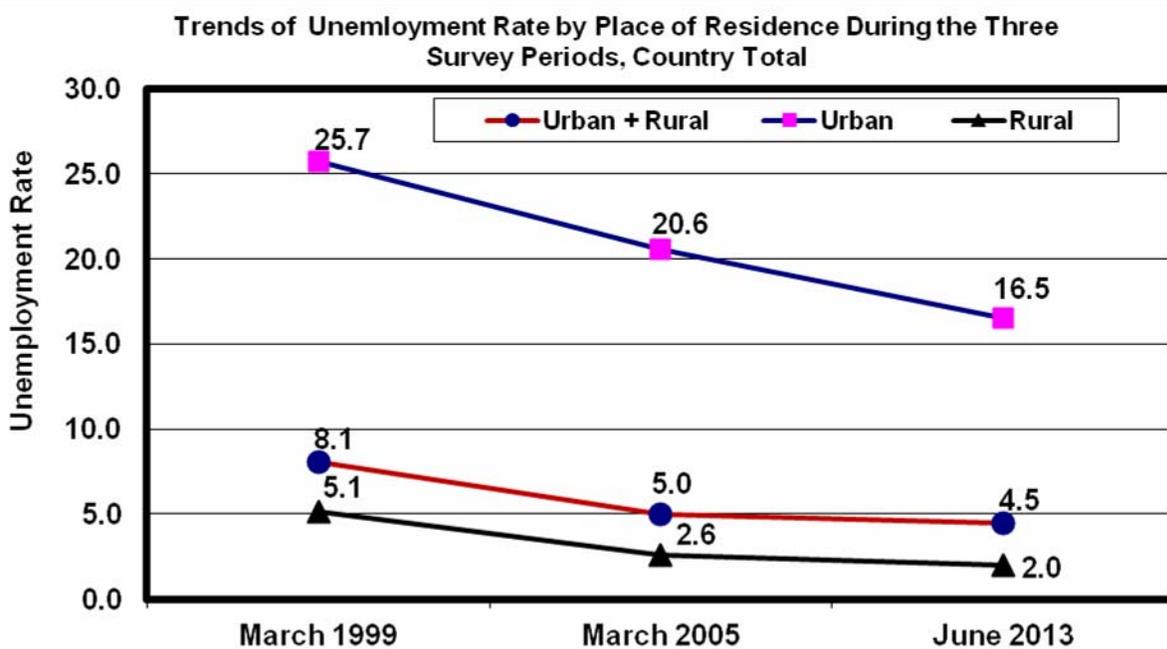


THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA CENTRAL STATISTICAL AGENCY

KEY FINDINGS ON THE 2013 NATIONAL LABOUR FORCE SURVEY



March 2014
Addis Ababa

KEY FINDINGS ON THE 2013 NATIONAL LABOUR FORCE SURVEY

1. INTRODUCTION

Ethiopia being one of the developing countries with relatively fast growing population coupled with emerging economy, proper management and efficient utilization of its work force is essential. In this respect, the capacity of the economy in absorbing the labour force needs to be monitored regularly and appropriate employment policy should consequently be adopted. Thus, the level of employment and unemployment of the country is widely used as overall indicators in evaluating the current performance of the economy. The analysis of employment status is therefore essential both in reflecting the current employment situations and foreseeing future changes.

Labour force survey is one of the most important sources of data that provides information regarding the level of employment and unemployment as well as the potential labour force. It serves as an input to assess the achievement of the Millennium Development Goals (MDGs). Furthermore, it is also important to monitor and evaluate the five years Growth and Transformation Plan (GTP) of the country.

The 2013 National Labour Force Survey (NLFS) is designed to provide data on employment and unemployment at national, regional and major town levels. The survey follows a household approach and covers all urban and rural areas of the country except the non-sedentary areas of the six zones of Somali region. A total of 58,650 households are selected from 1955 enumeration areas using systematic random sampling method of which 99.6 percent (58,426 households) were successfully covered by the survey.

This executive summary provides Key Indicators of Labour Market (KILM) such as activity rate / labour participation rate/, employment to population ratio, proportion of employed persons by occupation and industry, status in employment, employment in the informal sector, unemployment rate...etc. The comparison of the three national labour force survey results by national, urban and rural levels is presented in the summary report of key findings under Table 1, 2,3 and 4. The detailed result of the 2013 National Labour Force Survey /NLFS/ is also presented with brief descriptions together with statistical tables in the Statistical Report.

