be verified by a valid medical certificate issued by a medical institution recognized by the government.

Benefits (level and duration): Under the Labour Proclamation, sick leave may extend to six months within a twelve month period. Out of the six months, the first month will be with full pay, the next two months with half pay and the remaining three months with no payment (article 86). Under the civil service law, sick leave could be extended to eight months out of which the first three months are with full pay, the next three months with half pay and the remaining two months with no payment (article 42(3)).

Financing: The employer is required to cover expenses.

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Coverage of workers in law: N/A

Coverage of workers in practice: N/A

Ratification of ILO Conventions: The Social Security (Minimum Standards) Convention, 1952 (No. 102), and the Medical Care and Sickness Benefits Convention, 1969 (No. 130) have not been ratified.

Sources:

1. National legislation and NATLEX Database (http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ETH).

Legal Framework Indicator 18

Incapacity for work due to invalidity

Law, policy or institutions: The relevant legal instruments in this regard are the Public Servants’ Pension Proclamation No.714/2011 and the Private Organization Employees’ Pension Proclamation No.715/2011. While the former regulates invalidity issues of civil servants and employees of state owned enterprises, the latter regulates employees in the private sector.

Benefits (level and duration): An employee of the private sector who has completed at least ten years of service and separates from service due to health problems preventing employment in any remunerated work shall receive an invalidity pension for life (article 22, Proclamation No.715/2011). The amount of such benefit shall be 30 per cent of average salary in the last three years preceding retirement and shall be increased by 1.25 per cent for each year of service beyond the ten years. A benefit of equivalent effect is available to employees of the civil service (article 23(1), Proclamation No. 714/2011). For employees with less than ten years of service prior to the health problem, an invalidity gratuity rather than invalidity pension shall be accorded. The amount of the gratuity shall be 1.25 percent of the monthly wage times the number of years of service. This benefit applies both to public and private sector employees. Such payments are exempted from tax liability.

It is important to note that for employees outside the coverage of the pension scheme, their provident fund arrangement shall apply.

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Ratification of ILO Conventions: The Social Security (Minimum Standards) Convention, 1952 (No. 102) and the Invalidity, Old-Age and Survivors’ Benefits Convention, 1967 (No. 128) have not been ratified by Ethiopia.

Sources:

1. National legislation and NATLEX Database (http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ETH).

In 2005, the Government organized a Productive Safety Net Programme as part of the food security programme, which has now been implemented at 300 woredas (290 of which are chronically food insecure) in eight regions. The objective of the Programme is to enable some 8.29 million chronically food insecure people to attain food security. In this programme there are two modalities, one regarding able-bodied participants and the other regarding people unable to work. Some 7 million of the 8.29 million chronically food insecure people are able-bodied and are required to participate in public works. The rest are not able to work and have no support from other sources.²³This group benefits from the programme through direct support without work requirements and includes older persons, persons with disabilities, pregnant or lactating women and members of child headed households.

Between 2005 and 2009 the Productive Safety Net Programme supported some 7.6 million people through provision of cash and food. In 2010 this number increased to 7.8 million people out of whom 81 per cent were able-bodied and 19 per cent were unable to work. In addition, between 2004/05 and 2008/2009 in four big regions 1,641,285 chronically food insecure households received credit to implement different development packages. In 2008 and 2009 a large proportion of food insecure people graduated from Productive Safety Net Programme. In the five years between 2010 and 2014 it is planned that 80-85 per cent of all chronically food insecure people will graduate from the programme.²⁴

An additional social protection programme is the Integrated Urban Community Based Child Care scheme. NGOs have been playing important roles in increasing access to education for children from poor families by providing tutorial support. The government has now scaled-up this mode of education. Micro-finance as an instrument of social protection is also one of the programmes addressing the needs of the poor. This entails the provision of financial services to the poor who would not approach the formal banking system because they require collateral to guarantee the loan. Micro-financing is set up to be financially viable and serve the poor.

