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## The incidence of youth unemployment in urban Ethiopia.

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# The incidence of youth unemployment in urban Ethiopia

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## Abstract

This study addresses some issues relating to the urban youth labour market in Ethiopia. Using data from the Ethiopian Urban Socio-Economic Survey, the study finds a staggeringly high level of youth unemployment in urban Ethiopia. This is particularly the case for the adult youth group where the unemployment rate is well over 50 per cent. That the youth makes up over a third of the population in urban centres and that it bears the brunt of the unemployment problem makes a strong case for designing appropriate policy that tackles youth unemployment and marginalisation. It is well established elsewhere that improving the economic position of the youth in general and the women section of the youth in particular constitutes an integral part of the fight against poverty. In view of this, addressing the issue of youth unemployment would strongly be in line with the current drive to curb poverty in Ethiopia. A number of suggestions have been made regarding ways of abating youth unemployment problem in urban Ethiopia.

**Key words**: Youth labour market; unemployment, urban Ethiopia
**JEL classification**: J40; J80; J64; R23

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## 1. Introduction

The youth[1] labour market is generally characterised by high level of unemployment. Such high level of youth unemployment is a problem that most countries face, developed and developing alike. As a result, the issue of enabling the youth to find a decent employment has been a major policy concern for most countries. Although youth unemployment seems a universal problem, it is nowhere as threatening as it is in the developing world, however. In the developing world, the problem of youth unemployment is a serious cause for concern on a number of grounds. First, the youth makes up a significant proportion of the population in these countries. Second, these countries already spend huge amount of resources on the youth. Such may turn out to be a lost investment if, ultimately, the youth is not going to be in a position to support itself and the larger society. Third, the youth being one of the scarce resources that these countries are endowed with, failure to channel this resource properly may mean a further entrapment in the vicious circle of poverty and a bleak future in terms of economic development and growth. Fourth, high level of youth unemployment and the sense of desperation it creates have been linked to social problems that threaten the stability and peace of society. These problems necessitate an informed and careful intervention by the various actors to try and improve conditions for the youth. It is such concerns that make the study of youth unemployment an important one.

Youth unemployment marks a bad start in one's working life and the scar that it leaves is likely to have adverse short-term and long-term consequences on the youth and society at large. Ideally, the youth would either pursue (further) education of some sort or get employment of one or the other type. These form part of the

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[1] The standard UN definition is that youth refers to the 15-24 age group. There is wide variation in the definition of youth across countries depending on cultural, institutional, political and other factors. In the developed countries the lower age limit tends to coincide with the legal school leaving age but no particular justification for the upper age limit. The youth and employment report of the ECA highlights the wide variation in the definition of the youth among member countries in Africa that includes Mozambique (14–35), Uganda (13–35) and Nigeria (6–30). The author is unaware of any official/legal definition of the youth in Ethiopia that is in place at the moment although formerly the 15–30 age group had been considered as youth. For the purpose of the empirical analysis made in this study the 15 to 29 age group has been regarded as the youth. This coincides with the recent CSA definition (see Bizuneh et al., 2001, p.17). It is worth emphasising however that at least over the period considered in the empirical study the education structure in place was such that the minimum school leaving age was unlikely to be less than 17.

investment in human capital that is likely to raise future earnings commensurate with higher levels of productivity that such investment entails. Investment of this sort and the resulting increase in productivity of the youth, in turn, renders a possible improvement in growth performance for the country in question; in addition to nurturing a healthy youth that is capable of discharging whatever responsibility the future holds. Sadly, this is not always the case, and the youth, or most of it, may not be able to either pursue education or be employed. Such a sad picture is particularly the case in developing countries. The population structure in these countries is such that the youth makes up a significant proportion of the population. These countries have far too little resource to devote towards ensuring their youth of educational and job opportunities. As a result, most of the youth in these countries has no option but languish in a world of unemployment and the bleak future that accompanies it. Not surprisingly, most of these countries that are failing to make use of their youth are condemned to the vicious circle of poverty, and face a rather uncertain future.

Ethiopia is a typical case of the developing world that has failed to make effective use of its youth. In Ethiopia, the youth population accounts for a fifth of the total population that currently stands slightly upwards of 67 million.[2] This staggering proportion is even higher in urban centres of the country. Recent studies on the urban labour market of Ethiopia indicate that this proportion doubles in major urban centres in general and the capital city in particular, standing at 40 percent of the urban population.[3] Given the state of the Ethiopian economy and the rough rides the country has had for decades, available provisions that support/target the youth are at best minimal. As a result, the typical youth in Ethiopia has very little by way of education and job opportunity, and most have little option but endure a life of unemployment. High level of youth unemployment and underemployment is, in short, a feature that best characterises Ethiopia, particularly in the major urban centres.

This study attempts to bring the issue of youth unemployment in Ethiopia to the limelight by focusing on the urban youth labour market. For this purpose, two approaches have been used here. First, a more general discussion of the issue of youth

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[2] As per to recent figures supplied by the UN.

unemployment will be made based on the labour market literature on youth and general unemployment. This part of the study will attempt to answer some general questions such as why there is a high level of unemployment among the youth and what the likely costs of such unemployment are. Such will set the context in which the issue of youth unemployment should be viewed. The second part of the study will narrow the scope of the study to the problem of youth unemployment in urban Ethiopia. Use is made of data from the Ethiopian Urban Socio-Economic Survey for this purpose. By using such a mix of approaches, the study attempts to shade some light on the problem of youth unemployment, and strives to come up with some suggestions that will hopefully be of some use from the viewpoint of policy making.

The study has some seven sections. Section 2 of the study gives an overview of the problem of youth unemployment. Section 3 will focus on the possible costs of youth unemployment. Section 4 will focus on the urban youth labour market in Ethiopia. Section 5 dwells on the data and empirical methodology adopted. Section 6 is devoted to the discussion of results obtained. Section 7 will conclude the study by summarising the main findings and making some suggestions on ways of abating youth unemployment in urban Ethiopia.

## 2. The Nature of Youth Unemployment: An Overview

At least two issues deserve particular attention in relation to the problem of unemployment at the macro level – its level and distribution. High level of unemployment generally signifies the failure of an economy to put to use its scarce resources. Such has been the feature of most developing countries. Poor to modest macroeconomic performance, low level of employment creation and a rapid increase in the workforce are some of the most important reasons behind the high level of unemployment the developing world is associated with. Distribution wise, unemployment is generally found to be rampant among certain sections of society. The consensus in this regard is that the youth and women bear the brunt of the problem. Any increase in the level of general unemployment worsens the position of

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[3] Bizuneh et al. (2001), Serneels (2001) and Krishnan et al. (1998) are some of the studies dwelling on the situation of the youth/'young' in Ethiopia. Findings reported in various publications of the UN give a similar account on the youth situation in Ethiopia.

these groups in society. Youth unemployment is part and parcel of the general problem of unemployment. It deserves particular attention for the reasons outlined in the first section of this study. The question of what makes youth unemployment different from the general unemployment needs to be addressed here, and the following part attempts to do that.

Characterising labour market conditions in developing countries using established labour market theories has always been a formidable task.[4] Such is even more so when it comes to the youth labour market. In relation to the youth labour market, in developing countries, the human capital theory (Becker, 1962) is probably the one with some relevance. The human capital theory explanation of high level of youth unemployment could be that the youth embodies less human capital, specific or otherwise, and, as a result, is likely to be at the end of the job queue. This seems to provide a good account of the situation in developing countries such as Ethiopia where majority of the youth hardly gets a job. However, the fact that there are not that many jobs forthcoming is the most important reason behind the high levels of unemployment in these countries. The skills queue and the position of the youth therein does have some relevance, but only when there are reasonable number of jobs to queue for.

Even if one happily sticks to this explanation, the commonly sought intervention that follows involves improving the (queue) position of the youth through various programs such as youth training/retraining schemes[5]. An intervention of this sort, the argument goes, improves the human capital of the youth and, with that, its position in

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[4] A recent study on the urban labour market of Ethiopia (Serneels, 2001) involving unemployment duration could be cited here. The basis of duration analysis is job search theory (Burdett, 1978; Burdett and Mortensen, 1980) which has to do with the disutility associated with being unemployed and the need for intervention through schemes such as job training and benefits of one or the other type, in order to make up for loss of utility associated with the state of unemployment. In Ethiopia there are no interventions of the sort that search theory assumes, making one wonder as to the appropriateness of the search theoretic framework in the study of unemployment duration in the context of urban Ethiopia.