2. MAJOR FINDINGS OF THE SURVEY

Economically Active, Not Active and Activity Rate of the Population

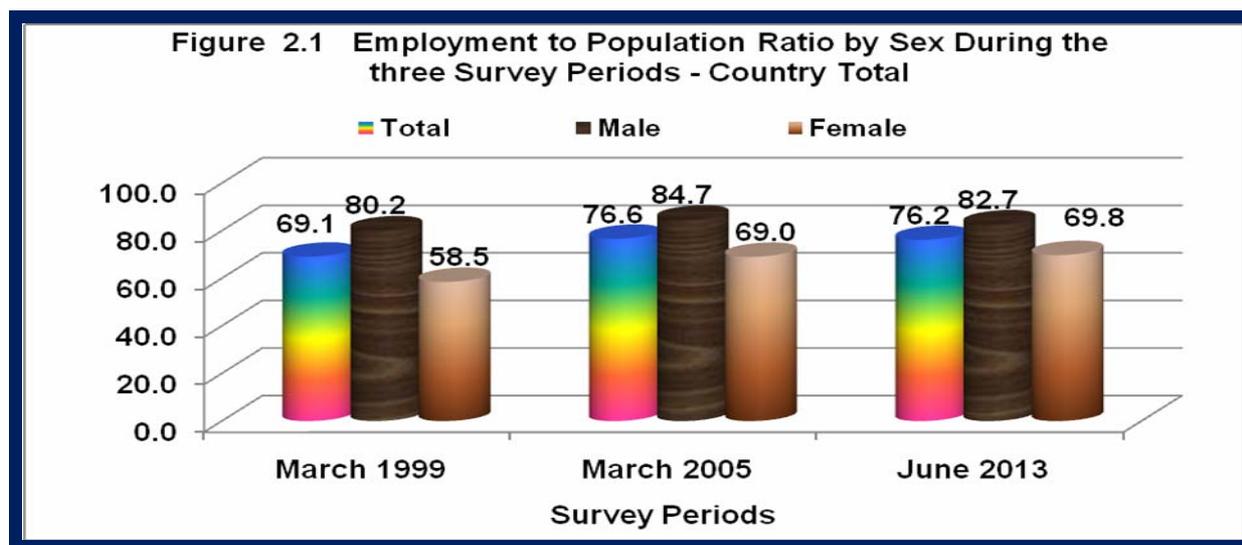
The survey reveals that the total population of the country was estimated to be 80,444,148 of which 55,629,497 persons (69.2 percent) were aged ten years and above in June 2013. The economically active population comprises employed and unemployed persons aged ten years and above. The size of economically active persons based on the current status approach was 44,385,044 (79.8 percent) out of the total population aged ten years and above. The economically not active population who were neither engaged in productive activities nor available to furnish their labour due to homemaking activities, attending school, old age/pensioned, illness, too young to work...etc account 11,235,786 persons (20.2 percent). Among the population not active, the proportion of not active female is significantly higher (63.1 percent) than male (36.9 percent).

Economic activity rate or labour force participation rate is the percentage of the economically active population to the total population of economically active plus not active population. The activity rate at national level is about 80 percent. This implies 80 persons are active to participate in the production of goods and services out of 100 persons aged ten years and above. The activity rate in June 2013 (79.8 percent) has shown slight increment as observed from the rates in March 1999 (75.1 percent) and March 2005 (80.7 percent). Region wise, Amhara, Oromia, and Benishangul-Gumuz reported the activity rates above the national average. The lowest activity rate is observed in Addis Ababa City Administration (62.8 percent).

2.1. Employment to Population Ratio

The size of employed population aged ten years and above was 42,403,879 persons in June 2013. As compared to the March 2005 (31,435,106 employed persons); the size of employed persons in June 2013 shows a significant increase by 10,968,773 persons (25.9 percent).

Employment to population ratio provides information on the extent to which the population is engaged in productive activities. It is calculated as the percentage of total employed persons to the total population aged ten years and above. The value of the ratio has its own implication. A high employment to population ratio implies large proportion of the population is employed, while low employment to population ratio reflects large share of the population is not involved in productive activities due to unemployment or out of the labour force.



According to the June 2013 survey result, the employment to population ratio of the population was 76.2 percent. This means 76 percent of the total population of the country aged ten years and above are employed. The differential by sex also depicts that the ratio of males (82.7 percent) is significantly higher than females (69.8 percent) (see Figure 2.1). Besides, the employment to population ratio shows an increasing trend from the survey periods March 1999 to March 2005 but slightly decrease in June 2013.

With regard to regions, Amhara region exhibits the highest employment to population ratio (80.4 percent), while Addis Ababa City Administration demonstrates the lowest ratio (47.4 percent) in June 2013.

2.2. Employment by Occupational Groups

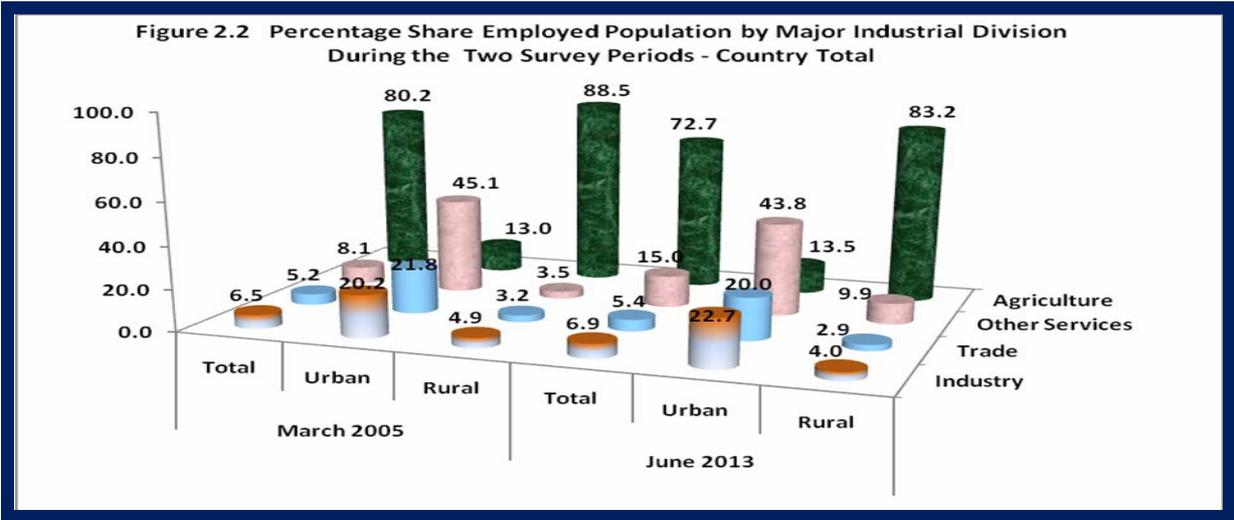
The majority of employed persons at country level (47.9 percent) are Skilled Agricultural and Fishery workers while Elementary occupation ranks the second position (33.7 percent). Clerks and Managers account the lowest proportion (0.5 percent) in June 2013.