With respect to health, public health care expenditure was 0.7 percent of GDP in 2005 and 0.6 percent in 2010 (see Table 10 “Social security”). The government is the main provider of health services which are administered by the Ministry of Health. The social health system is financed by revenues from taxation and donors. The main objectives of the health sector component of the PASDEP (2004/05-2005/10) were to reduce child mortality, improve mothers’ health and combat the spread of HIV/AIDS, tuberculosis and malaria. To achieve these strategic objectives, and to ensure full health service coverage in all rural Kebeles (Kebele is lower administrative structure), a health extension strategy was designed and is being implemented. To this end, 33,819 health extension workers were trained and deployed in rural areas of the country. Between 2005 and 2010, the number of health posts increased from 4,211 to 12,488, the number of health centres from 600 to 1,362 and the number of hospitals increased from 131 to 195 (see Table 1.3 “Health indicators”).

To conclude, the pension scheme in Ethiopia is the oldest formal contributory social protection system in the country and the scheme has now been extended to the private sector. It is planned that micro health insurance schemes will be extended to the informal sector. Short-term social risks such as unemployment are not covered in the social protection system of the country. On the other hand, Ethiopia has developed considerable experience in implementing social programmes and employment schemes. Linking employment schemes with social protection is also an important aspect in balancing the dimensions of social protection.

²³ Amdissa Teshome: Ibid

²⁴ MOFED, 2010.

11 Social dialogue

The ILO definition of social dialogue includes a variety of negotiations, consultations and exchanges of information between representatives of government, employers and workers on issues of common interest, relating to economic and social policy. Social dialogue is concerned with the rights of workers to engage in discussions with employers and authorities or government officials over matters pertaining to work. Prospects for conflict resolution, social equality and effective policy implementation can be enhanced by social dialogue. It is a means of defending rights, promoting employment and securing work.

In general, social dialogue serves as a tool for building widespread support for the other dimensions of decent work. It takes place between employers and employees in relation to the terms and conditions of employment, between management and workers over the functioning of an establishment and between the government and social partners (i.e. employers and workers) on social and economic policy.

The Labour Proclamation recognizes that labour contract is based on the will of two parties, and through which an employer may secure the services and for the employee the basic minimum working conditions and human rights are protected. Such contracts have been long associated with bargaining of working conditions either with individuals or collectively through their trade union, or both. However, although collective bargaining (which usually takes place between an employer and a registered labour union) is an important feature of industrial relations in Ethiopia, to date only a small share of the labour force is currently covered by collective bargaining agreements.

Tripartite social dialogue is articulated in the Labour Proclamation on the basis of ILO conventions, in order to involve employers' associations and trade unions in the running of the labour administration system. The Tripartite Advisory Board, which was established in October 2004 for this purpose is composed of employers' associations, trade unions and government to deal with matters related to labour administration.

For any kind of dialogue to take place, economic actors must be organized in associations of their choice. Thus, social dialogue necessarily requires freedom of association and participation.

Table 11. Social dialogue, workers' and employers' representation

Decent Work Indicator	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Trade union members, total											320 000	350 000
Male											185 749	150 051
Female											134 251	199 949
Trade union density rate, in% of employees ²											14.2	14.8
Male											13.6	10.7
Female											15.2	20.7
Enterprises that are members of all employers' federations	16	24	34	44	61	67	105	117	126	128	511	679
Number of employees in member enterprises	425	425	7 146	8 075	11 140	19 439	33 449	37 047	38 575	41 375	42 093	58 700
Enterprises membership density rate, in% ³					0.8	1.4	1.3	2.1	1.2		1.8	2.4
Collective bargaining coverage, number of agreements ⁴	22	43	63	88	110	138	193	256	319	377	433	507
Collective bargaining, number of workers covered ⁵	22 807	12 180	24 060	22 587	21 062	7 118	8 770	14 086	15 728	9 446	14 817	19 721
Male	15 851	8 659	16 764	16 198	15 762	5 056	6 571	11 074	10 477	6 772	11 196	13 750
Female	6 956	3 521	7 296	6 389	5 300	2 062	2 199	3 012	5 251	2 674	3 621	5 971
Urban areas	13 469	11 532	15 285	16 674	11 174	6 423	7 892	12 965	7 709	6 267	11 745	9 330
Rural areas	9 338	648	8 775	5 913	9 888	695	878	1 121	8 019	3 179	3 072	10 391
Collective bargaining coverage rate ⁶	1.2						0.4					
Male	1.3						0.5					
Female	1.1						0.3					
Urban areas	1.3						0.6				0.5	0.4
Rural areas	1.2						0.1					

Source: CETU, EEF, CSA and BOLSAs.