[5] The justification for training/retraining schemes can be macroeconomic and microeconomic in nature. The macroeconomic argument largely stems from the concern that potential increase in aggregate demand may be constrained by labour market bottlenecks. The microeconomic justifications, on the other hand, stem from labour demand and supply considerations. Labour demand considerations relate to the lack of vacancies due to a slack in demand while labour supply considerations relate to problems of labour supply such as inadequate system of matching workers with jobs that may exist even when there are large number of vacancies.

the job queue. Such intervention has, in practice, been seen to improve the lot of at least some of the youth in the developed world[6]. Given the sheer size of the youth and the resource requirement of running such programs, the applicability of an intervention of this nature in the poorest of countries is highly doubtful however.

Given that the labour market theories may not give a satisfactory account of conditions in the youth labour market in developing countries, it is safe to focus on the most important factors contributing to this problem. These could broadly be classified into demand side problems, supply side problems, policy related problems, and other problems that emanate from the very characteristics of the youth itself. Each of these factors plays a part in explaining youth unemployment and why it is different from the general unemployment, and a brief account of each is essential.

As is the case with the general level of unemployment, one of the reasons explaining youth unemployment is low level of aggregate demand in an economy. The level of aggregate demand as a factor explaining high level of youth unemployment is particularly worthy of note as the youth is found at the end of the job queue. Thus, low level of aggregate demand increases the level of unemployment in general but youth unemployment in particular. In an environment of high general unemployment, the youth would face a stiff competition from adult labour. Employers too would discriminate against the inexperienced youth in the face of relatively abundant adult labour. At least in the context of developed countries there is ample evidence that the rate of youth unemployment very much reflects the business cycle. Over the period of economic expansion youth unemployment tends to fall, while during the period of economic contraction youth unemployment tends to increase. This cyclical feature of youth unemployment may not be that apparent in the case of developing countries where the demand side problem is rather structural and an intricate part of the vicious circle of poverty.

The second, and probably most important, factor that explains youth unemployment in developing countries such as Ethiopia has to do with supply side problems. A rapidly expanding work force, either due to high level of population growth or

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[6] There does not seem to be consensus on the benefits that such interventions provide.

increases in the labour supply of some segments of society, increases unemployment in general and youth unemployment in particular. The youth, in such a case, would face a high degree of competition either from within itself or from other groups of society. In the context of the western labour market, the increase in the labour force participation of adult female and increase in immigration have been blamed for some of the increase in youth unemployment in recent decades[7]. In the context of developing countries, on the other hand, it is the competition from within the youth that is the most important factor. Most of the developing world is characterised by an unprecedented rate of population growth. Such high level of population growth has given rise to a population structure that is dominated by youth and children. Such population structure, in turn, has led to the labour market situation in these countries where there is excessive labour supply that far exceeds the increase in the available job opportunities.

Mismatch of education and training skills with the requirements of the labour market is another important reason for the high level of youth unemployment. This is particularly important in view of the fact that the unemployed youth in the urban areas of most developing countries seems to have gone through the best education and training that these countries can afford to provide[8]. In this regard the policy of rapid expansion in education and training opportunities that is mostly supply driven and not in line with the skill needs of these economies has to be checked. Expansion in education and training opportunities, barring quality problems, is an achievement in its own merit as it increases general human capital and meets the basic rights of children and the young. Nonetheless, uncoordinated and supply driven expansion in education and training may amount to the creation of an army of dissatisfied youth in the end.

In the context of the urban labour market of developing countries, one factor that has long been identified as an important reason explaining urban unemployment is rural-urban migration. Rural-urban migration is one typical feature of developing countries that led to the dual economy literature in general and the Harris-Todaro (1970) model

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[7] Bizuneh et al. (2001) state the increase in the participation rate of adult women in Addis Ababa, having some effect on youth unemployment.

in particular. According to these models, the rural-urban income differential leads to the influx of labour to rapidly growing urban areas. The absorption process of migrant labour is believed to have two stages. Initially migrants join the large pool of unemployed and underemployed labour in urban centres. They then join the modern urban centre after a while. The swelling informal sector in most developing countries partly attests to the importance of this cause (Banerjee, 1983).

Other reasons, probably less important in the context of developing countries, which explain the high level of youth unemployment, have to do with the labour market characteristics of the youth itself. The youth is generally associated with high level of job turnover. The labour market literature accords plenty of evidence relating to high level of turnover in the youth labour market. Human capital (Becker, 1962) and search (Burdett, 1978; Burdett and Mortensen, 1980) theories, for example, predict that the youth is more likely to separate from jobs due to layoffs, discharges and quits than its adult counterpart. There is a higher probability of layoffs among the youth than adults mainly because of the low level of human capital, particularly specific human capital, and match capital that the youth embodies. Employers faced with a slump in demand would find it easy to layoff the inexperienced youth first. This is because the youth is the least expensive to replace when demand conditions recover. Discharges are also relatively more common among the youth as the youth lacks 'desirable' work ethics that can be regarded as a form of general human capital. Thus, involuntary job separation is a feature that is more common among the youth than the adult labour.

Voluntary job separations (quits), on the other hand, are associated with the youth on the ground that the youth tends to spend time looking for the 'ideal' employment as part of a rational search behaviour. Young school leavers can afford, and may even find it profitable, to do 'job shopping' before settling in with a particular job. This explanation of young people entering unemployment voluntarily is, however, based on the presumption that individuals searching for the 'ideal' job receive some sort of compensation for forgone earnings and transaction costs. As such, this later explanation of turnover has very little relevance to first time job seeker youth in

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[8] See the UNECA report on youth unemployment in SSA; Todaro (1997) gives some evidence on this.

particular and the unemployed in general in the context of developing countries. The fundamental problem to the youth in developing countries is securing first job that hardly exists.

## 3.  The Costs of Youth Unemployment

Unemployment, be it youth or otherwise, entails some cost to the unemployed person, to the family of the unemployed and the society at large. To begin with, the unemployed would bear the cost of lost earnings that would have come through employment of some sort. Then, there is the issue of scaring. Previous unemployment experience is found to have adverse implications for future labour force participation and earnings[9]. In a recent study that focuses on U.S. youth, Mroz et al. (1999) find youth unemployment to have a number of adverse effects. First, they claim that a spell of unemployment is more likely to lead to sub-optimal investment in human capital among the youth in the short run. Secondly, they find current unemployment among the youth to increase both the incidence and duration of future unemployment. Thirdly, they claim that the negative effect of unemployment on future earnings is large and such effect takes time to heal.

Other recent studies that elaborate on such adverse effects of youth unemployment on the future labour market performance and well-being of the youth include Korpi (1997), Blanchflower (1999), and Bradley and Nguyen (2003). These studies emphasise that unemployment is more likely to have a discouraging effect on the youth. Such discouraging effect leads to poor performance in terms of acquiring new skills and at job interviews, if and when such opportunities are available. These in turn make future employment a daunting task, as the discouraged youth will face a lower job offer probability than other youth and/or adults with no prior unemployment experience.

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[9] Evidence on the 'scaring' effect of unemployment on future labour market performance is largely based on the labour market experience of developed countries and relates to unemployment that came about as a result of job interruption, rather than post school unemployment which is more relevant to the issue at hand. Recent such studies include Arulampalam, et al., 2001 and Gregory and Jukes, 2001.

From the viewpoint of society, youth unemployment means loss of an important component of human capital and forgone output that the youth could have produced. Unemployment represents loss of potential output. The more the number of unemployed in a society, the higher will such a loss be. Thus, youth unemployment not only results in loss of income to the unemployed youth itself and the immediate family, but it is also a loss to the society that fails to utilise its scarce resources. High level of youth unemployment means that government loses tax and other revenue that it would have raised had more people been working. Not only that, employers and employed workers would have benefited more from higher levels of economic activity in general.

