

Job Partnerships and SME Promotion in Ethiopia II - ICT

Context

With a population of approximately 126 million, Ethiopia is Africa's second most populous country, boasting a significant domestic market. The nation has witnessed remarkable socio-economic development in recent years, marked by a consistently decreasing poverty rate. Since the start of the millennium, Ethiopia has made substantial strides toward industrialization, reflected in some of the world's highest economic growth figures. A key objective of the Ethiopian Government is the structural transformation of the economy from agriculture to industry. The Ethiopian government has invested not only in communications infrastructure but also in human resource development and electronic applications. The Ethiopian government has also established a national 'IT park' to attract IT service companies, such as those involved in business process outsourcing. In 2021 the contribution of the ITC sector to GDP was 4%, with an upward trend. It also supported the diversification of the Ethiopian economy and is an additional source of foreign exchange.

The ITC sector in Ethiopia

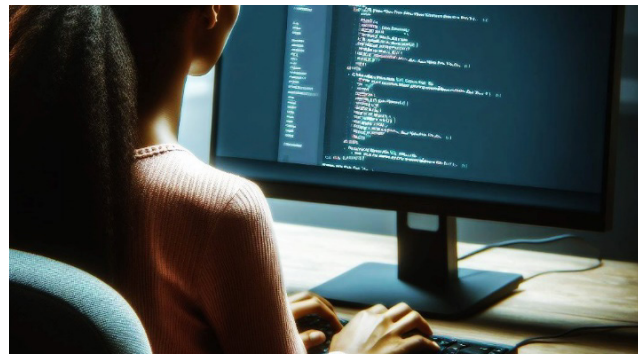
Ethiopia has experienced significant growth in connectivity in recent years, particularly in the mobile telecommunications sector. The country has also implemented a national ICT policy and strategy that aims to increase access to technology and develop the local industry.

The Ethiopian government has prioritized the expansion of telecommunications infrastructure as part of its efforts to modernize the country's economy and improve access to information and communication technology (ICT) services.

There were about 20.86 million internet users in Ethiopia in January 2023, with a penetration rate of 16.7% of the population.

Challenges of the Ethiopian ICT sector

The ICT infrastructure in Ethiopia is still developing, which limits the reach of ICT services to the population. The mobile money market in Ethiopia is currently dominated by a few players, which limits competition and innovation. There is a need to create an enabling environment for technology hubs to thrive, which can help foster innovation and entrepreneurship.



Young women coding software ©GIZ.

There is still a lack of digital literacy and skills among the population, which limits the take-up of ICT services. SMEs report that even the most talented IT graduates and applicants often lack the necessary soft skills to be able to quickly get to work with customers, for example. In recent years, many of these obstacles have been partially overcome. However, the resources and links to position the emerging ICT services location on international markets are not sufficiently developed.

Goal

To foster new business opportunities, especially for the youth in the country, the German Federal Ministry for Economic Cooperation and Development (BMZ) promotes long-term private investments through the Special Initiative "Decent Work for a Just Transition." Operating under the Invest for Jobs brand, the initiative seeks to generate more high-quality jobs, emphasizing employment for women and environmentally relevant sectors in African partner countries.

The project aims to strengthen the capacity of ICT SMEs in Ethiopia by improving their services, products, internal processes and structures, and marketing, and support SMEs gaining new customers on the local and international markets. Its activities contribute to growing and enhancing the recognition of the Ethiopian ICT sector in the relevant target markets, which will lead to the emergence of new business opportunities for the provision of ICT services to the German and other markets.

Approach

To improve the competitiveness of local ICT SMEs in terms of productivity, access to financial services and international markets, SI Jobs II uses complementary measures. It provides SMEs with tailored advice and training to help them meet their individual challenges.

Financial and business experts help SMEs to improve their business plans and strategies.