The percentage share of Service shows an increasing trend, while Craft and Elementary Occupation depict a declining trend during the three survey periods.

2.3. Employment by Major Industrial Divisions

The highest proportions about 73.0 percent of the employed population are working in the Agricultural sector at national level. Agriculture still plays a predominant role in absorbing the rural population, while the service sectors in urban areas. The Service sectors, which include Public Administration, Defense,

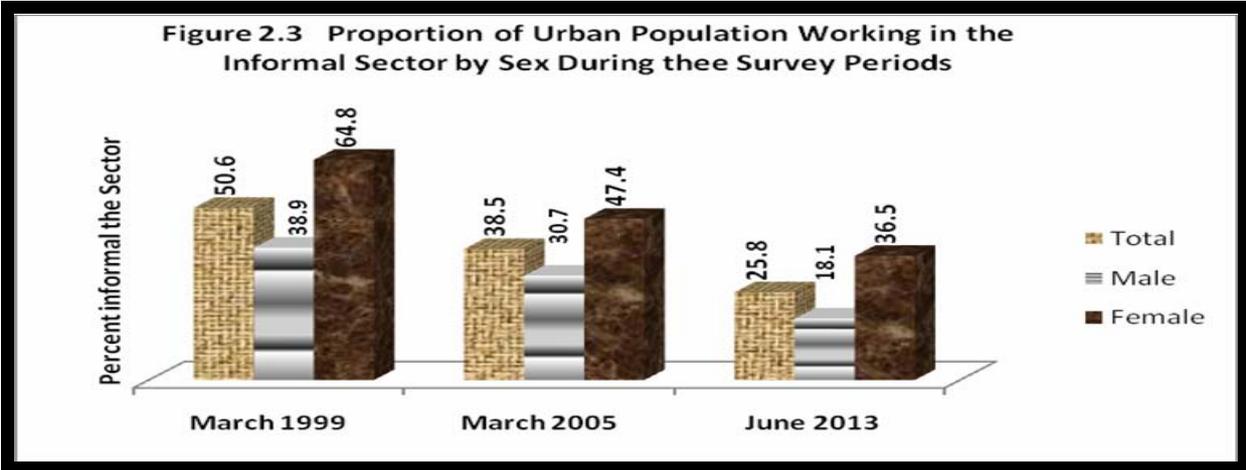
Compulsory Social Security, Education, Health, other Social activities, Hotel and Restaurant and House hold activities accounts to be 15 percent followed by Manufacturing, Mining, Quarrying and Construction industrial divisions (6.9 percent). Wholesale and Retail Trades constitute (5.4 percent) in June 2013 (see Figure 2.2).



Periodical analysis of major sectors show an increment in the Service, Trade and Industrial sectors, while the share of Agriculture Forestry and Fishing declined from March 2005 to June 2013.

2.5 Employment in the Informal Sector in Urban Areas

According to June 2013 survey, in urban areas 1,339,560 persons were engaged in the informal sector out of the total 5,187,344 employed population of the country urban. This make up 25.8 percent of the total employment at national urban level. As shown from Figure 2.3, the proportion of urban employed population who were working in the informal sector in June 2013 has significantly declined as compared to that of (50.6 percent) in March 1999 and (38.5 percent) in March 2005. Females who were working in this sector are significantly higher than males during the three survey periods.



Note:-The figure at national, regional by urban and rural level are also presented in the summary report of key findings in Table 1-3.

The highest proportion of employed persons who work in the informal sector found in Somali and Affar regions 45.0 percent and 35.1 percent, respectively. The lowest proportion is found in Addis Ababa City Administration (6.8 percent) in June 2013. The percentage of employment working in the informal sector in Addis Ababa City Administration declined alarmingly from March 2005 to June 2013 survey periods. The declining trend also observed in all regions except in Somali Region during the three survey periods.