Socially, youth unemployment, especially when it lasts for a long period, may seriously delay or even block family formation. This in turn may lead to various social problems. There is the somewhat chilling evidence elsewhere that higher level of unemployment in general and youth unemployment in particular is related to social problems such as petty crime, drug abuse, and social unrest. The sense of desperation that youth unemployment creates also leads to strained relations within families and beyond. Such strained relation leads to isolation of the youth from the adult population. This in turn paves the way for engaging in risky activities that are proving costly in many ways. The recent youth and employment report of the ECA counts such costs. Accordingly, the high level of crime that characterises many African countries and that is partly driven by high level of youth unemployment has further fuelled the problem of youth unemployment through its effect on these economies. The cost of crime prevention and, most importantly, the cost of doing business have gone up in many countries in sub-Saharan Africa. Thus, in addition to competing for meagre domestic resources that could have been used for improving the future of the youth (but spent on ensuring security, if this is possible anyway), such state of affair also sends the wrong signal for potential external resources by stifling foreign direct investment.

In developing countries in particular there is growing evidence linking the high level of youth unemployment and the desperation it cause to the spread of sexually transmitted infections including HIV/AIDS. More than half of new HIV/AIDS infections are, for example, reported to occur among the youth (Franz et al., 2001).

Moreover, there is evidence that HIV/AIDS awareness has very little effect on behavioural change among the urban youth in the context of many African countries (Amuyunzu-Nyamongo et al., 1999). Though this needs a further study, the rapid increase in the HIV pandemic in developing countries can be attributed to the high level of youth unemployment that typically characterises these countries. Such state of affair, in any case, is costing these societies huge resources in terms of health care and related expenses. Growth performance in sub-Saharan Africa has also been seriously hit as a result of HIV/AIDS, with the rate of growth reduced by as much as 4 per cent in some cases (Franz et al., 2001).

## 4. The Urban Youth Labour Market in Ethiopia

Subsistence agriculture is the mainstay of the Ethiopian economy. Some 80 per cent of the population drives its livelihood directly from agriculture and animal husbandry, contributing 52 per cent to the GDP and residing in rural areas. The urban centre is home for some 20 per cent of the population with some 12 per cent of this driving its livelihood from government and services while the remaining 8 per cent relying on industry and construction. As is stated in the recent poverty reduction strategy paper, Ethiopia is among the bottom of the least developed countries. According to some socio-economic indicators in the policy reduction strategy paper, life expectancy at birth was 50.6 years of age in 1994 while infant and child mortality rates stood at 118 and 173 per 1000, respectively. Illiteracy rate was about 77 per cent for females and 55 per cent for males in 1995. Gross enrolment ratio at the primary level of education stood at 23 per cent in 1993 according to the same report.[10]

A number of recent studies have looked at different aspects of the urban labour market in Ethiopia (Krishnan, 1996; Krishnan et al., 1998; Krishnan, 2001; Serneels, 2001; Bizuneh et al., 2001). Findings from these studies indicate the very high level of unemployment in urban Ethiopia. Based on the 1994 census, Bizuneh et al (2001) state that the level of urban unemployment was 30 percent for men and 40 per cent for women in Addis Ababa, and about 15 percent for both men and women in other urban

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[10] The National Report of Ethiopia on the Development of Education states some impressive achievements in the education sector since 1994. Among such achievements is that the education coverage at primary level has gone up to 51 per cent in 1999/2000.

centres in 1994. They also report that the overwhelming majority of the unemployed were made up of first time job seekers, emphasising the problem that the urban youth finds itself in. Focusing on the 20 – 29 age group in Addis Ababa, they report that the general unemployment rate for men stood at 50 per cent while it was 60 per cent for women. In his unemployment duration study that focuses on young men, Serneels (2001) also state the magnitude of the unemployment problem that the youth faces. He states that in 1994 urban Ethiopia has one of the highest unemployment rates in the world standing at 34 per cent of the male workforce and 50 per cent of men under 30 years of age.[11] Using the first and third wave data of the EUSES, Krishnan et al (1998) find urban unemployment for the 15 – 29 age group to be in excess of 50 per cent.

A number of reasons have been given for the high level of unemployment in the urban centres of Ethiopia. Given the current state /capacity to absorb/ of the Ethiopian economy, probably the most important reason by far in explaining youth unemployment has to do with the rapid growth in the workforce in general and the youth in particular. The age structure of the population is such that in major urban centres the 15-29 years age group accounts for up to 40 per cent of the population.[12] Such gives some idea as to the huge army of job seekers in the urban centres and the daunting task the society faces in terms of providing jobs now and for some time to come.

The performance of the economy in general and the urban sector in particular has also been held responsible for the high level of unemployment in urban centres in Ethiopia. Such is particularly the case in the pre-1991 period when the private sector was stifled and, with it, the potential for accommodating the growing urban labour force. The post 1991 period is characterised by a move to a market led system that included the adoption of structural adjustment program. Growth performance since 1991 has been impressive with average real GDP growth of 3.7 per cent (Geda and Degefe, 2002). Although the post 1991 period witnessed a massive improvement in

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[11] Surprisingly, a recent ILO study that looks into the problem of youth unemployment in the developing world puts Ethiopia as one of these countries with very low level of youth unemployment (see reference item 27). This must be the result of relying on poor macro level data that these countries compile.

growth performance, such has had little effect in reducing urban unemployment however. Krishnan (2001) attribute this to the fact that the private sector (and self-employment) has not yet overcome the effect of the repression it had experienced in the pre-1991 period while Geda and Degefe (2002) point to the fact that the post-1991 growth came dominantly from the agricultural sector which is weakly linked to the urban sector.

Rural-urban migration is another factor explaining urban unemployment in Ethiopia. In relation to the social and economic problems that young people face in urban areas of Ethiopia, the national population policy paper puts rural-urban migration and migration among cities and towns as the most important factor behind the social problems that young people encounter in general in urban areas. Bizuneh et al. (2001) also state the importance of migration in explaining the age structure of the population in urban areas, particularly in Addis Ababa, thereby highlighting its role in explaining urban unemployment. Krishnan (2001), on the other hand, claims that Ethiopia has one of the lowest rates of rural-urban migration in Africa and as such, rural-urban migration has very little, if any, by way of explaining the high level of unemployment in urban areas.

## 5. Data and empirical methodology

As outlined earlier this study attempts to look at the urban labour market situation of the youth in urban Ethiopia. Data from the end waves of the Ethiopian Urban Socio-Economic Survey (EUSES) are employed to assess the labour market conditions of the youth. The EUSES data is a household survey data that has been compiled by the Department of Economics, Addis Ababa University, in collaboration with the Department of Economics, Goteborg University. The first wave of the EUSES was undertaken in 1994 covering seven major urban centres of the country, including the capital city, each with a population in excess of 100,000 and believed to represent the major socio-economic characteristics of urban Ethiopia.

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[12] Bizuneh et al (2001)

The EUSES sample households had been selected by allocating a total sample size of 1500 households to the seven urban centres based on stratified random sampling technique. The first survey that was conducted in 1994 therefore covered these 1500 households. The second and third waves of the EUSES were conducted in 1995 and 1997 covering the original households[13], but capturing only changes on socio-economic conditions since the first/previous wave. The most recent wave available is the fourth wave that was undertaken in 2000. Unlike the preceding two waves where only changes from the previous wave were monitored, the 2000 wave enlists each and every member in the households. This plus the theme areas covered make the 2000 wave very much comparable to that of the first wave of the EUSES[14]. As a result, in this study use is made of the first and the fourth waves of the EUSES to study the youth labour market situation and youth unemployment in urban Ethiopia. This has been done deliberately to try and assess possible changes in the youth labour market over a period of 6 years.

