WORKING PAPER

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Ethiopia's Emerging Apparel Industry: Options for Better Business and Women's Empowerment in a Frontier Market

Scoping for BSR's HERproject

BSR | her+project

About this Report

This working paper was written by Margaux Yost and Lauren Shields with additional guidance from Christine Svarer. Any errors that remain are those of the authors. Please direct comments or questions to myost@bsr.org or lshields@bsr.org.

This paper is based on interviews that took place between September 2016 and March 2017 with a number of apparel industry stakeholders including buyers, suppliers, business associations, civil society, freelance consultants, and international donors. We also conducted five focus groups with 44 women workers from factories in Ethiopia's industrial parks. These interviews and focus groups were supplemented with desk-based research to better inform the evolution and landscape of Ethiopia's emerging apparel industry.

Working papers contain preliminary research, analysis, findings, and recommendations. They are circulated to stimulate timely discussion and critical feedback, as well as to influence ongoing debate on emerging issues. Most working papers are eventually published in another form, and content may be revised.

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Introduction

Ethiopia's apparel industry shows potential to become a global sourcing hub. Export earnings have grown from US$60 million to US$160 million in the past five years, and the government has a target to reach US$1 billion by 2020. A combination of government support, an abundant labor pool, low wages, and preferential trade status with European and U.S. markets has contributed to growth in recent years.

The industry's evolution also potentially represents tens of thousands of new jobs, many for women who make up the majority of workers in the apparel industry worldwide. Jobs in apparel factories are likely to represent a first experience in formal employment for many female workers. In Ethiopian factories today, systems to ensure good working conditions, skills development, and opportunities for professional advancement are nascent. Building up these systems and ensuring that jobs provide opportunities for dignified work will be essential for female workers to fully benefit from and contribute to their new employment.

Attention and support for female workers is also essential for the long-term, sustainable growth of the industry. Brands and factories operating in Ethiopia, as well as the government and other stakeholders, have demonstrated an interest in embedding responsible business practices in the apparel industry from the early stages of its development. The public and private sectors are already collaborating on responsible sourcing initiatives and strengthening industrial relations. Building on existing efforts from other sourcing countries—and bringing additional focus to the needs and aspirations of female workers—will further these ambitions and support the industry's success.

BSR's HERproject has delivered women's empowerment programs in more than 500 factories and farms in 14 countries—predominantly in apparel factories. We have been operating in the agriculture sector in Ethiopia since 2014, partnering with the Ethiopian Horticulture Producers Exporters Association (EHPEA) to deliver women's empowerment programs to flower, fruit, and vegetable farms. Both industries have created job opportunities for low-skilled female workers and are now considered important employment opportunities for female workers in Ethiopia.[1] BSR sees an opportunity to build on its extensive experience in the apparel industry globally and in Ethiopia's agricultural industry to expand its operation in Ethiopia's apparel industry.

Our experience in both factories and farms underscores the importance of programs to support women at work in global apparel and agriculture supply chains, where the risks they face sometimes affect their well-being and their ability to excel at work. Female workers often have low levels of education and awareness of their rights, precarious living conditions, and potentially low status in society and in the household. They also often hold the lowest paying, lowest status jobs such as line workers in factories and general workers on farms, with few paths to professional growth.

Given these challenges common for female workers, combined with the pace and scale of development in the apparel industry, we see a need to take stock of the Ethiopian apparel industry and assess the most valuable way that HERproject might partner with brands, factories, and other stakeholders to support female workers in the industry.

[1] Research on the situation of working women in the Ethiopian flower growers, textile and leather-hide processing companies, December 2016, Confederation of Ethiopian Trade Unions.

This working paper was developed as part of BSR's scoping process to determine the best way for HERproject to contribute to embedding good practice in the Ethiopian apparel industry from the beginning. We undertook the research with three objectives:

1. To provide a snapshot of the buyers, factories, and other stakeholders active in the industry and key trends that influence their operations in Ethiopia
2. To understand the key needs of female workers in the apparel industry
3. To outline approaches for business to contribute to the sustainable development of the industry

Methodology

The research for this working paper was conducted during three weeklong missions to Ethiopia and several phone interviews. The data draws from semi-structured interviews and focus group discussions as well as a literature review.

We spoke with government bodies, regulatory institutions, and industry experts for insight on the current state of the industry, its strengths and constraints. Buyers that are currently sourcing from Ethiopia shared how they began sourcing from Ethiopia and key opportunities and challenges they have faced in establishing their presence in the country. Our interviews with suppliers focused on the process of setting up manufacturing operations, particularly challenges related to the workforce.