Mean Hours of Work

According to the findings of June 2013 NLFS, the mean hours of work has shown 33 hours per week. The mean hours of work increase from March 1999 to June 2013. The hour of work of male is higher than female during the three survey periods

3 UNEMPLOYMENT IN ETHIOPIA

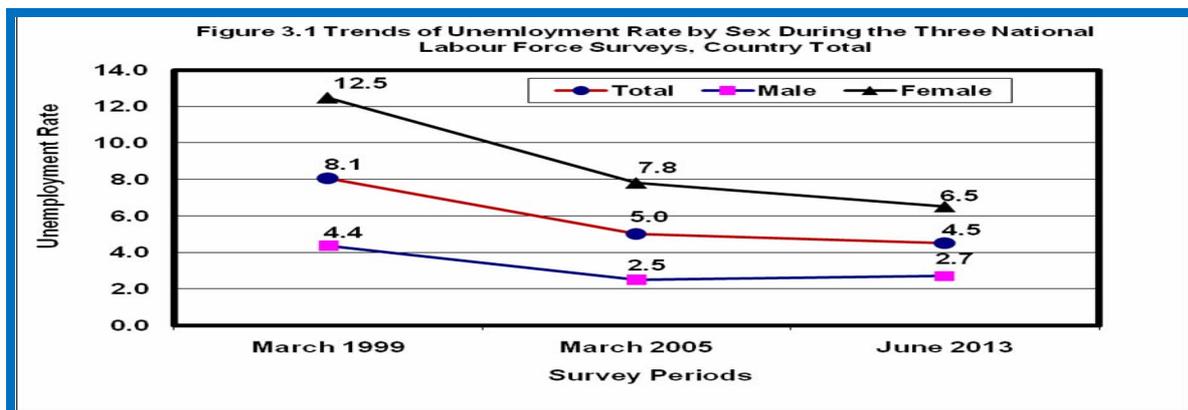
Unemployment is measured using the following three criteria: i) without work ii) available for work and iii) seeking work (ILO, 1990). However, this definition varies in the context of developing and developed countries. In the developed countries where the labour market is largely organized and labour absorption is adequate, unemployment is measured based on the standard definition of the seeking work criteria that is having taken active steps to search for work during specified reference period.

On the other hand, in developing countries like Ethiopia, where there is no strong labour market information, labour absorption is inadequate and where the labour force is predominantly self employed, the standard definition with its emphasis on seeking work criteria is somewhat restrictive and might not fully capture the prevailing employment situation. In order to measure unemployment depending on the existing labour market situations special provisions are introduced to relax the definitions. These are partially and completely relaxed definition of unemployment. The partial relaxation includes future start, layoffs and persons satisfying the standard definition. The completely relaxed definition measures unemployment in relation to "without work" and "availability for work" criterion. Thus, the completely relaxed definition which measures unemployment in relation to "without work" and "availability for work" criterion is found to be more plausible in most developing countries.

The completely relaxed definition of unemployment, which best suits the Ethiopian labour market situations, includes persons who had no work but available for work. They may either seeking work or not seeking /discouraged job seekers/. Discouraged job seekers are those unemployed who want a job but not taking any active steps to search for work because they thought that job is not available in the labour market.

3.1 Unemployment at National Level

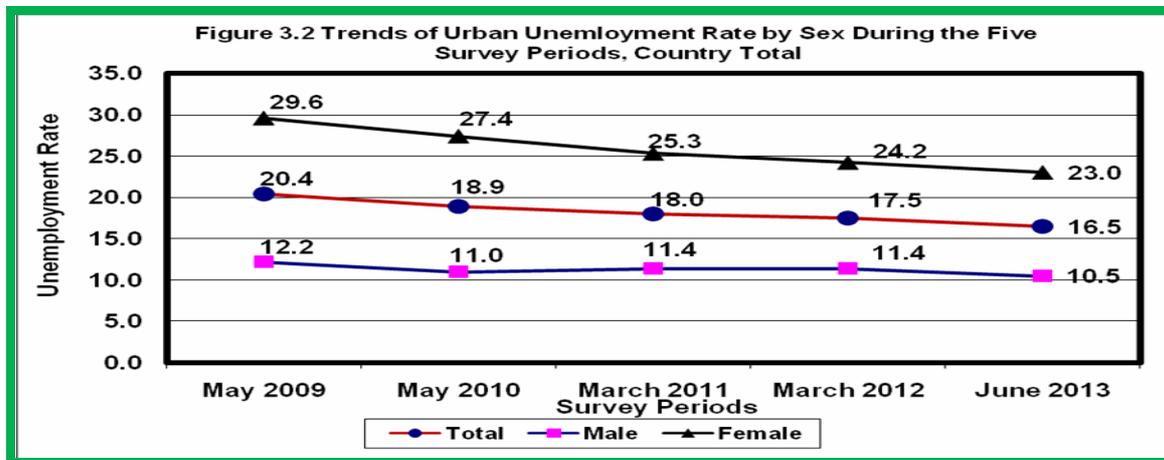
Unemployment rate is computed as the proportion of the unemployed persons to the total economically active population. The June 2013 survey result reveals that unemployed population in the country was 1,981,165 with unemployment rate of 4.5 percent. This means nearly 5 persons are unemployed out of 100 economically active persons aged ten years and above. The differentials of unemployment by sex show that female unemployment rate (6.5 percent) is more than double as compared to male (2.7 percent).



As shown in Figure 3.1, the total unemployment rate shows a declining trend from 8.1 percent in March 1999 to 5.0 percent in March 2005 and reach to 4.5 percent in June 2013. The comparison of this recent unemployment rate exhibits a decline of 3.6 percentage point. With regards to sex, female are more affected by the incidence of unemployment than male. However, the patterns of unemployment indicate that female unemployment decrease by half than their counterpart.