Two approaches have been used for the purpose of looking into the youth labour market situation in urban Ethiopia. First, simple descriptive statistics involving youth unemployment and participation rates have been used to see changes in some indicators of the youth labour market. This is followed by a multinomial logit modelling of the characteristics of the youth based on activities that the youth reported to have been involved in at the time of the surveys. There are six different activity types that the youth could have been involved in. These activities include employment in the public sector, employment in the private sector, self-employment, casual/domestic work, unemployment and not in the labour force (NILF). Selection into any one of these states is best modelled using multinomial logit model where the probability of selection is assumed to depend on personal, family and labour market characteristics (Maddala, 1983). This modelling strategy makes easy the comparison

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[13] Subsequent waves covered the original households. Households that dropped out in subsequent waves were replaced by other/new households that are believed to be more or less similar to the original households, in terms of socio-economic characteristics.

[14] It is obvious that enlisting each and every household member (instead of only those that have had a change in their socio-economic status) minimises recall error. This is particularly the case since it is the household head and/or some other member of the household with a good knowledge of the household that responds to the questions in the questionnaire.

of the characteristics of the youth in each of the states and at the two time periods chosen for this study.

## 6. Discussion of results

As can be seen from the tables in the annex (tables B.1 – B.3), youth unemployment is staggeringly high, particularly for the age group 20 – 24, standing well above 50 per cent. Unlike findings in Krishnal et al (1998) and Bizuneh et al. (2001), the unemployment rate for the men section of the youth is slightly greater than that of their women counterpart, a pattern reflected in the NILF proportions as well. This is explained in part by the proportion of women in the casual/domestic type of activity which is almost twice that of their male counterpart as can be seen from tables A.1 – A.6.[15] This is very much in line with what one would expect given the realities in Ethiopia where for cultural reasons young women who do not pursue further education and/or formal sector employment end up taking up the most arduous chores at home.

Focusing on changes between 1994 and 2000, the unemployment rate for the teenage youth group has gone up in general but even more so for women. That this increase in the unemployment rate of teenage youth is also accompanied by a corresponding increase in the NILF rate, particularly for women, is a cause for concern. For the adult youth population, which bears the brunt of the unemployment problem, the rate of unemployment has fallen between 1994 and 2000. However, quite a significant proportion of this fall seems to have come from the youth giving up the hope for employment, and joining the NILF group. This can be seen from the corresponding increase in the NILF rate for the adult youth. It is well established that youth unemployment gets worse with the increase in general unemployment. The latter has increased by more than 10 per cent between 1994 and 2000.

Looking at the changes between 1994 and 2000 by gender, in the teenage group the rate of unemployment for women has gone up by about 7 per cent, quite higher than

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[15] The casual/domestic activity consists of large number of respondents who are "unpaid family worker". It is therefore not surprising that we have a much larger proportion of young women occupying this state, given cultural reasons.

the 1 per cent increase for the teenage men. For the adult youth group, the rate of unemployment has gone down for both men and women in general and women in particular. However, the corresponding increase in the NILF rate of both groups in general and women in particular over the same period means that the decline in the rate of unemployment has very little, if any, good news to tell. In fact, that the rate of unemployment for the adult men and women groups has gone up over the same period attests to the strong possibility that the situation of adult men and women youth has actually gone worse.

Table D.1 in the annex gives a summary of the mean characteristics of the youth sample used in this study. It is evident from the figures in the table that the teenage category of the youth dominates the sample used in both periods. Women make up for well over 50 per cent of the youth sample in both years. Another interesting picture that emerges from this table is that about 90 per cent of the youth is single.[16] Youth that had migrated to the urban centres make up slightly more than a third of the youth sample in 1994 but makes up slightly less than 10 per cent of the youth in the 2000 sample[17]. In terms of educational attainment, some 7 per cent of the youth has tertiary level of education. About a quarter of the youth has completed secondary education. This group makes up the bulk of the unemployed youth in urban Ethiopia.[18] The remaining section of the youth sample has at most some secondary education. The bulk of those in this category represent the youth that is still in school. There is a significant increase in the proportion of the youth that is in secondary education in 2000. This may have to do with the success of the national education program that has increased enrolment, mainly at the primary level but also beyond the level of primary education[19].

Regarding family and household characteristics of the youth, the average family size is eight. More than 65 per cent of the youth come from families where the father has

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[16] One of the costs of youth unemployment identified in section 3 was inability to progress from adolescence to adulthood. That 90 per cent of the youth is single may attest to this claim.

[17] The migration variable captured those that had migrated over the 10-year period preceding the first wave in 1994. For the 2000 sample this variable captures only those that came to the urban centres since wave 1.

[18] This has been reported elsewhere (Krishnan et al., 1998 for example) but can also be seen from the results in tables E.1 and E.2 in the annex.

[19] See footnote 11 above.

at most some primary education. Also more than 40 per cent of the youth come from families where there is only one person working in the household, and supporting some seven people in the household, on average. More than 64 per cent of the youth sample constitutes of children of the household head. Also nearly 50 per cent of the youth reside in houses owned by the head.

Tables E.1 and E.2 give multinomial logit estimates of youth activity for the two samples used in this study. These, as stated earlier, shade some light on the characteristics of the youth that occupy each type of activity shown in tables A.1 and A.2 in the annex. The results obtained are more or less in line with other studies that look into the characteristics of individuals occupying the states, and conform to the story that the tables tell. The Hausman test for the independence of the activity choices (IIA) (Hausman and McFadden, 1984) and the Crammer and Ridder (1991) test on whether a subset of the activity choices in the multinomial logit model can be pooled together have been conducted. Results obtained from these tests strongly favour the methodology adopted here.

Compared with the reference category of the 25 – 29 age group, the teenage and adult youth are more likely to be in NILF which has to do more with the possibility that most teenage and a good part of the adult youth are/were at school. This is a pattern observed in both periods. As stated earlier, compared with the adult men section of the youth, women are more likely to be in NILF and casual/domestic activity. Compared with married youth, singles are more likely to be in unemployment and casual/domestic work, a pattern observed in both periods. Though relatively small in number, divorced/widowed youth are even more likely to be in unemployment and casual/domestic work as can be seen from the marginal effects. Ethnicity and religious background seems to have some relevance to the type of activity the youth finds itself in. Compared with an Amharan youth, a Tigrayan youth is more likely to be in NILF and less likely to be unemployed while a Gurage youth is more likely to be in self-employment and casual/domestic work. The youth in the 'other' ethnic category too is more likely to be in self-employment compared with its Amharan counterpart. These patterns are observed in both periods except for the Gurage youth whose activity position seems to have changed in the second period.

One of the most important characteristics that best describe the position of the youth in the labour market is its educational attainment. The findings form the multinomial logit models give some insight into this. Compared with those youth that have some type of tertiary level education, those that have at most elementary level education are more likely to be in casual/domestic and self-employment types of activities. That this youth group is unlikely to be in NILF shows that they are more likely to be dropouts engaged in petty type of activities. Those that have highest educational attainment of some secondary schooling are more likely to be in NILF and casual/domestic activity and less likely to be in unemployment. What is rather disquieting in relation to educational attainment and type of activity of the youth is that those that completed secondary education are more likely to be unemployed and less likely to be in NILF. This should be a reflection of the mismatch between the education and training skills of those that have gone through the schooling system on the one hand and the skills requirements of the labour market on the other.[20]

Another aspect to look at in relation to activities of the youth is family background. The youth from families where the father has at least some secondary schooling are more likely to be in NILF, presumably getting education, and less likely to be in unemployment. Large household size is associated with being in NILF and unemployment. Another result that is somewhat interesting is that youth that comes from families with more working people in the household is less likely to be in NILF and even less likely to be unemployed. The explanation for this should be that working family members are useful sources of the job information that the youth desperately requires. The larger the number of family members that are working, the greater the availability of such information will be. This in turn increases the likelihood that the unemployed family member secures employment of some sort. Children and dependent relatives are more likely to be in unemployment although this pattern changes in the second period when they seem more likely to be in NILF.

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[20] Krishnan *et al*. (1998) give a rather unpalatable explanation regarding the high incidence of unemployment among the youth on the ground that the youth has "relatively high reservation wage." If any thing, the mismatch explanation given here and the information explanation given in the next paragraph are the most important explanations as to why this group of youth has a high incidence of unemployment. It is obvious that school leaver youth has very little information, if any, regarding the labour market and, as a result, is more likely to be unemployed than other youth. The multinomial logit results given in tables E.1 & E.2 in the annex and, in particular, the "number of working individuals in the household" dummies attest, at least in part, to this information explanation.

