

Cross-Country Research on Youth and Women Employment in Conflict-Affected Regions: Insights from Burkina Faso, Ethiopia, Jordan, and Sudan

Country Case Study Ethiopia

Introduction and context

Located in the Horn of Africa, Ethiopia is a large, landlocked country. Conflict is a major constraint to economic activities in Ethiopia. Historically for Ethiopia, government transition or change is not happening without upheaval. Since the change of government in 2018, the country has been in continuous conflicts spread over most parts of the country, specifically the three regions Oromia, Amhara and Tigray. While these conflicts may be smaller in scale, sporadic violence continues to occur across the country at any given time. This volatile situation has brought multi-layer challenges to the residents in those conflict prone zones, and significantly for the youth and women.

Costs of conflict usually have long-term effects. Loss of economically active members of a community, loss of physical assets and infrastructure, disruption of economic activities and dismantling of social disorder. Though it is difficult to measure the economic consequences of active conflict, it is evident that it has a tremendous contribution to the unemployment rate of a given country. A survey done in 2023¹ by 'young lives' project run by Oxford University has revealed that: *"In Tigray, seven out of 10 young people in the pilot study were unable to find jobs or continue working during the conflict"*. The survey has further indicated that: *"Nine out of 10 young people reported that their day-to-day lives had been affected by significant price increases, which is not surprising given spiraling inflation of between 20 - 35% in Ethiopia since 2020. Just over half of those surveyed had also suffered a major income shock, either due to loss of jobs, family enterprises, or other sources of income"*.

The conducted research investigates the complex challenges faced by women and youth in conflict-affected regions. The study, conducted in Ethiopia, Burkina Faso, Jordan, and Sudan, explores actionable strategies to enhance economic engagement and highlights solutions that can be adapted to other fragile contexts. The research process employed a participatory approach, integrating qualitative and quantitative methods to gather data from diverse stakeholders. Key informant interviews, focus group discussions, and surveys were conducted. All details can be found in Annex 1 and 2 of the full report.

The study is structured around two core pillars, each exploring critical aspects of employment ecosystems and development programming in fragile contexts. **Pillar A** focuses on the role of private sector SMEs in fostering job creation and building sustainable employment ecosystems for youth and women. **Pillar B** investigates how economic development and employment creation programs, including interventions of the Challenge Fund of Youth Employment (CFYE), function in conflict-affected zones and adapt to the barriers imposed by such settings.

Key demographics Ethiopia

Ethiopia has a predominantly agricultural economy, being the second-most populous country in sub-Saharan Africa, with a population approaching **123 million** people² and over **63.6%** of the population employed in farming³. Ethiopia's demographic structure shows that the country

¹<https://reliefweb.int/report/ethiopia/caught-crossfire-understanding-impact-conflict-young-peoples-lives-ethiopia#:~:text=In%20Tigray%2C%20seven%20out%20of%2010%20young,jobs%20or%20continue%20working%20during%20the%20conflict.&text=In%20Ethiopia%2C%20our%20evidence%20shows%20that%20the,young%20women%20experiencing%20increased%20symptoms%20of%20depression>

² UNDP, [Citation2022b](#)

³ World Bank, [Citation2021a](#)

is characterized by a very large percentage of young people. This is an opportunity for Ethiopia, if it's able to transform this potential into economic benefits by creating adequate and decent employment opportunities. The unemployment rate⁴ for persons aged 15-29 years in urban areas of the country was **27.2%** which was higher than that of the general unemployment rate (18.9%). The female youth unemployment rate in urban areas of Ethiopia was **two times higher** than their male counterparts in 2022. Addis Ababa registered the highest youth unemployment rate of **30%** and Benishangule–Gumuz had the lowest rate of 20.4% in the country.

Key findings of the research

Ethiopia's private sector and economic development programs face multiple challenges in fostering employment for women and youth, particularly in conflict-affected regions. However, innovative solutions have emerged, helping businesses and individuals adapt to these difficulties and create new economic opportunities.

One of the biggest challenges for women and youth in Ethiopia regarding self-employment is **limited access to capital and financial services**, which prevents many from starting or expanding businesses. Traditional banks require collateral, which young entrepreneurs and women often lack, and financial institutions are hesitant to lend in conflict-affected areas due to economic instability. Additionally, inflation and currency devaluation have further eroded purchasing power, making it difficult to sustain business operations. In response, alternative financial models such as **village savings and loan groups, revolving funds, and mobile money solutions** have gained traction, allowing women and youth to access capital without relying on traditional banking systems. Some financial institutions have also introduced lower interest rates and flexible repayment terms to accommodate businesses in fragile settings.

A **mismatch** between educational training and market needs further complicates employment opportunities for young people. Many graduates from Ethiopia's academic institutions lack the technical, digital, and soft skills required by employers, especially in emerging industries like IT and renewable energy. This gap is even more pronounced in rural areas, where access to quality education and vocational training remains limited. To bridge this divide, **Technical and Vocational Education and Training (TVET) partnerships** have been developed, with SMEs collaborating with training centers to equip youth with relevant skills. Businesses are also investing in **internal upskilling programs** to ensure that young employees meet industry standards.

Infrastructure and market access present another challenge, particularly outside Addis Ababa, where **unreliable electricity, poor roads, and weak internet connectivity** limit business expansion. Many rural entrepreneurs struggle to transport goods to urban markets or access digital tools that could connect them to broader opportunities. To overcome these obstacles, SMEs are leveraging **e-commerce and digital platforms**, allowing businesses to reach customers beyond their immediate surroundings. In sectors like agriculture and renewable energy, investment in **localized supply chains and decentralized energy solutions** is helping businesses operate more efficiently despite infrastructural gaps.