Note: No data were reported from Benishangul-Gumuz Region.

1. Data were gathered from CETU and its Federations.
2. The trade union density rate was calculated by taking the number of trade union members as a percentage of the total paid employees. The rate was computed only for those years in which data on the total paid employment was available from surveys. This represents only a gross, non-adjusted rate as ineligible members have not been removed from the calculations (both in the numerator and denominator). Indicators for years 2003, 2004, 2006, 2009 and 2010 are based only on urban labour force survey data.
3. The enterprise membership density rate was calculated as the number of employees in enterprise members of EEF as a percentage of the total paid employees. The rate was also computed only for those years in which data on the total paid employment are available from surveys (gross rate). Indicators for years 2003, 2004, 2006, 2009 and 2010 are based only on UEUS data.
4. Data for collective bargaining was obtained from CETU and EEF. All Dire Dawa workers were assumed to be in urban areas.
5. Data for collective bargaining was obtained from CETU and EEF. All Dire Dawa workers were assumed to be in urban areas.
6. Number of total reported employed persons covered by collective agreements was computed as percentage of the total paid employees.

Legal Framework Indicator 19

Freedom of association and the right to organize

Law, policy or institutions: The Federal Constitution of 1995 provides that “every person has the right to freedom of association for any cause or purpose” (article 31). Furthermore, it grants employees in any economic sector the right to form associations to improve their conditions of employment including the right to form or join trade unions (article 42). The Labour Proclamation also has provisions on freedom of association regarding both employees and employers. Prior authorization from the state or any other organ is not a requirement for the formation of associations.

The minimum union membership requirement under the Labour Proclamation is ten employees. Under the current labour law, the formation of multiple unions is possible in an enterprise. Protection against anti-union discrimination is provided by the Labour Proclamation. Termination of employment due to union membership or leadership is unlawful and any employee terminated for this reason is entitled to reinstatement (article 43(1), Labour Proclamation). Anti-union discrimination entails a fine of Birr 1200 (i.e. approximately 70 USD) against the employer. Union leaders are entitled to union leave in order to conduct collective bargaining or to handle cases before labour tribunals representing their members.

As regards employees of the civil service, the Federal Constitution has provided for the possibility that government employees (civil servants) whose work compatibility allows for it and who are below a certain level of responsibility may be entitled to form associations (article 42(1)(a)). However the Constitution further stipulates “the government employees who will be allowed to form associations are to be determined by law” (article 42(1)(c)). The anticipated law has not yet been issued. Hence, there are currently no associations for civil servants except profession-based associations including teachers and health workers’ associations.

Evidence of implementation effectiveness: See source links below (observations of the ILO Committee of Experts on the Application of Conventions and Recommendations)

Coverage of workers and employers in law: Employees of the private sector including employees of state owned enterprises.

Coverage of workers in practice:

Ratification of ILO conventions: The Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98) were ratified in 1963.

Sources:

1. National legislation and NATLEX Database (http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ETH);
2. See observations of the ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR) (2010 and 2011) on the application of Convention No. 87: (http://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100_COMMENT_ID:2321826) (2010) and (http://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100_COMMENT_ID:2698671).

Legal Framework Indicator 20

Collective bargaining right

Law, policy or institutions: The right to collective bargaining is recognized both under the Federal Constitution and the Labour Proclamation. The Labour Proclamation provides that once a trade union is registered by the appropriate organ, the employer is duty bound to “meet and treat” such a trade union. In fact, there is a duty to bargain in good faith, the non-observance of which entails a penalty in the form of a fine (article 2(2); Labour (Amendment) Proclamation No.494/2006). Subject matters for collective bargaining range from “bread and butter” issues to broader social issues and participation in managerial functions.