## 7. Conclusion and recommendations

The neat story that comes out of this study is that youth unemployment in urban Ethiopia is very high. This is an obvious story that probably does not deserve these many pages of telling. What is probably more important is to come up with some suggestions that will hopefully help alleviate the problem of youth unemployment in urban Ethiopia. In the following part I will make some attempt towards achieving this goal.

The major factor behind the youth unemployment problem is the rapidly increasing labour supply that is not in line with macroeconomic conditions in general and the performance of the urban sector in particular. As such therefore the key to curbing youth unemployment lies in our capacity to expedite the performance of the economy in general and the urban sector in particular. Utmost effort should be exerted to get this right.

Though the evidence on the importance of rural-urban migration in Ethiopia seems inconclusive, migration does have a role in the excessively high level of youth unemployment in urban areas. It may not be the most important factor now. It will, however, definitely be so sooner or later, given that 80 per cent of the population resides in the rural sector. The obvious suggestion that comes with this has to do with the adoption of a development strategy that puts the rural sector at its centre, without, at the same time, neglecting the urban sector. The ADLI development strategy in place is a move in the right direction, in this regard, in relation to curbing youth unemployment in urban areas.

Another issue of importance has to do with the policy environment. The policy environment should be cognisant of the problem of youth unemployment. There has been a considerable move in the right direction in this regard. One only needs to cite the establishment of a ministry in charge of youth affairs, the establishment of various organs in charge of women affairs and the move to decentralise decision making to levels that best recognise the problem of the youth at each and every corner of the country. Such developments make the recognition of the problem that the youth faces easy for the purpose of policy decision. However, there is still a room for

improvement regarding provisions that should be made in order to make the youth a policy focus. In this regard one can mention the absence of exclusive mention of the youth in the recent poverty reduction strategy paper (PRSP) of Ethiopia[21]. There is a well-established link between poverty and youth unemployment, since, particularly, youth unemployment in general and women youth unemployment in particular is believed to have an adverse short- and long-term consequences. In view of this, any such major strategy papers should accord due attention to the youth in the future.

The formulation of employment policy that designs schemes for the creation of employment opportunities is also something essential that we should be considering in relation to the drive to reduce youth unemployment. As stated earlier the problem of youth unemployment is part of the general unemployment problem. The formulation of employment policy will therefore enable designing strategies that will target both youth and adult unemployment, so that the youth will not be left out.

As stated earlier, one of the causes of youth unemployment has to do with the mismatch between the education and training skills of the youth and the skill requirements of the labour market. Education policy very much needs to take this into account. As much as possible, the education and training policy has to recognise the short- and long-term skills requirements of the labour market. Failure to do so will only exacerbate the youth unemployment problem. In this regard, one applauds the recent achievement in Ethiopia in increasing enrolment dramatically at all levels of education in general and at the primary level of education in particular. Such applause should not completely overlook the potential problem of youth unemployment however. Utmost care needs to be taken in order not to produce an even larger army of youth with high expectation but destined to be unemployed.[22]

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[21] The ECA report on youth and employment report that many countries in SSA have failed to exclusively incorporate the youth in their PRSPs despite the fact that youth unemployment is a major (poverty-linked) problem that these countries face.

[22] The author sees some parallel between the WB/IMF led Structural Adjustment Program (SAP) that led, at least in some cases, to significant increase in the supply of primary commodities without much regard to demand side conditions and the current drive (led by international organisations) to attain universal enrolment (and expansion in the provision of education in general) by the year 2015 without, again, much regard to demand side conditions.

The creation of an enabling environment, which aids the development of a vibrant private sector, should also be an integral part of the fight against youth unemployment. The private sector is largely the main hope for the creation of large-scale employment in economies like Ethiopia. Encouraging the private sector not only creates more employment but it would also ease the burden on the state whose role should be limited to the co-ordination of the skills requirements of the labour market (the private sector) and the development of such skills through education and training.

Other types of interventions that can be made include the encouragement of entrepreneurship and self-employment. In an environment where there is a weak private sector and where the capacity of the state in terms of creating employment is limited, entrepreneurship and self-employment should be viewed as alternative ways of employment creation. In this regard the creation of schemes that provide potential entrepreneur youth with vital labour market information and desperately needed finance (credit) might be worth considering. One important missing factor in relation to the labour market of countries like Ethiopia is a system of labour market information that is vital to the state, the private sector, and the society at large. Given this, the establishment of a scheme that provides such crucial information would be important.

Finally, the task of fighting youth unemployment in Ethiopia is unlikely to be an easy one. It is a task that government alone cannot carry out. A concerted effort from all the major actors is absolutely vital. The state should be at the forefront of the fight by creating an enabling environment and by carrying out the much-needed task of co-ordination. The private sector, NGOs, the donor community, and other important actors should be there to complement any such effort.

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(http://www.ilo.org/public/english/employment/skills/youth/sympo/tabcontn.htm)

# Appendix[23]

### Table A.1: Youth & Adult Samples of EUSES by type of activity
### EUSES (1994)

| | Age:15-19 | | Age:20-24 | | Age:25-29 | | Age:30-64 | | Sub-total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | No. | % | No. | % | No. | % | No. | % | No. | % |
| Working-public | 10 | 0.6 | 60 | 5.3 | 129 | 18.3 | 538 | 22.7 | 737 | 12.8 |
| Working-private | 14 | 0.9 | 50 | 4.4 | 49 | 7.0 | 122 | 5.1 | 235 | 4.1 |
| Self-empd | 18 | 1.2 | 36 | 3.2 | 66 | 9.4 | 476 | 20.1 | 596 | 10.3 |
| Casual/dom work | 197 | 12.6 | 167 | 14.7 | 120 | 17.1 | 250 | 10.6 | 734 | 12.7 |
| Unemployed | 204 | 13.1 | 504 | 44.5 | 226 | 32.1 | 216 | 9.1 | 1150 | 19.9 |
| Labour Force | 443 | 28.3 | 817 | 72.1 | 590 | 83.9 | 1602 | 67.6 | 3452 | 59.8 |
| Nilf | 1120 | 71.7 | 316 | 27.9 | 113 | 16.1 | 767 | 32.4 | 2316 | 40.2 |
| **Unemployment rate** | 46.0 | | 61.7 | | 38.3 | | 13.5 | | 33.3 | |
| Sub-total | 1563 | 100 | 1133 | 100 | 703 | 100 | 2369 | 100 | 5768 | 100 |

### Table A.2: Youth & Adult Samples of EUSES by type of activity
### EUSES (2000)

| | Age:15-19 | | Age:20-24 | | Age:25-29 | | Age:30-64 | | Sub-total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | No. | % | No. | % | No. | % | No. | % | No. | % |
| Working-public | 9 | 0.6 | 56 | 4.6 | 107 | 13.0 | 501 | 21.7 | 673 | 11.4 |
| Working-private | 22 | 1.4 | 92 | 7.6 | 94 | 11.4 | 180 | 7.8 | 388 | 6.6 |
| Self-empd | 20 | 1.3 | 60 | 5.0 | 82 | 10.0 | 417 | 18.1 | 579 | 9.8 |
| Casual/dom work | 153 | 9.8 | 205 | 17.0 | 131 | 15.9 | 239 | 10.4 | 728 | 12.3 |
| Unemployed | 195 | 12.5 | 417 | 34.6 | 266 | 32.3 | 238 | 10.3 | 1116 | 18.9 |
| Labour Force | 399 | 25.6 | 830 | 68.9 | 680 | 82.5 | 1575 | 68.3 | 3484 | 59.1 |
| Nilf | 1161 | 74.4 | 375 | 31.1 | 144 | 17.5 | 732 | 31.7 | 2412 | 40.9 |
| **Unemployment rate** | 48.9 | | 50.24 | | 39.1 | | 15.1 | | 32.0 | |
| Sub-total | 1560 | 100 | 1205 | 100 | 824 | 100 | 2307 | 100 | 5896 | 100 |