3.2.1 Unemployment in Urban Areas

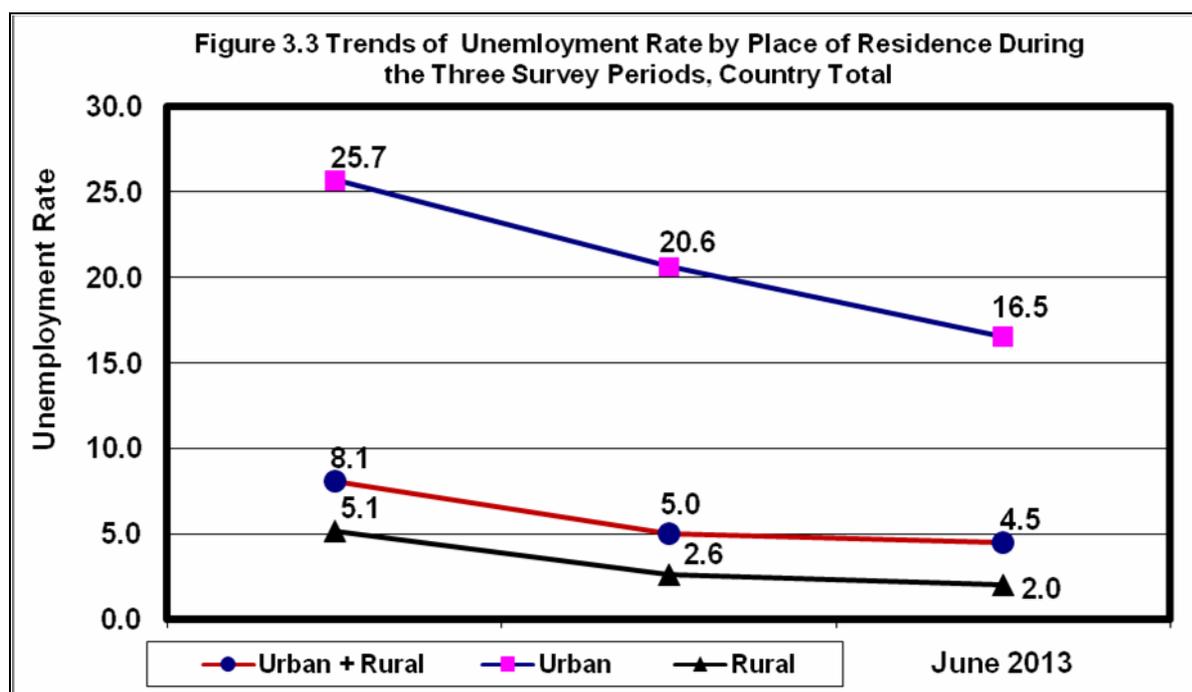
The 2013 National Labour Force Survey shows the rate of unemployment in urban areas (16.5 percent) is significantly declined as compared to that of the former urban survey results from 2009 to 2012 (see Figure 3.2). The difference in unemployment is also observed among male and female, in which females are more of unemployed than males.



Unemployment in urban areas shows a declining trend during the five survey periods. Figure 3.2 also demonstrates that the June 2013 rate is declined by 3.9 percentage point as compared to the May 2009 (20.9 percent). Though there is some slight fluctuation, the change in unemployment depicts a downward trend for males and females in all survey periods in a marked point.

3.2.2 Urban - Rural Comparison of Unemployment

As shown from the three National Labour Force Survey results, unemployment is a predominant problem of urban areas than rural areas. As shown from the figure below, unemployment rate at country urban level has declined from 25.7 in March 1999 to 20.6 percent in March 2005 and further reaches to 16.5 percent in June 2013. On the contrary, an insignificant rate of unemployment has been observed in rural areas. Generally, the rate has shown a declining trend since March 1999 to June 2013 in both urban and rural areas.



Youth Unemployment at National Level

According to the national context, youth comprises those persons aged 15-29 years. Youth are group of the population who are highly affected by incidence of unemployment. The rate of youth unemployment in Ethiopia in June 2013 was 6.8 percent of which the unemployment of male was 4.6 percent and female 9.1 percent. With respect to place of residence, youth in urban areas (21.6 percent) are unemployed than the rural one (3.1 percent).