In cases where there is more than one trade union in an enterprise or sector, the employer’s duty to bargain is limited to the “most representative union” which shall serve as the exclusive bargaining agent. Once a collective agreement is concluded with the most representative union, its scope of applicability extends to all members and non-members working in the enterprise or sector. Although the law does not prohibit national or sector level bargaining, the practice is that bargaining is conducted at enterprise levels. Parties appointed or government assigned conciliators may assist negotiating parties to arrive at an amicable settlement in their bargaining process.

The collective agreement is required to be registered before a governmental organ, although it takes effect from the date of signature by the parties. The ordinary life span for a collective agreement is fixed by law at three years but the parties can stipulate their own duration also. There is no law that extends the applicability of a collective agreement to enterprises not directly covered by the agreement. However, it is provided by the Labour Proclamation that “a collective agreement which has already been signed and registered may be acceded to by other parties” (article 132).

Although there are no occupations or activities in the business sector which are prohibited from collective bargaining, there are, certain enterprises (i.e. essential public service undertakings) exhaustively listed by law (article 136(2), Labour Proclamation) in which strikes or lock-outs are not allowed. In all other cases, the right to strike is recognized in the Constitution and the Labour Proclamation. The procedure to be followed in order to call a strike is also prescribed by the Labour Proclamation.

It has been mentioned above that employees of the civil service are not unionized. Hence, as unionization is a precondition for effective collective bargaining, there is no collective bargaining in this sector.

Evidence of implementation effectiveness: See source 2 below (observations of the ILO Committee of Experts on the Application of Conventions and Recommendations).

Coverage of workers in the law: N/A

Coverage of workers in practice: N/A

Ratification of ILO Conventions: The Freedom of Association and Protection of the Right to Organise Convention, 1948 (No. 87) and the Right to Organise and Collective Bargaining Convention, 1949 (No. 98) were ratified in 1963.

Sources:

1. National legislation and NATLEX Database (http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ETH);
2. See observations of the ILO Committee of Experts on the Application of Conventions and Recommendations (CEACR) (2010 and 2011) on the application of Convention No. 87: (http://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100_COMMENT_ID:2321826) (2010) and (http://www.ilo.org/dyn/normlex/en/f?p=1000:13100:0::NO:13100:P13100_COMMENT_ID:2698671).

Legal Framework Indicator 21

Tripartite consultation

Law, policy or institutions: The Federal Constitution of 1995 recognizes the right of “people have to full consultation . . . in the planning and implementation of . . . projects that affect them directly” (article 92(3)). In a similar spirit, the Labour Proclamation provided for the establishment of a tripartite Labour Relations Advisory Board with a view to institutionalizing social dialogue. The Labour Proclamation further entrusted the Minister of Labour and Social Affairs with the authority to work out detailed duties and responsibilities of the Board through directives (article 171). Pursuant to this mandate, the Minister issued a Directive in 2004.

Accordingly, the Labour Relations Advisory Board is composed of representatives of the government, the employers’ association and the trade unions. Based on the Directive, the government and each of the social partners are represented in equal numbers (five representatives from each partner). The social partners are entitled to freely choose their representatives for the Advisory Board. It is a permanent organ and its major responsibilities are advising the Minister of Labour and Social Affairs on policies and laws pertaining, among other things, to labour relations, working conditions, safety and health of workers and labour laws in general. Furthermore its power includes advising the Minister on how to implement ratified conventions and providing recommendations on conventions to be ratified by the Government (article 5(1)(d) of the Directive). The chairperson of the Advisory Board is the Minister of Labour and Social Affairs.

The scope of operation of the Labour Relations Advisory Board, as it currently exists, is limited at the federal level with no similar structure at the regional level. Thus the current tripartite consultation is conducted purely at the federal level. The internal working rules of the Advisory Board provides for a regular session of the board to be held once every two months except where extraordinary situations occur in which case it shall convene immediately.

Evidence of implementation effectiveness: No information provided by ILO supervisory bodies.