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[23] All tables in this section are own computation based on EUSES data

Table A.3: Youth & Adult Men Samples of EUSES by type of activity
EUSES (1994)

|  | Age:15-19 | | Age:20-24 | | Age:25-29 | | Age:30-64 | | Sub-total | |
|---|---|---|---|---|---|---|---|---|---|---|
|  | No. | % | No. | % | No. | % | No. | % | No. | % |
| Working-public | 6 | 0.9 | 31 | 6.0 | 65 | 19.8 | 344 | 32.4 | 446 | 17.4 |
| Working-private | 9 | 1.4 | 29 | 5.6 | 25 | 7.6 | 93 | 8.8 | 156 | 6.1 |
| Self-empd | 8 | 1.2 | 23 | 4.5 | 29 | 8.8 | 217 | 20.5 | 277 | 10.8 |
| Casual/dom work | 51 | 7.7 | 58 | 11.3 | 55 | 16.7 | 137 | 12.9 | 301 | 11.7 |
| Unemployed | 93 | 14.0 | 229 | 44.5 | 120 | 36.5 | 127 | 12.0 | 569 | 22.2 |
| Labour Force | 167 | 25.2 | 370 | 71.8 | 294 | 89.4 | 918 | 86.5 | 1749 | 68.1 |
| Nilf | 496 | 74.8 | 145 | 28.2 | 35 | 10.6 | 143 | 13.5 | 819 | 31.9 |
| **Unemployment rate** | 55.7 | | 61.9 | | 40.8 | | 13.8 | | 32.5 | |
| Sub-total | 663 | 100 | 515 | 100 | 329 | 100 | 1061 | 100 | 2568 | 100 |


Table A.4: Youth & Adult Women Samples of EUSES by type of activity
EUSES (1994)

|  | Age:15-19 | | Age:20-24 | | Age:25-29 | | Age:30-64 | | Sub-total | |
|---|---|---|---|---|---|---|---|---|---|---|
|  | No. | % | No. | % | No. | % | No. | % | No. | % |
| Working-public | 4 | 0.4 | 29 | 4.7 | 64 | 17.1 | 194 | 14.8 | 291 | 9.1 |
| Working-private | 5 | 0.6 | 21 | 3.4 | 24 | 6.4 | 29 | 2.2 | 79 | 2.5 |
| Self-empd | 10 | 1.1 | 13 | 2.1 | 37 | 9.9 | 259 | 19.8 | 319 | 10.0 |
| Casual/dom work | 146 | 16.2 | 109 | 17.6 | 65 | 17.4 | 113 | 8.6 | 433 | 13.5 |
| Unemployed | 111 | 12.3 | 275 | 44.5 | 106 | 28.3 | 89 | 6.8 | 581 | 18.2 |
| Labour Force | 276 | 30.7 | 447 | 72.3 | 296 | 79.1 | 684 | 52.3 | 1703 | 53.2 |
| Nilf | 624 | 69.3 | 171 | 27.7 | 78 | 20.9 | 624 | 47.7 | 1497 | 46.8 |
| **Unemployment rate** | 40.2 | | 61.5 | | 35.8 | | 13.0 | | 34.1 | |
| Sub-total | 900 | 100 | 618 | 100 | 374 | 100 | 1308 | 100 | 3200 | 100 |

Table A.5: Youth & Adult Men Samples of EUSES by type of activity
EUSES (2000)

| | Age:15-19 | | Age:20-24 | | Age:25-29 | | Age:30-64 | | Sub-total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | No. | % | No. | % | No. | % | No. | % | No. | % |
| Working-public | 5 | 0.7 | 26 | 4.7 | 54 | 13.7 | 307 | 30.9 | 392 | 15.0 |
| Working-private | 16 | 2.4 | 52 | 9.5 | 57 | 14.5 | 134 | 13.5 | 259 | 9.9 |
| Self-empd | 12 | 1.8 | 33 | 6.0 | 45 | 11.5 | 177 | 17.8 | 267 | 10.2 |
| Casual/dom work | 43 | 6.4 | 76 | 13.8 | 53 | 13.5 | 133 | 13.4 | 305 | 11.7 |
| Unemployed | 98 | 14.5 | 193 | 35.2 | 139 | 35.4 | 144 | 14.5 | 574 | 22.0 |
| Labour Force | 174 | 25.7 | 380 | 69.2 | 348 | 88.5 | 895 | 90.1 | 1797 | 68.8 |
| Nilf | 503 | 74.3 | 169 | 30.8 | 45 | 11.5 | 98 | 9.9 | 815 | 31.2 |
| **Unemployment rate** | 56.3 | | 50.8 | | 39.9 | | 16.1 | | 31.9 | |
| Sub-total | 677 | 100 | 549 | 100 | 393 | 100 | 993 | 100 | 2612 | 100 |

Table A.6: Youth & Adult Women Samples of EUSES by type of activity
EUSES (2000)

| | Age:15-19 | | Age:20-24 | | Age:25-29 | | Age:30-64 | | Sub-total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | No. | % | No. | % | No. | % | No. | % | No. | % |
| Working-public | 4 | 0.5 | 30 | 4.6 | 53 | 12.3 | 194 | 14.8 | 281 | 8.6 |
| Working-private | 6 | 0.7 | 40 | 6.1 | 37 | 8.6 | 46 | 3.5 | 129 | 3.9 |
| Self-empd | 8 | 0.9 | 27 | 4.1 | 37 | 8.6 | 240 | 18.3 | 312 | 9.5 |
| Casual/dom work | 110 | 12.5 | 129 | 19.7 | 78 | 18.1 | 106 | 8.1 | 423 | 12.9 |
| Unemployed | 97 | 11.0 | 224 | 34.1 | 127 | 29.5 | 94 | 7.2 | 542 | 16.5 |
| Labour Force | 225 | 25.5 | 450 | 68.6 | 332 | 77.0 | 680 | 51.8 | 1687 | 51.4 |
| Nilf | 658 | 74.5 | 206 | 31.4 | 99 | 23.0 | 634 | 48.2 | 1597 | 48.6 |
| **Unemployment rate** | 43.1 | | 49.8 | | 38.3 | | 13.8 | | 32.1 | |
| Sub-total | 883 | 100 | 656 | 100 | 431 | 100 | 1314 | 100 | 3284 | 100 |

Table B.1: Youth & adult unemployment rates

|            | Year | | Change | |
|            | 1994 | 2000 | No. | % |
|------------|------|------|------|------|
| Age:15-19  | 46.0 | 48.9 | 2.9 | 6.3 |
| Age:20-24  | 61.7 | 50.2 | -11.5 | -18.6 |
| Age:25-29  | 38.3 | 39.1 | 0.8 | 2.1 |
| Age:30-64  | 13.5 | 15.1 | 1.6 | 11.9 |
| Age:15-64  | 33.3 | 32.0 | -1.3 | -3.9 |

Table B.2: Youth & adult men unemployment rates

|            | Year | | Change | |
|            | 1994 | 2000 | No. | % |
|------------|------|------|------|------|
| Age:15-19  | 55.7 | 56.3 | 0.6 | 1.08 |
| Age:20-24  | 61.9 | 50.8 | -11.1 | -17.9 |
| Age:25-29  | 40.8 | 39.9 | -0.9 | -2.21 |
| Age:30-64  | 13.8 | 16.1 | 2.3 | 16.67 |
| Age:15-64  | 32.5 | 31.9 | -0.6 | -1.85 |

Table B.3: Youth & adult women unemployment rates

|            | Year | | Change | |
|            | 1994 | 2000 | No. | % |
|------------|------|------|------|------|
| Age:15-19  | 40.2 | 43.1 | 2.9 | 7.2 |
| Age:20-24  | 61.5 | 49.8 | -11.7 | -19.0 |
| Age:25-29  | 35.8 | 38.3 | 2.5 | 7.0 |
| Age:30-64  | 13 | 13.8 | 0.8 | 6.2 |
| Age:15-64  | 34.1 | 32.1 | -2 | -5.9 |