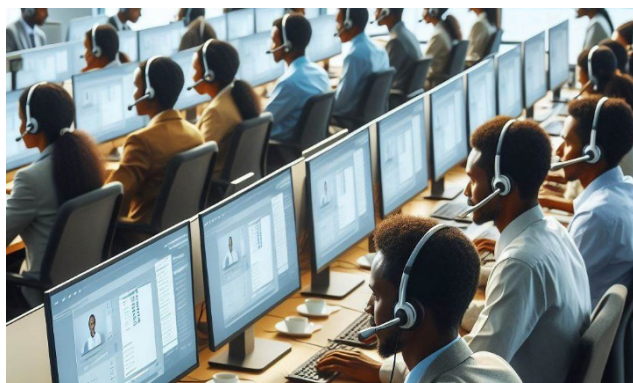
The SME can receive on-the-job training in preparing financial documents or improve their knowledge of taxation, auditing and insurance through targeted workshops. The SME can receive coaching on marketing tools and schemes or e-commerce business models to attract more business and explore new markets. The programme will provide expert assistance where needed to improve databases, data protection and security, or to develop their online platforms. Technical and soft skill gaps among employees are closed through targeted training by IT experts.

In addition, the programme supports ICT SMEs in Ethiopia by promoting links to outsourcing technology companies in Europe. Thereby, the existing potential in Ethiopia is specifically advertised to potential companies via marketing, PR, educative and informative activities in Europe. Advisory services for buying from European companies are provided. The Ethiopian ICT SMEs are coached regarding sales and marketing and market insights. Selected SMEs will participate in at least two ICT sector events in Germany and/or Europe.

Site visits of Startup Accelerators and Incubators, including participation in group events and workshops will further strengthen the linkages.

Achievements

As of December 2023, around 28 “digital marketplace” SMEs are onboarded. These include digital services for Ethiopian customers in the areas of health, education, logistics, employment services, delivery, and transport services, as well as other innovative models for Ethiopian customers.



Young women coding software ©GIZ.

Each of these businesses has the potential to create at least 25 jobs, and provide employment opportunities for at least 125 freelancers with the potential to generate a decent and sustainable income.

The onboarded SMEs offer digital solutions for different business sectors, such as “**YeAbrak**”, a pregnancy counselling mobile app that provides users with information on pregnancy and related issues in both English and Amharic. The solution provides access to professional and local pregnancy counselling tailored to each user’s status, as well as live chat, doctor’s appointment booking, an e-commerce marketplace and online payment options for pregnancy related products. The creation of videos for YouTube has been supported as an area of business that will generate additional revenue.” YeAbrak” will provide at least 25 good jobs.

Gotech, a technology provider, is developing a new product, Falcon, a fast, low-cost delivery service, and sought grant support to overcome equipment and technical constraints. This intervention is also expected to create more than 25 new good jobs.

EagleLion, is a technology company developing a FinTech solution which partnered with several banks. To grow further, EagleLion requested coaching to develop business strategies and design action plans, soft skills training for their employees and an in-kind grant in the form of laptops. 35 software development jobs will be created.

Momona Healthcare is a decentralised healthcare solution that provides home-based medical services supported by digital technology. SI Jobs is providing Momona with experts to facilitate access to funding and improve its marketing strategy and technological approach. More than 100 good jobs can be created within 18 months.

Haleta has launched the “Haleta Tutors” digital platforms with a website and mobile app, where parents or students can register, and based on their location and needs, the system will match them with available tutors and provide personalised service. The company needed to increase its technical capabilities to develop digital business solutions, with which Haleta plans to create 1,500 jobs for freelance tutors in the education system.

Please get in touch!
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Published by:
Deutsche Gesellschaft für
Internationale Zusammenarbeit
(GIZ) GmbH

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Germany

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As at:
03/23

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Programme/project description:
Job Partnerships and SME Promotion in
Ethiopia II

On behalf of
German Federal Ministry
for Economic Cooperation
and Development (BMZ)