Ratification of ILO Conventions: The Tripartite Consultation Convention, 1976 (No. 144) was ratified in 2011.

Sources:

1. National legislation and NATLEX Database (http://www.ilo.org/dyn/natlex/natlex_browse.country?p_lang=en&p_country=ETH).

Ethiopia has ratified ILO conventions relevant to social dialogue, namely the Freedom of Association and Protection of the Right to Organise Convention 1948 (No.87), the Right to Organised and Collective Bargaining Convention 1949 (No.98) and the Tripartite Consultation (International Labour Standards) Convention, 1976 (No.144). The Federal Constitution provides that “every person has the right to freedom of association for any cause or purpose” (article 31). It grants employees the right to form associations to improve their conditions of employment, including the right to form and join trade unions. The Labour Proclamation guarantees the rights to join and form organizations (see Legal Framework Indicator 19 “Freedom of association and the right to organize”). It also provides for a labour administration system by empowering the MOLSA to undertake the implementation of its provisions at the federal level and BOLSA in the regions through local labour offices (see Legal Framework Indicator 1 “Labour administration”).

Membership in unions affiliated with the Confederation of Ethiopian Trade Unions reached 350,000 in 2010, of which a majority (199,949) was females. Trade union density is still low, however, at 14.8 per cent in 2010 (10.7 per cent for men and 20.7 per cent for women). (see Table 11 “Social dialogue, workers’ and employers’ representation”). This indicates that less than one in five employees is a member of the Confederation of Ethiopian Trade Unions (CETU). One of the reasons for the low union density is due to lack of awareness of both parties.

The trade union density rate and the membership numbers of the employer’s federation are used as tools for assessing the extent of workers and employers representation and their strength. The union density of female workers as compared to their male counterparts has shown a general upward trend, while there was a marked increase in union density for both sexes in 2010.

The Ethiopian Employers Federation is formed of formal enterprises, and its membership grew from 16 in 1999 to 679 in 2010. Over the same period, the number of employees in member enterprises rose from 425 to 58,700. The enterprise membership density rate was, however, also low, which is 2.4 percent in 2010.

The Labour Proclamation provides legal framework for collective bargaining arrangements (see Legal Framework Indicator 20 “Collective bargaining right”). The number of collective agreements grew from 22 in 1999 to 507 in 2010 with fluctuations over the years. The number of workers covered has also fluctuated over the period. Looking at the number of workers covered by collective bargaining agreements, a breakdown on the basis of gender shows that the number of males covered fell from 15,851 in 1999 to 13,750 in 2010 while that of females decreased from 6,956 to 5,971. Workers covered by collective bargaining agreements in rural areas reached 10,391 in 2010, compared to 9,330 in urban areas. Overall, collective bargaining coverage rates are low, although relatively higher for men than women –an observation that requires further research, particularly into the gender composition of sectors with high collective bargaining rates (see Table 11 “Social dialogue, workers’ and employers’ representation”).

Although social dialogue embraces a range of agreements, consultation and exchange of information, some employers due to lack of awareness, do not show enough evidence that they value trade unions as social partners for the purpose of promoting industrial peace and productivity.

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Annexes

Annex 1: Share of population by age group and sex -1999, 2005, 2009 and 2010

Age group	Measure	1999			2005			2009			2010		
		Total	Male	Female	Total	Male	Female	Total	Male	Female	Total	Male	Female
		No.	54453004	26875567	27577437	63228599	31281390	31947209	12119898	5792780	6327118	12572775	5993742
Share in the population in %	%	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
Children (0-14 year	No.	25594100	12989567	12604533	29791986	15297098	14494888	3975072	1979048	1996024	4099000	2025649	2073351
Share in the population in %	%	47.0	48.3	45.7	47.1	48.9	45.4	32.8	34.2	31.5	32.6	33.8	31.5
Working Age population (15-64 years)	No.	27018157	12858973	14159184	31383990	14850832	16533158	7679756	3597938	4081818	8004917	3744816	4260101
Share in the population in %	%	49.6	47.8	51.3	49.6	47.5	51.8	63.4	62.1	64.5	63.7	62.5	64.8
Old age population (65+ years)	No.	1840747	1027027	813720	2052623	1133460	919163	465070	215794	249276	468858	223277	245581
Share in the population in %	%	3.4	3.8	3.0	3.2	3.6	2.9	3.8	3.7	3.9	3.7	3.7	3.7