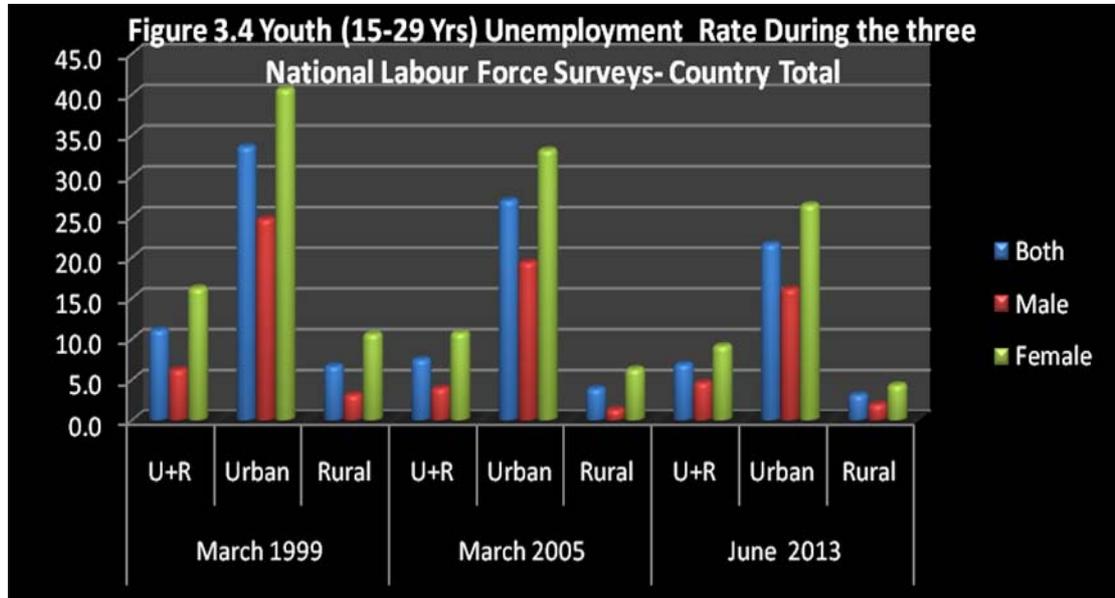
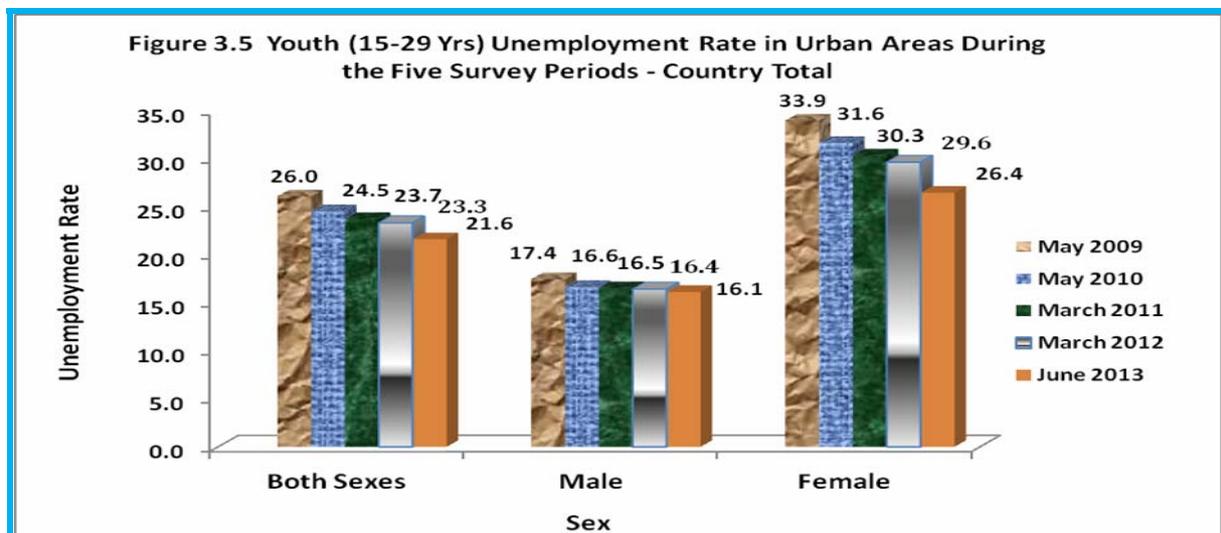


Figure 3.4 also portray youth unemployment in Ethiopia decline from time to time. The rate of youth unemployment was 11.1 percent in March 1999, 7.4 percent in March 2005 and 6.8 percent in June 2013. The reduction of youth unemployment over time in urban and rural areas of the country is also noticeable.

3.3.1 Youth Unemployment in Urban Areas

The rate of youth unemployment in urban areas was 21.6 percent in June 2013. Female and male youth unemployment rate were 26.4 percent and 16.1 percent, respectively. The overall youth unemployment rates show a declining trend from May 2009 to June 2013. However, female are more unemployed than their counterparts (see Figure 3.5).



3.3 Unemployment and Literacy Status

Throughout the three national labour force surveys, the unemployment rate of literate persons (7.0percent) is higher than illiterate persons (2.9 percent). The unemployment rates of literate as well as illiterate depict a declining pattern during the three survey periods. Female unemployment rate is significantly higher than male in both literate and illiterate categories.

3.4 Unemployment at Regional Level

Regarding unemployment by region, the highest rate was recorded in Addis Ababa City Administration (24.2 percent) followed by Dire Dawa Administration (14.9 percent), while the lowest unemployment rate was registered in Benishangul-Gumuz Region (2.9 percent) in June 2013 (see Figure 3.6).