We conducted focus group discussions with groups of women workers at five apparel factories. These discussions provided information on female workers' perspectives on the difficulties they face day to day at work, which often spill over into their home life. We also explored how and why female workers began working in an apparel factory to understand their views on the quality of their current work opportunity in relation to alternatives available to them. The sessions were conducted with the help of a translator who was also employed at the factory but was a peer or trusted manager of the female workers.

The working paper should be read in light of methodological limitations. We recognize the industry is undergoing significant and rapid transformation and, as a result, the findings in this working paper represent a brief snapshot in time. In addition, there are few reliable published sources of data and statistics, and thus the content of the report relied heavily on country visits—with the recognition that each visit reshaped part of the existing information collected or added new content to the report. Finally, interviews and focus group discussions came with their own constraints due to time limitations and the fact that worker interviews were conducted in the workplace, possibly influencing worker responses.

Background on the Ethiopian Apparel Industry

The global fashion industry represents a US$1 trillion market and is expected to reach US$2.1 trillion by 2025.[2] The top 10 apparel-exporting countries in sub-Saharan Africa represent only 0.55 percent of global exports—and Ethiopia is placed in the lower half of that ranking. Nevertheless, Ethiopia was identified in

[2] Verma, Vivek, "$2.1 Trillion Global Apparel Market by 2025: Decoding Opportunities for African Apparel Industry," *SFD Ghana blogging site*, accessed January 2017. www.sfdghana.com/SFD-blog/fashion-in-africa/2-1-trillion-global-apparel-market-by-2025-decoding-opportunities-for-african-apparel-industry-2/.

the top future global sourcing locations by a survey conducted by McKinsey & Company in 2015 and is often referred to as a largely untapped sourcing destination.[3]

Ethiopia's first industrial textile factory for domestic consumption was established in 1939, but the Ethiopian government has only promoted the sector to supply international markets in the past decade.[4] In recent years, the government's focus on attracting foreign investment became evident, for example, through goals announced by the Ethiopian Textile and Garment Manufacturer's Association (ETGMA) in 2013 to attract US$1.6 billion in foreign direct investments and build 191 new apparel factories between 2007 and 2016.[5] The government and its agencies such as the Ethiopian Investment Commission publicize conditions advantageous for foreign buyers and manufacturers, including low wages,[6] an abundant workforce,[7] and potential for vertical integration through native cotton production and processing.[8] Duty-free access to the European Union, United States, and other global markets through Everything but Arms (EBA), the African Growth and Opportunity Act (AGOA),[9] the Common Market for Eastern and Southern Africa (COMESA), and Duty-Free Quota-Free (DFQF) trade agreements offer additional incentive to invest.[10]

The government's ambitious promotion campaign has resulted in some industry growth, but it has fallen short of targets. The industry achieved export earnings of US$41.1 million in 2015—less than the US$60.7 million target set by the Ethiopian Textile Industry Development Institute (ETIDI).[11] Turkish-owned manufacturers are currently the largest exporters by earnings. They have been active in the industry since development agreements with Turkey in 2005—longer than other foreign manufacturers. Increasingly, however, other international supplier groups and brands are establishing a presence in Ethiopia.

The Buyer Experience

We spoke to local and headquarters representatives from three buyers during our research. The companies that participated in the research are actively operating in Ethiopia.

Buyer representatives outlined a number of factors that drove their decision to begin sourcing from Ethiopia. Low wages, minimal energy costs, and favorable trade agreements make Ethiopia interesting from a cost perspective. Wages for workers in the industry average 800-1,200 Ethiopian birr (ETB) per

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[3] Achim Berg, Saskia Hedrich, and Bill Russo, "East Africa: The next hub for apparel sourcing?" *McKinsey & Company*, accessed December 2017. www.mckinsey.com/industries/retail/our-insights/east-africa-the-next-hub-for-apparel-sourcing.

[4] Ethiopia Textile Industry Development Institute, 2014. www.germantech.org/Download/MEK_Ethiopia_Presentation_ETIDI_10.10.14.pdf.

[5] "Ethiopia Is the New Sourcing Destination," *Fibre2Fashion*, accessed December, 2016. www.fibre2fashion.com/industry-article/6886/ethiopia-is-the-new-sourcing-destination?page=1.