Sources: 1999 and 2005 NLFs, 2009 and 2010 UEUS

Annex 2: Share of population by age group and urban and rural areas -1999, 2005, 2009 and 2010

Age group	Measure	1999			2005		
		Urban and rural	Urban	Rural	Urban and rural	Urban	Rural
		No.	54 453 004	7 351 318	47 101 686	63 228 599	8 974 598
Share in the population, in %	%	100.0	100.0	100.0	100.0	100.0	
Children (0-14 years)	No.	25 594 100	2 751 271	22 842 829	29 791 986	3 215 206	26 576 780
Share in the population, in %	%	47.0	37.4	48.5	47.1	35.8	49.0
Working Age population (15-64 years)	No.	27 018 157	4 360 239	22 657 918	31 383 990	5 476 653	25 907 337
Share in the population, in %	%	49.6	59.3	48.1	49.6	61.0	47.8
Old age population (65+ years)	No.	1 840 747	239 808	1 600 939	2 052 623	282 739	1 769 884
Share in the population, in %	%	3.4	3.3	3.4	3.2	3.2	3.3

Decent work indicator	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Estimated number of HIV/AIDS positive adults aged 15-49 years by sex and residence. National total												
Total						891 862	901 893	929 699	977 394	1 037 267	1 116 216	1 216 908
Male						363 666	368 542	379 797	399 376	424 452	457 373	499 239
Female						528 196	533 351	549 902	578 018	612 815	658 843	717 669
Urban						535 777	547 288	569 144	602 740	643 395	695 413	760 475
Rural						356 086	345 605	360 556	374 64	393 872	420 802	456 432
Adult HIV/AIDS prevalence rate by age group and residence												
Total urban and rural					12.0		9.5					
15-24 years					4.1		2.2					
25-34 years					8.2		5.3					
35-49 years					11.9		9.1					
Urban					12.5		10.6					
15-24 years					10.3		7.1					
25-34 years												
35-49 years												
Rural												
15-24 years					4.3		2.4					
25-34 years					3.9		2.2					
35-49 years					3.6		1.6					

Sources:

1. Single point HIV prevalence estimates: MOH, June 2007
2. AIDS in Ethiopia, 5th report; MOH, 2003 and 6th report MOH, 2003

Annex 4: Employed persons (paid employment in branches of economic activity, and total employment). Denominator of injury rates

	1999	2005	2009	2010
Paid employment	1 831 001	1 127 608	2 253 398	2 372 717
Agriculture	387 523	285 417	54 238	81 139
Industry	325 379	144 721	505 460	484 188
Services	118 099	897 470	1 693 700	1 807 385
Employed persons	20 432 891	25 508 572	4 264 957	4,534 605

Source: 1999 and 2005 NLFS and 2009 and 2010 UEUS (CSA 2011).

Annex 5: Paid employment by sex and urban/rural areas. Denominator for collective

	1999	2005	2009	2010
Paid employment	1831001	2273418		
Male	1201755	1418995	1368043	1398207
Female	629246	854423	885355	974505
Urban areas	1064383	1416809	2253398	2372712
Rural areas	766621	856610		

Source: 1999 and 2005 NLFS and 2009 and 2010 UEUS (CSA 2011).