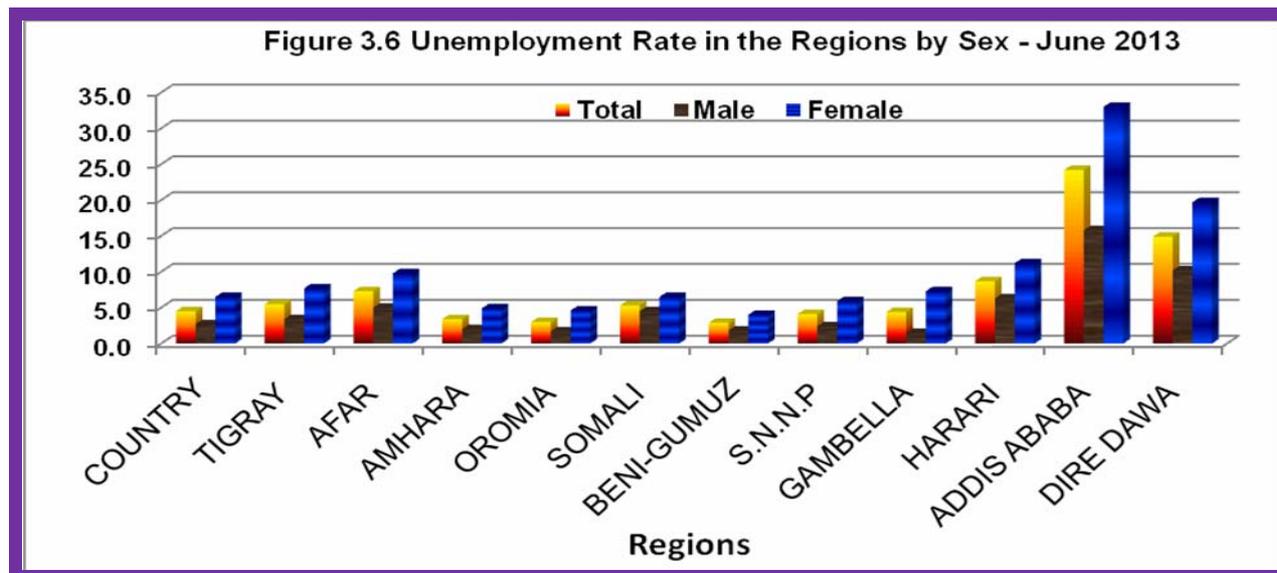
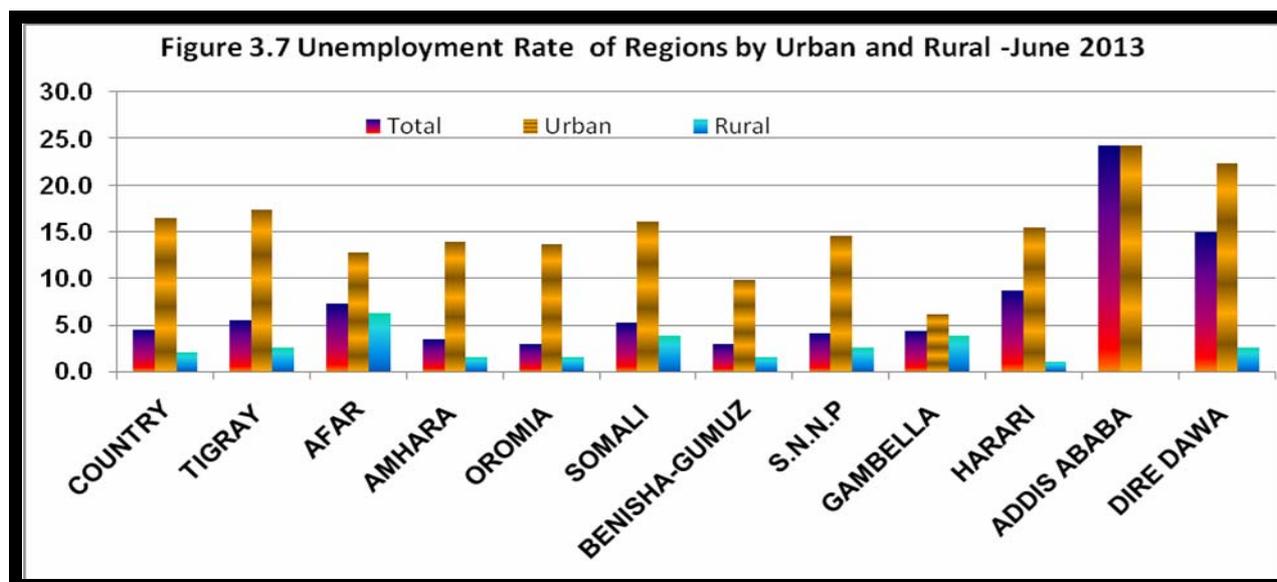
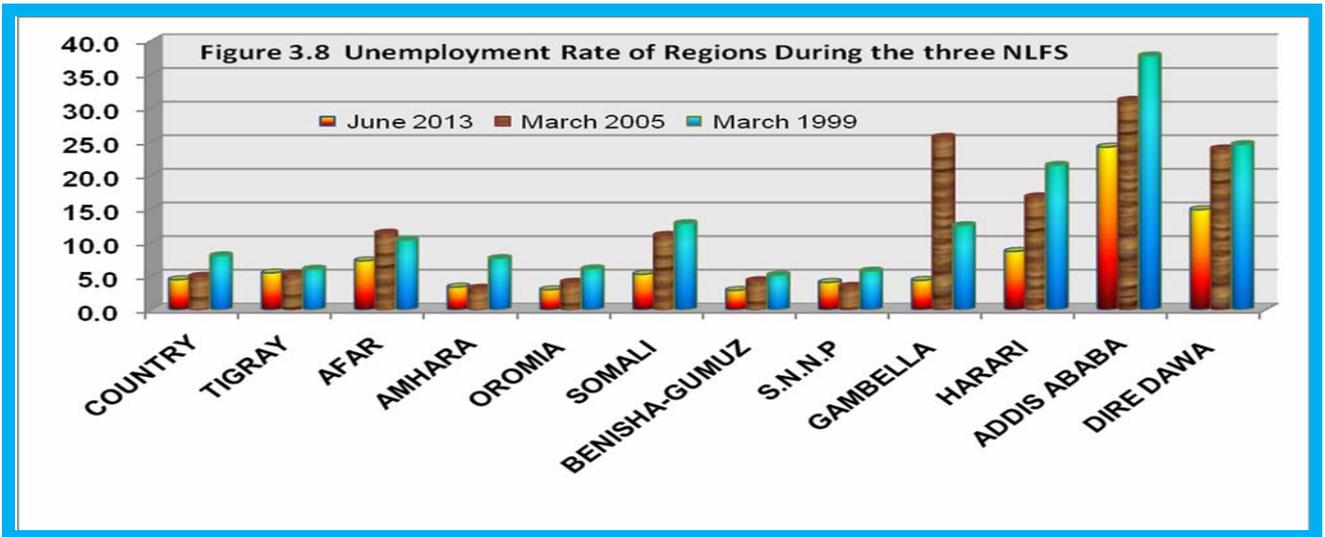