[6] Monika M. Sommer, "National Labour Law Profile: Federal Democratic Republic of Ethiopia," International Labour Organization, last modified July 2004. www.ilo.org/ifpdial/information-resources/national-labour-law-profiles/WCMS_158894/lang--en/index.htm.

[7] Industrial Parks Development Corporation, "Why Invest in Industrial Parks?" accessed October, 2016. www.ipdc.gov.et/index.php/en/investment-opportunitiesmm/why-invest-in-ethiopia.

[8] Maasho, Aaron, "Garment-making finds new low-cost home in Ethiopia," *Reuters Africa*, accessed December 2016. http://af.reuters.com/article/topNews/idAFKBN0H01FD20140905?sp=true.

[9] Ethiopian Investment Commission, "Textile and Garments," accessed October, 2016. www.investethiopia.gov.et/investment-opportunities/strategic-sectors/textiles-and-garments.

[10] Enterprise Partners, "Cotton, Textiles and Apparel: Sector Strategy", August 2016.

"Ethiopia's Textile Industry Export Lags Behind," *2Merkato*, Accessed December 2016. www.2merkato.com/news/alerts/4436-ethiopia-s-textile-industry-export-lags-behind.

month, or US$35-$55, which is only one-quarter of the average monthly wages in the industry in China, the world's largest sourcing country for apparel.[12] Buyers also mentioned the opportunity to contribute to the sustainable development of a new sector.

> "H&M is an expanding company and we always look for new potential sourcing markets. This does not mean we will stop buying from existing ones. Today's economy is global and it is not a question of IF a company like H&M should be present in developing countries—it's a question of HOW. Our aim is to contribute to the development of the textile industry in Ethiopia: to bring best practices and continuous, sustainable business."
> — *H&M*

Although most manufacturers are currently importing raw materials, the prospect of a vertically integrated value chain represents another attractive feature for buyers and suppliers. Ethiopia has 3.2 million hectares of land with suitable climate for cotton cultivation, the vast majority of which is unexploited today.[13] Investment in lint production, business linkages, higher-yielding seed varieties, and improved agricultural practices are needed, but could ultimately drive a broader supply base for raw materials. In the absence of vertical integration, the high cost of raw materials is an important constraint to industry growth.

While Ethiopia has several attractive features for buyers, challenges exist as well. Limited capacity of local suppliers presents a challenge for buyers seeking to begin sourcing from Ethiopia. One buyer has invested extensively in increasing indigenous supplier performance to meet international standards for quality, productivity, and compliance. More recently, the buyer has adjusted its strategy to encourage its international suppliers operating in other sourcing countries like Bangladesh or Sri Lanka to establish operations in Ethiopia. The hope is that higher standards at international manufacturers will prompt local manufacturers to improve their capacity. In the case of international suppliers, setup has been slower than expected, at least two years, and has been hindered by bureaucratic processes for land acquisition, permits, and construction.

In addition, political instability in Ethiopia since late 2015 has impacted buyers' willingness to invest in the country. The government's declaration of a state of emergency in October 2016 is a cause for concern for many buyers. The underlying tensions between the ethnic Tigray-dominated government and the Oromo and Amhara groups that represent the Ethiopian majority remain to be addressed. As a result, one buyer chose to pull out of the country. Yet at the time of publishing this study, most buyer and supplier plans to set up or grow operations in Ethiopia were still in place.

The Supplier Experience

The five suppliers interviewed for this study are all foreign investors with current operations or plans to expand to Ethiopia to produce for the export market. Factory representatives at different levels participated in the interviews—from general managers to human resources managers—and from factories based in two of the three major industrial parks in Ethiopia.

[12] Steve Wiggins and Sharada Keats, "Rural Wages in Asia," Overseas Development Institute, accessed October 2016, www.odi.org/sites/odi.org.uk/files/odi-assets/publications-opinion-files/9186.pdf.

[13] Enterprise Partners, "Cotton, Textiles and Apparel: Sector Strategy", August 2016.