Annex 6: Employed population aged 15-64 years by sex and urban/rural areas. Denominator for labour inspector and labour inspection

	1999	2005	2009	2010
Labour force (15-64 years)	22 320 493	33 088 793	5 405 928	5 628 742
Male	11 785 481	17 288 178	2 832 273	2 910 387
Female	10 535 012	15 800 615	2 573 655	2 718 355
Urban areas	3 353 115	4 340 269	-	-
Rural areas	18 967 378	28 748 524	-	-
Employed population (15-64 years)	20 453 958	31 435 108	4 292 817	4 538 382
Male	11 260 006	16 860 263	2 493 252	2 584 249
Female	9 193 952	14 574 845	1 799 565	1 954 133
Urban areas	2 468 485	3 446 092	-	-
Rural areas	17 985 473	27 989 016	-	-

Annex 7: Distribution of Investment by Number of Projects, Employment and Capital for Major Branches of Economic Activity 2000-2010 provided by the Investment Agency

Economic Sector	Data										Computation based on the Formula				
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	X _n -X _i	X ⁽¹⁰⁾	X ⁽¹⁰⁾ -1	In 10 years Average Annual Growth Rate, in %
Primary (Agriculture)	No. of Proj.	53	41	19	69	133	176	143	131	280	155	121			
	Cumulative														
	Perm Empl.	2 824	3 051	1 088	8 659	21 412	8 414	15 081	16 754	30 712	11 129	3 834			
	Cumulative														
	Temp Empl.	8 756	7 245	2 922	60 664	27 841	50 680	24 179	78 934	176 029	111 701	23 112			
	Cumulative														
Secondary (Industry)	Capital in '000' Birr	475 230	639 126	274 343	1 526 299	2 166 281	4 003 033	8 145 333	7 113 615	10 621 169	3 592 856	5 069 911			
	Cumulative														
	No. of Proj.	135	81	56	134	257	213	202	170	194	171	85			
	Cumulative														
	Perm Empl.	5 447	7 538	3 144	10 334	19 852	9 109	17 616	9 902	22 569	22 841	8 015			
	Cumulative														
Tertiary (Services)	Temp Empl.	902	411	1 587	4 088	8 737	12 209	11 315	9 195	29 754	11 573	8 951			
	Cumulative														
	Capital in '000' Birr	890 984	2 273 582	524 960	1 688 710	4 644 268	1 500 713	32 163 439	2 982 464	21 215 914	8 490 722	7 646 637			
	Cumulative														
	No. of Proj.	107	104	110	181	272	508	686	298	293	267	117			
	Cumulative														
Total	Perm Empl.	8 255	3 768	4 468	5 400	8 744	8 663	14 267	8 362	11 716	7 791	2 248			
	Cumulative														
	Temp Empl.	3 043	1 506	1 302	12 559	30 635	7 920	11 384	9 845	22 975	13 325	6 182			
	Cumulative														
	Capital in '000' Birr	2 107 069	1 794 235	1 972 854	1 004 340	2 097 273	2 859 910	3 020 594	2 312 910	2 577 884	3 696 313	1 575 401			
	Cumulative														
Formula	No. of Proj.	295	226	185	384	662	897	1 031	599	767	593	323			
	Cumulative														
	Perm Empl.	16 526	14 357	8 700	24 393	50 008	26 186	46 964	35 018	64 997	41 761	14 097			
	Cumulative														
	Temp Empl.	12 701	9 162	5 811	66 057	49 137	70 809	46 878	97 974	228 758	136 599	38 245			
	Cumulative														
Source: - Ethiopian Investment Agency (compiled data from 2000 to10)	Capital in '000' Birr	3 473 282	4 706 943	2 772 156	4 219 350	8 907 822	8 363 656	43 329 367	12 408 989	34 414 967	15 779 890	14 291 949			
	Cumulative														
	No. of Proj.	8 180 224	10 952 380	15 171 730	24 079 552	32 443 208	75 772 575	88 181 564	122 596 532	138 376 422	152 668 371	187			
	Cumulative														
	Perm Empl.	138 376	152 668	187	143	0.43	0.43	0.43	0.43	0.43	0.43	0.43			
	Cumulative														

Source: - Ethiopian Investment Agency (compiled data from 2000 to10)

Formula

$$CAGR = \left(\frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\frac{1}{\# \text{ of years}}} - 1$$

The year-over-year growth rate of an investment over a specified period of time.

The compound annual growth rate is calculated by taking the nth root of the total percentage growth rate, where n is the number of years in the period being considered.

Read more: <http://www.investopedia.com/terms/c/cagr.asp#ixzz1aZow6dUQ>