Figure 3.7 demonstrate unemployment by place of residence. Thus, unemployment is a serious problem in urban areas than rural areas in all the regions.

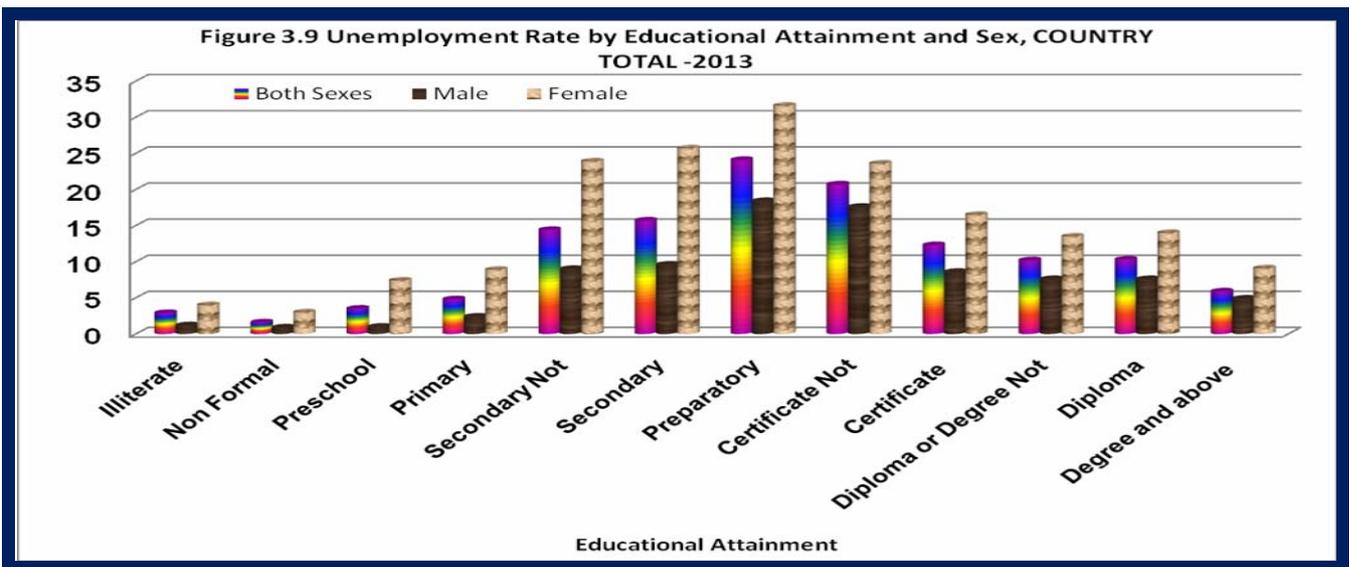


The rate of unemployment shows a declining trend in Oromia, Somali, Benishangul–Gumuz, Addis Ababa City Administration, Harari and Dire Dawa (see Figure 3.8) during the three survey periods.



3.5 Unemployment by Educational Attainment

Figure 3.9 shows the rate of unemployment by educational attainment at country level. Among the unemployed, the highest rate of unemployment (24.0 percent) was recorded for those who attained preparatory education in June 2013. The lowest unemployment rate was registered for persons who attained non-formal education (1.6 percent). With regard to sex, females in all category of educational attainment are found unemployed than males.



3.6 Unemployment by Work Experience

With regard to unemployment by previous work experience has shown that out of the total unemployed persons in the country, 54.2 percent had no work experience and 45.8 percent have had previous work experiences prior to the survey date in June 2013. Among those unemployed persons who had prior work experience, males are higher than females, where as female unemployed are more dominant than male among those without previous work experience.

3.8 Duration of Unemployment

According to the survey result, 54.9 percent of the unemployed persons are jobless for less than 13 months, known as first time job seekers. The unemployed persons who stay without jobs for 96 months and above, accounts 20.9 percent in June 2013.

