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An empirical review of youth employment policies and their impact in Ethiopia

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Key messages

Ethiopia's main youth employment policies and programs (YEPs) are useful for creating jobs but their impact is limited by several common obstacles. The following actions are recommended to enhance impact:

- Set clear targets and allocate sufficient resources to enhance the effectiveness and sustainability of YEPs;
- Implement regular monitoring and evaluation to track the progress and improve the outcomes of YEPs;
- Establish strong YEP data management systems for better decision-making and accountability;
- Strengthen institutional cooperation to ensure the sustainability of YEPs;
- Include vulnerable youth in the planning and implementation of YEPs to enhance equity.

High rates of unemployment and underemployment blight Ethiopia's youth

Ethiopia has the second-largest youth population in Africa (30% of the country according to USAID, 2019) and many are unemployed or underemployed.

The highest unemployment rates are concentrated in the 15-29 age group (almost 50% higher than the national average), and especially for youth in urban areas at over twice the national average (CSA, 2021). Additionally, the Not in Employment, Education or Training (NEET) rate is significant (23.9% in 2021) and is increasing for young women.

Job creation is a priority for Ethiopia with about two million youth expected to enter the labor market annually (Jobs Creation Commission, 2019). Furthermore, 14 million new jobs must be created between 2020 and 2025 to accommodate the current backlog of unemployed people and new job market arrivals (ILO, 2022).

Among the employed urban youth, the vast majority are underemployed. About 45.7% seek additional work and about 39.6% work less than 35 hours a week (Fukunishi and Machikita, 2017).

Policies to tackle youth unemployment

Addressing these employment challenges is essential to benefit the youth and ensure inclusive and sustainable growth in Ethiopia. The government has implemented multiple programs and interventions aiming to do just this. Broadly, there are four categories of intervention:

1. **Programs to enhance youth employability**, including internship and apprenticeship programs (such as Growth and Transformation Plans I & II).
2. **Programs to promote entrepreneurship**, including entrepreneurial training, and loan services and market linkages (such as the Youth Revolving Fund).
3. **Policies to protect youth rights** and vulnerable youth groups (such as the Youth Development Package).
4. **Economy-wide employment policies** that include a youth component (such as the Urban Productive Safety Net and Job Creation Program).

The study

In 2023, a team of local PEP researchers conducted an empirical review of Ethiopia's youth employment policies and programs. The team sought to identify the impact of these interventions on youth unemployment and highlight challenges. The researchers combined existing data and policy reviews with qualitative data to provide a more nuanced understanding of the policies and programs. See the **Methodology** section (page 5) for more detail.

Key findings

Based on the team's analysis, this brief summarises the strengths and weaknesses and compares Ethiopia's major employment interventions. These interventions were chosen for analysis based on their implementation, duration, spatial coverage and number of targeted beneficiaries.

1. National Youth Policy (NYP)

- **Strengths:** Comprehensive and focused on opening opportunities for the active participation of the youth in the political, social, and economic affairs of the nation.
- **Weaknesses: Effective implementation hindered** by a lack of implementation strategies, clear targets, monitoring and evaluation systems, stable and flexible institutional arrangements, and coordination among different implementing institutions; as well as limited financial resources.

2. Youth Development Package (YDP)

- **Strengths:** Built 3000 youth recreational centres throughout the country that focus on empowerment and the creation of youth forums.
- **Weaknesses: Effective implementation hindered** by the physical premises being devoid of the required facilities and human and financial resources to render the prescribed services; weak coordination among institutions; lack of genuine youth consultations; and politicization of the endeavours to establish youth forums.

3. Sustainable Development and Poverty Reduction Program (SDPRP) and Plan for Accelerated and Sustained Development to End Poverty (PASDEP, the second phase of SDPRP)

- **Strengths:** Increased the number of Technical and Vocational Education and Training (TVET) institutions and trainees; reduced urban unemployment, and increased job creation through Micro and Small Enterprises (MSEs) (MoFED, 2006; 2010). Good coordination with clear and specific strategies and targets.
- **Weaknesses:** Concerns that TVET institutions are not matching trainees' skills with labor market demand.

4. Growth and Transformation Plan (GTP I & II)

- **Strengths:** Enhanced youth employment through MSEs, particularly in the construction and tourism industries; increased TVET enrolments (especially in the GTP II period) (NPC 2018, MoLSA 2021); reached youth and women; good coordination among institutions and clear targets.
- **Weakness:** Concerns that TVET institutions are not matching trainees' skills with labor market demand continued unabated.

5. Youth Revolving Fund (YRF)

- **Strengths:** The first of its kind to make access to finance easy for youth compared to loans from formal financial institutions (the YRF provides financing to youth without collateral).
- **Weaknesses: Sustainable implementation hindered** by gaps in monitoring and evaluation systems; modalities of loan processing and repayment; selection of youth beneficiaries; the youth's awareness of obligations and commitments associated with the fund; and entrepreneurial skills of the beneficiaries. The fund also needs institutionalization with long-sighted clear targets and purpose.

6. Urban Productive Safety Net and Job Creation Program (UPS NJCP)

- **Strengths:** Youth job creation, improves market linkages and opportunities.
- **Weaknesses: Effective implementation hindered by gaps in program implementation.** These include: poor monitoring and evaluation; lack of implementation strategies; and poor coordination among different implementing institutions.