Table C.1: Youth & adult NILF rates

|  | Year | | NILF change | |
|---|---|---|---|---|
|  | 1994 | 2000 | No. | % |
| Age:15-19 | 71.7 | 74.4 | 2.7 | 3.8 |
| Age:20-24 | 27.9 | 31.1 | 3.2 | 11.5 |
| Age:25-29 | 16.1 | 17.5 | 1.4 | 8.7 |
| Age:30-64 | 32.4 | 31.7 | -0.7 | -2.2 |
| Age:15-64 | 40.2 | 32.0 | -8.2 | -20.4 |

Table C.2: Youth & adult men NILF rates

|  | Year | | NILF change | |
|---|---|---|---|---|
|  | 1994 | 2000 | No. | % |
| Age:15-19 | 74.8 | 74.3 | -0.5 | -0.7 |
| Age:20-24 | 28.2 | 30.8 | 2.6 | 9.2 |
| Age:25-29 | 10.6 | 11.45 | 0.85 | 8.0 |
| Age:30-64 | 13.5 | 9.9 | -3.6 | -26.7 |
| Age:15-64 | 31.89 | 31.2 | -0.69 | -2.2 |

Table C.3: Youth & adult women NILF rates

|  | Year | | NILF change | |
|---|---|---|---|---|
|  | 1994 | 2000 | No. | % |
| Age:15-19 | 69.3 | 74.5 | 5.2 | 7.5 |
| Age:20-24 | 27.7 | 31.4 | 3.7 | 13.4 |
| Age:25-29 | 20.9 | 22.97 | 2.07 | 9.9 |
| Age:30-64 | 47.71 | 48.25 | 0.54 | 1.1 |
| Age:15-64 | 46.78 | 48.63 | 1.85 | 4.0 |

Table D.1: Mean Characteristics of final (youth) sample used
in the MNL modelling (EUSES)

| Variable | 1994 | 2000 |
|---|---|---|
| Age: 15-19 | 0.460 | 0.435 |
| Age: 20-24 | 0.333 | 0.336 |
| age: 25-29 | 0.207 | 0.230 |
| Male | 0.443 | 0.451 |
| Female | 0.557 | 0.549 |
| Single | 0.895 | 0.902 |
| Married | 0.072 | 0.079 |
| Separated/Widowed | 0.033 | 0.019 |
| Orthodox Christian | 0.810 | 0.797 |
| Muslim | 0.127 | 0.125 |
| Other Christian | 0.063 | 0.077 |
| Amhara | 0.525 | 0.508 |
| Oromo | 0.167 | 0.191 |
| Tigre | 0.088 | 0.090 |
| Gurage | 0.133 | 0.132 |
| Other (mainly southern) | 0.086 | 0.079 |
| Migrated | 0.348 | 0.091 |
| Primary or less | 0.254 | 0.227 |
| Secondary incomplete | 0.421 | 0.473 |
| Secondary complete | 0.250 | 0.231 |
| Tertiary | 0.074 | 0.069 |
| Father primary or less | 0.700 | 0.653 |
| Father secondary incom. | 0.131 | 0.154 |
| Father secondary comp. | 0.082 | 0.106 |
| Father tertiary | 0.087 | 0.087 |
| Hh size (no. of people) | 7.568 | 8.353 |
| One person working in hh | 0.425 | 0.414 |
| Two people working in hh | 0.283 | 0.264 |
| Three people working in hh | 0.148 | 0.145 |
| Four people working in hh | 0.078 | 0.092 |
| Five people working in hh | 0.066 | 0.086 |
| Hh head | 0.022 | 0.025 |
| Spouse of hhh | 0.048 | 0.031 |
| Children of hhh | 0.643 | 0.686 |
| Relatives of hhh | 0.287 | 0.259 |
| Own dwelling | 0.522 | 0.488 |
| Rented dwelling | 0.478 | 0.512 |
| No. observations | 3399 | 3589 |

Table E.1: Multinomial Logit Estimates (Marginal Effects) Of Youth Activity:
EUSES 1994

|  | Private Co. | Self-employed | Casual/domes. | Unemployed | NILF |
|---|---|---|---|---|---|
| Age: 15-19 | -0.0452** | -0.0401** | -0.0852** | -0.4171** | 0.6731** |
|  | (0.0088) | (0.0079) | (0.0158) | (0.0370) | (0.0432) |
| Age: 20-24 | -0.0191** | -0.0208** | -0.0503** | -0.0804* | 0.2146** |
|  | (0.0061) | (0.0059) | (0.0147) | (0.0339) | (0.0416) |
| Female | -0.0100* | -0.0062 | 0.0214* | 0.0160 | -0.0158 |
|  | (0.0049) | (0.0044) | (0.0105) | (0.0228) | (0.0252) |
| Single | -0.0286** | -0.0098 | 0.0590* | 0.2379** | -0.2377** |
|  | (0.0097) | (0.0076) | (0.0265) | (0.0735) | (0.0745) |
| Divorced/wido | 0.0082 | 0.0248* | 0.1303** | 0.4347** | -0.5947** |
|  | (0.0127) | (0.0102) | (0.0361) | (0.1084) | (0.1275) |
| Muslim | -0.0069 | 0.0089 | 0.0052 | -0.0359 | 0.0524 |
|  | (0.0085) | (0.0055) | (0.0147) | (0.0365) | (0.0390) |
| Christian (other) | 0.0102 | 0.0104 | -0.0186 | 0.0023 | -0.0102 |
|  | (0.0079) | (0.0070) | (0.0209) | (0.0476) | (0.0522) |
| Oromo | 0.0095 | 0.0052 | 0.0029 | -0.0376 | 0.0227 |
|  | (0.0062) | (0.0057) | (0.0140) | (0.0309) | (0.0336) |
| Tigrayan | -0.0052 | -0.0064 | -0.0227 | -0.1696** | 0.2208** |
|  | (0.0089) | (0.0085) | (0.0197) | (0.0438) | (0.0461) |
| Gurage | 0.0011 | 0.0175** | 0.0289+ | 0.0235 | -0.0645 |
|  | (0.0076) | (0.0061) | (0.0157) | (0.0364) | (0.0402) |
| [24]Other(southern) | -0.0053 | 0.0129+ | 0.0211 | -0.0143 | 0.0007 |
|  | (0.0093) | (0.0066) | (0.0168) | (0.0433) | (0.0465) |
| Migrant | 0.0021 | -0.0080+ | -0.0023 | 0.0407 | -0.0243 |
|  | (0.0049) | (0.0044) | (0.0105) | (0.0259) | (0.0282) |
| Primary or less | -0.0085 | 0.0165+ | 0.1903** | -0.0576 | -0.0748 |
|  | (0.0084) | (0.0087) | (0.0292) | (0.0479) | (0.0533) |
| Secondary (inc.) | -0.0247** | 0.0054 | 0.0707** | -0.1632** | 0.1665** |
|  | (0.0083) | (0.0081) | (0.0270) | (0.0431) | (0.0477) |
| Secondary (com.) | 0.0080 | 0.0074 | 0.0768** | 0.4457** | -0.5192** |
|  | (0.0069) | (0.0084) | (0.0287) | (0.0449) | (0.0531) |
| Father sec. (inco.) | -0.0013 | -0.0111 | -0.0432* | -0.0346 | 0.0910* |
|  | (0.0079) | (0.0088) | (0.0213) | (0.0331) | (0.0381) |
| Father sec.(com.) | 0.0078 | 0.0041 | -0.0073 | -0.1829** | 0.1850** |
|  | (0.0075) | (0.0075) | (0.0209) | (0.0447) | (0.0486) |
| Father tertiary | 0.0015 | -0.0155 | -0.0363 | -0.0972* | 0.1594** |
|  | (0.0078) | (0.0115) | (0.0226) | (0.0419) | (0.0466) |
| Household size | -0.0043** | -0.0033** | -0.0137** | 0.0078+ | 0.0164** |
|  | (0.0012) | (0.0009) | (0.0022) | (0.0045) | (0.0050) |
| No. Working=2 | 0.0409** | 0.0397** | 0.1723** | -0.1629** | -0.1272** |
|  | (0.0076) | (0.0069) | (0.0152) | (0.0272) | (0.0300) |
| No. Working=3 | 0.0423** | 0.0482** | 0.2263** | -0.1576** | -0.2047** |
|  | (0.0090) | (0.0084) | (0.0182) | (0.0363) | (0.0403) |
| No. Working=4 | 0.0548** | 0.0663** | 0.2691** | -0.3364** | -0.1170* |
|  | (0.0110) | (0.0108) | (0.0225) | (0.0543) | (0.0572) |
| No. Working=5 | 0.0874** | 0.0772** | 0.3220** | -0.3799** | -0.1764** |
|  | (0.0137) | (0.0124) | (0.0262) | (0.0630) | (0.0660) |
| Spouse | -0.0528** | -0.0535** | -0.2267** | -0.1383 | 0.5176** |
|  | (0.0196) | (0.0133) | (0.0491) | (0.1255) | (0.1339) |
| Child | -0.0019 | -0.0469** | -0.1536** | 0.2270* | 0.0155 |
|  | (0.0137) | (0.0109) | (0.0361) | (0.1025) | (0.1175) |
| Relative | -0.0061 | -0.0468** | -0.0675+ | 0.2385* | -0.0839 |
|  | (0.0137) | (0.0109) | (0.0354) | (0.1031) | (0.1183) |