Cultural and social norms also play a significant role in restricting women's and youth's economic participation. **Gender expectations and mobility restrictions** often prevent women from pursuing employment, particularly in male-dominated industries or roles that require

⁴<https://ethiopia.unfpa.org/sites/default/files/pub-pdf/2024-09/3.%20Print%20Ready%20-%20Policy%20Brief%20-%20Unemployment%20and%20Development%20in%20Ethiopia.pdf>

travel. Many employers perceive youth as inexperienced, making them reluctant to hire or invest in their training. To counter these barriers, companies have adopted **flexible work arrangements**, including **remote jobs, freelance opportunities, and part-time roles**, which allow women to balance family responsibilities while earning an income. Additionally, some businesses have created **women-friendly workplaces**, ensuring safe and inclusive environments that encourage female workforce participation.

Employment programs and development initiatives have also adapted their strategies to support displaced populations and those affected by conflict. Recognizing that many young people have been forced to abandon their jobs or education, these programs have introduced **mobile-based training and online learning platforms** to allow individuals to develop skills remotely. For example, digital literacy programs are equipping youth with the competencies needed for online freelancing, IT services, and remote work, enabling them to earn a livelihood despite physical displacement. In addition, **micro-grants and small business support schemes** are helping displaced entrepreneurs restart their ventures in new locations, ensuring that their economic activities can continue even after losing their original businesses.

Another crucial component of these interventions is **psychosocial support**, as many young people affected by conflict struggle with trauma, anxiety, and uncertainty about their futures. Employment programs, such as the MESMER program funded by Mastercard, are increasingly incorporating mental health and resilience-building initiatives alongside vocational training, recognizing that psychological well-being is essential for long-term economic participation. By addressing both the immediate and long-term impacts of conflict, these efforts aim to not only restore livelihoods but also build a foundation for economic stability and recovery in Ethiopia's fragile regions.

Ultimately, while the conflict has created severe challenges for Ethiopia's workforce and private sector, the resilience and adaptability of businesses, entrepreneurs, and employment programs highlight a pathway forward. By leveraging digital tools, focusing on essential industries, and providing targeted support for displaced youth and women, Ethiopia can gradually rebuild its economic landscape and create new opportunities for those most affected by instability.

Recommendations

To create sustainable employment and entrepreneurship opportunities for women and youth in Ethiopia, a holistic and multi-stakeholder approach is required. The challenges identified, ranging from financial exclusion and skill mismatches to conflict-induced disruptions, highlight the need for **integrated solutions** that leverage the strengths of the private sector, development programs, government policies, and local communities. Addressing these issues effectively will require innovative financing mechanisms, targeted skills development, digital transformation, and conflict-sensitive interventions that promote resilience and long-term economic stability.

First, expanding access to finance is crucial to empowering SMEs. Traditional banking systems in Ethiopia often exclude women and youth due to stringent collateral requirements and bureaucratic lending processes. To address this, financial institutions should promote **alternative financing models**, such as microfinance, village savings groups, revolving credit funds, and digital lending platforms. Encouraging impact-driven investment, where investors prioritize social and economic returns alongside financial profits, can also enhance capital availability for SMEs. Additionally, **public-private partnerships** can play a key role in subsidizing small business loans, particularly for youth-led enterprises in rural and conflict-affected areas.

Second, **bridging the skills gap** through market-driven training programs is essential. Many Ethiopian youth graduate without the technical and soft skills that employers demand, particularly in emerging sectors like IT, renewable energy, and agribusiness. Expanding Technical and Vocational Education and Training (TVET) partnerships with SMEs can ensure that training aligns with labor market needs. Additionally, digital literacy programs and online learning platforms should be scaled up to reach rural youth, enabling them to access remote work opportunities and engage in the global gig economy. By integrating entrepreneurship education into school curriculums and providing hands-on apprenticeships, Ethiopia can equip young people with the skills needed to thrive in an evolving job market.

Third, **leveraging digital transformation** can significantly enhance access to employment and business opportunities. Poor infrastructure and geographic isolation remain barriers for many women and youth, particularly in rural areas. Investing in digital platforms for job matching, online sales, and remote work can provide new income streams, while improving internet connectivity and mobile access will ensure that more individuals can participate in the digital economy. SMEs should be encouraged to adopt e-commerce, mobile banking, and digital marketing strategies to expand their reach beyond local markets. Moreover, policymakers should streamline regulations to support the growth of tech startups, particularly those developing fintech solutions, mobile money platforms, and digital trade networks that empower marginalized entrepreneurs.

Finally, adopting **conflict-sensitive economic interventions** is necessary to ensure resilience in Ethiopia's fragile regions. Employment programs must integrate psychosocial support, trauma recovery initiatives, and flexible work arrangements to accommodate displaced populations. SMEs operating in conflict zones should receive tax incentives, infrastructure support, and security assistance to sustain operations and retain employees. Additionally, **fostering local supply chains** and community-led business initiatives can promote economic stability, even during times of crisis. By implementing inclusive policies that prioritize women's economic empowerment and rural youth engagement, Ethiopia can build a more equitable and sustainable employment ecosystem.

An approach that combines financial inclusion, market-driven skills development, digital innovation, and conflict-sensitive policies will be critical in transforming Ethiopia's employment landscape. Collaboration between government bodies, private sector actors, donor agencies, and local communities will ensure that interventions are scalable, inclusive, and responsive to the country's unique challenges. By aligning investment strategies with social impact goals, Ethiopia can unlock the full potential of its young workforce, foster resilient entrepreneurship, and drive long-term economic growth.