Conclusions

Based on the findings, two of the policies and programs—SDPRP and PASDEP, and GTP I and II—are useful to create jobs for the youth. These interventions can boost youth employment by increasing the number and quality of TVET institutions and trainees, promoting job creation through MSEs, and enhancing labor productivity.

These policies and programs can have an even greater impact on increasing youth employment if the following actions are taken:

- Operationalise organised data recording and management systems.
- Increase youth awareness of existing employment programs through their participation in program planning and implementation; this is particularly important for vulnerable youth.

Three further interventions—NYP, YDP, and UPSNJCP—could also be useful for creating youth employment, if in addition to the recommendations above, significant resources are committed to addressing their key common weaknesses by:

- Ensuring a clear strategy and adequate resources to execute the strategy.
- Putting in place effective regular monitoring and evaluation schemes.
- Increasing synergy between sectors and implementing institutions.



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Key policy recommendations

Evaluation findings reveal that many of Ethiopia's youth employment programs underperform due to systemic weaknesses, particularly limited institutional capacity. To improve implementation and impact, the following actions are recommended:

1. Clarify Objectives and Strategies

Most programs lack clearly defined targets—by age, gender, location, or vulnerability—and often fail to outline how objectives will be achieved. The government should ensure programs specify both intended outcomes and aligned, measurable strategies.

2. Boost Implementation Capacity

Despite strong design, programs often falter in execution. To address this, the government must:

- Strengthen institutional commitment;
- Invest in skilled personnel, technology, and funding;
- Enhance data systems for evidence-based delivery;
- Foster coordination through stable, flexible governance structures.

3. Focus on Future-Oriented Interventions

TVET and skills training should respond to current labor market needs, emphasizing practical, in-demand skills over credentials. Programs must adopt a long-term vision for sustainable employment and expand access to digital skills for youth participation in the digital economy.

4. Improve Monitoring and Evaluation

Most programs lack robust M&E systems, hindering accountability and adaptation. Developing strong frameworks will improve performance tracking, enable timely course corrections, and inform future policymaking.

Policy roadmap and resource requirements

To implement the broad changes identified above that are needed to make the existing programs more impactful, the research team developed the following roadmap for policymakers and policy stakeholders.

Recommendation	Activities	Actors to be involved	Resources needed
Clearly specify the number of target groups of each program based on age, gender and location	<ul style="list-style-type: none"> - Identify the number of youth in demand of the intervention - Limit the number of youth the program would reach in relation to the resources available - Identify the number and type of vulnerable youth groups to be included 	Gov't institutions at lower levels (Kebele and Woreda); youth associations; youth; NGOs & private orgs	Budget; youth databases
Identify the intended outcomes in measurable terms	<ul style="list-style-type: none"> - Articulate the desired end goals in measurable terms 	Gov't institutions; youth associations; civil society organizations and donors	Technical capacity
Identify specific strategies (the how) to achieve the end goals	<ul style="list-style-type: none"> - Develop strategies in relation to the political, economic and social context of the country 	Gov't institutions; policy advisors/ analysts; CSOs and donors	Technical capacity; budget
Commit to policy enforcement	<ul style="list-style-type: none"> - Create common understanding among officials on the policy enforcement limitation of the government - Apply carrot and stick measures to enforce policies adopted 	Higher, middle and lower government officials All bureaus in their relative sectors	Political commitment
Enhance implementation as well as M&E capacities of institutions	<ul style="list-style-type: none"> - Empower the bureaucrats technically and financially 	All institutions in their relative sectors	Political commitment; technical capacity; budget
Improve data recording and management systems	<ul style="list-style-type: none"> - Establish and manage youth databases well 	MoWSA, other contributing offices	Technical capacity; budget
Enhance cooperation among governmental institutions	<ul style="list-style-type: none"> - Establish one central office/ministry that works on coordinating issues of the youth 	PM office	Political commitment; budget



Methodology

The study used a qualitative approach to explore institutional policy settings, youth employment programs, stakeholder perspectives, and the views of both youth and policymakers in Ethiopia. It began with a systematic desk review of academic and policy publications, followed by primary data collection through 12 focus group discussions (FGDs) with individuals aged 15–35 and 82 key informant interviews (KIIs) with relevant stakeholders—including international donors—identified via a stakeholder engagement strategy.

Purposive sampling was used to recruit informants with expertise in youth employment, and snowball sampling helped identify additional participants for deeper insights. The desk review complemented and triangulated findings from the FGDs and KIIs. Key informants were selected based on their knowledge of youth employment initiatives, program implementation, and related institutional impacts. In some cases, chain-referral sampling was used to explore specific topics further.

Additionally, data from the National Labor Force Surveys (2005, 2013) and the 2021 Labor and Migration Survey by the Central Statistical Agency of Ethiopia were used to analyze trends in youth labor and education outcomes.



Photo: Focus group discussion, facilitated by PEP researchers, to collect primary qualitative data

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The 'What Works for Youth Employment in Africa' initiative

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For more information about this initiative, please visit:

www.pep-net.org/programs/youth-employment

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