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[24] The other category consists of about 20 ethnic groups. The main ones in terms of number of observations in the sample used are Wolayieta, Dorze and Hadiya, hence the label Southern in bracket.

| | | | | | |
|---|---|---|---|---|---|
| Rented house | 0.0051 | 0.0064 | -0.0089 | 0.0412+ | -0.0425+ |
| | (0.0049) | (0.0042) | (0.0101) | (0.0229) | (0.0251) |
| Constant | 0.0161 | 0.0150 | -0.1015* | -0.1703 | 0.1441 |
| | (0.0162) | (0.0128) | (0.0462) | (0.1220) | (0.1335) |
| No. of observations | | | 3399 | | |

Standard errors in parentheses

+ Significant at 10%; * significant at 5%; ** significant at 1%

Table E.2: Multinomial Logit Estimates (Marginal Effects) Of Youth Activity: EUSES 2000

| | Private Co. | Self-employed | Casual/domes. | Unemployed | NILF |
|---|---|---|---|---|---|
| Age: 15-19 | -0.0849** | -0.0565** | -0.1137** | -0.3396** | 0.6419** |
| | (0.0105) | (0.0084) | (0.0160) | (0.0282) | (0.0347) |
| Age: 20-24 | -0.0268** | -0.0203** | -0.0302* | -0.0904** | 0.1887** |
| | (0.0076) | (0.0059) | (0.0141) | (0.0256) | (0.0332) |
| Female | -0.0230** | -0.0165** | 0.0250* | -0.0289 | 0.0481* |
| | (0.0066) | (0.0052) | (0.0109) | (0.0188) | (0.0223) |
| Single | 0.0079 | -0.0025 | 0.1064** | 0.1257** | -0.2256** |
| | (0.0121) | (0.0078) | (0.0248) | (0.0429) | (0.0496) |
| Divorced/widow | 0.0180 | 0.0220 | 0.1562** | 0.3369** | -0.5562** |
| | (0.0284) | (0.0148) | (0.0416) | (0.0863) | (0.1170) |
| Muslim | -0.0046 | 0.0229** | -0.0014 | -0.0222 | 0.0226 |
| | (0.0115) | (0.0067) | (0.0176) | (0.0303) | (0.0352) |
| Christian (other) | 0.0060 | -0.0103 | -0.0397+ | -0.0039 | 0.0496 |
| | (0.0113) | (0.0098) | (0.0222) | (0.0380) | (0.0448) |
| Oromo | 0.0039 | 0.0056 | -0.0011 | -0.0344 | 0.0235 |
| | (0.0083) | (0.0064) | (0.0141) | (0.0248) | (0.0294) |
| Tigrayan | 0.0104 | -0.0050 | 0.0034 | -0.0919** | 0.0878* |
| | (0.0110) | (0.0102) | (0.0199) | (0.0342) | (0.0397) |
| Gurage | -0.0029 | -0.0018 | 0.0139 | -0.0471 | 0.0361 |
| | (0.0109) | (0.0076) | (0.0170) | (0.0317) | (0.0369) |
| Other (southern) | -0.0131 | 0.0314** | 0.0107 | -0.1109** | 0.0779+ |
| | (0.0149) | (0.0080) | (0.0210) | (0.0426) | (0.0466) |
| Migrant | -0.0177 | 0.0056 | 0.0739** | -0.0348 | -0.0153 |
| | (0.0151) | (0.0081) | (0.0158) | (0.0382) | (0.0424) |
| Primary or less | -0.0362** | 0.0113 | 0.1563** | 0.0314 | -0.1030+ |
| | (0.0127) | (0.0110) | (0.0301) | (0.0444) | (0.0532) |
| Secondary (inco.) | -0.0527** | -0.0026 | 0.0571+ | -0.1141** | 0.1618** |
| | (0.0115) | (0.0105) | (0.0295) | (0.0409) | (0.0488) |
| Secondary (com.) | -0.0060 | 0.0163 | 0.0748* | 0.2188** | -0.2844** |
| | (0.0098) | (0.0105) | (0.0302) | (0.0414) | (0.0519) |
| Father sec. (inco.) | 0.0042 | -0.0022 | -0.0347* | -0.0390 | 0.0688* |
| | (0.0090) | (0.0069) | (0.0166) | (0.0262) | (0.0310) |
| Father sec. (com.) | 0.0054 | -0.0198+ | -0.0514* | -0.0930** | 0.1585** |
| | (0.0099) | (0.0104) | (0.0213) | (0.0326) | (0.0382) |
| Father tertiary | -0.0115 | -0.0256* | -0.0433* | -0.1361** | 0.2209** |
| | (0.0113) | (0.0120) | (0.0211) | (0.0376) | (0.0421) |
| Household size | -0.0065** | -0.0037** | -0.0098** | 0.0028 | 0.0193** |
| | (0.0014) | (0.0010) | (0.0020) | (0.0035) | (0.0041) |
| No. Working=2 | 0.0393** | 0.0313** | 0.1525** | -0.1811** | -0.0635* |
| | (0.0093) | (0.0072) | (0.0151) | (0.0231) | (0.0271) |
| No. Working=3 | 0.0704** | 0.0417** | 0.2095** | -0.1218** | -0.2316** |
| | (0.0107) | (0.0084) | (0.0167) | (0.0291) | (0.0350) |
| No. Working=4 | 0.0843** | 0.0756** | 0.2796** | -0.1913** | -0.2827** |

|  | (1) | (2) | (3) | (4) | (5) |
|---|---|---|---|---|---|
|  | (0.0127) | (0.0102) | (0.0195) | (0.0387) | (0.0440) |
| No. Working=5 | 0.1164** | 0.0808** | 0.3060** | -0.2910** | -0.2503** |
|  | (0.0144) | (0.0115) | (0.0224) | (0.0476) | (0.0519) |
| Spouse | -0.0832** | -0.0296* | -0.1503** | -0.4529** | 0.7300** |
|  | (0.0303) | (0.0143) | (0.0559) | (0.1233) | (0.1337) |
| Child | -0.0610** | -0.0583** | -0.1471** | 0.0469 | 0.2441* |
|  | (0.0169) | (0.0126) | (0.0371) | (0.0777) | (0.1048) |
| Relative | -0.0574** | -0.0523** | -0.0795* | -0.0102 | 0.2214* |
|  | (0.0177) | (0.0129) | (0.0371) | (0.0798) | (0.1067) |
| Rented house | 0.0119+ | 0.0143** | -0.0011 | 0.0625** | -0.0875** |
|  | (0.0066) | (0.0050) | (0.0107) | (0.0191) | (0.0224) |
| Constant | 0.0744** | 0.0219 | -0.1456** | 0.1590+ | -0.1651 |
|  | (0.0234) | (0.0166) | (0.0504) | (0.0955) | (0.1221) |
| No. of observations | | | 3589 | | |

Standard errors in parentheses

+ Significant at 10%; * significant at 5%; ** significant at 1%