Low costs represent a key driver for foreign manufacturers to establish operations in Ethiopia. This is particularly relevant for supplier groups with operations in South Asia where manufacturing and labor costs are on the rise and government regulation is tightening.[14]

International suppliers also cite the Ethiopian government's willingness and openness to collaborate as a reason to begin operating. The construction of eight major industrial zones—the largest in Bole Lemi near Addis Ababa, Hawassa, and Mekele—combined with government support for the apparel industry through its Textile Industry Development Institute, the Ethiopian Industrial Inputs Development Institute, ETGAMA, and the Ministry of Industry, signal long-term investment in providing support and technical assistance for the industry, although technical expertise is still nascent in Ethiopia.[15]

Yet setup of new factories has been slower than expected. Hawassa Industrial Park is now expected to be fully operational by mid-2017, nearly a year behind schedule. One supplier we visited was filling their first order, after nearly two years of construction and preparation, and was still only operating at 10 percent capacity. Although orders are being placed, they are relatively small compared with other sourcing destinations.

Beyond the construction of industrial parks and factory sites, linkages to market are an important constraint. Ethiopia is landlocked, and the apparel industry currently relies on the Port of Djibouti[16] to export product to international markets. A single railway built in 1901[17] connects Ethiopia and Djibouti, and although rail and road networks are currently being upgraded, garment suppliers are hedging against the risk of slow transport for import and export by building significant storage capacity within the factory premises to hold raw materials.

SUPPLIERS AND THE WORKFORCE

> "Most of the workers are young and don't know how to promote themselves to the better. They want to advance within the factory but are not motivated to work for it." — *Human resources manager*

All international suppliers we spoke to raised the issues of recruiting, training, and retaining workers as a key concern. One stakeholder noted that worker turnover rates across the industry average at 8 percent per month—resulting in 100 percent turnover on an annual basis. The Industrial Park Tenant's Association and TIDI are developing programs to attract and vet potential workers for employment in the sector. Despite these efforts, the three industrial parks that are already partially operational have hired a small fraction of the expected workforce. For example, Hawassa Industrial Park estimates employing 60,000 workers once it is fully operational but only 3,000-4,000 workers have taken up these jobs to date.

[14] "Apparel, Textila, Clothing & Fashions Industry Market Research", Plunkett Research, Ltd., accessed December 2016. www.plunkettresearch.com/industries/apparel-textiles-clothing-market-research/.

[15] Recently, the Ethiopian Textile Industry Development Institute (ETIDI) established an agreement with the Institute of Chemical Technology (ICT) to acquire a professional service through deploying Indian textile professionals for a period of three years. This would provide tremendous support to build ETIDI's staff and equip and transform the available management skills needed to provide competitive support and service to the country's textile processing industries based on global best practice standards.

[16] Anberbir, Yohannes. "Ethiopia and Djibouti – Towards a Conjoined Destiny," *All Africa, accessed December 2016.* http://allafrica.com/stories/201502160113.html.

[17] "East African Infrastructure Development, Part 3: Ethiopian Surface Transport," accessed December 2016. www.stratfor.com/analysis/east-african-infrastructure-development-part-3-ethiopian-surface-transport.

> "We will be bringing in Sri Lankan line workers to set a higher pace directly on the production line" — *Senior manager*

Low technical skills and productivity of workers remain a challenge for suppliers. A number of training centers offer technical skills training,[18] but suppliers we spoke to mentioned that the machinery used in these training facilities is out of date. Suppliers themselves are providing technical training during on-boarding to ensure workers are familiar with updated machinery and have basic skills. Yet suppliers told us that productivity levels are far below those in South Asia, and one supplier estimated US$2,000 in losses per month per factory as a result of low productivity, high turnover, and low pre-production efficiency.

Suppliers are not the only actors to recognize sourcing and training employees as a key constraint. Recently a number of donors and multilateral agencies have begun scoping programs to support a more consistent supply of suitable labor under their market-driven development programs. Enterprise Partners, with funding from the UK's Department for International Development, is contributing to ongoing recruitment for labor, is completing a soft-skills training manual, and plans to implement a range of trainings for new workers. The World Bank is also investing in worker skills development by partnering with TIDI on a training curriculum to support the needs of the newly recruited workforce.

Meanwhile, one buyer is rolling out a life skills training program with all of its suppliers. The program recognizes that a majority of workers in the industry are transitioning from rural farm settings[19] and are entering formal employment for the first time. Training will build basic skills of workers and facilitate their transition into the workforce.

Summary of Prospects for the Ethiopian Apparel Industry

Our research highlighted that while the industry has begun growing and has ambitious plans for future scale, a number of challenges will need to be addressed to ensure economic and social gains.

The industry's starting point is favorable in terms of investment and support from the Ethiopian government, as well as from international donors that see the industry as a driver of economic development and job creation. Low costs of production and relative proximity to export markets through favorable trade deals increase the industry's attractiveness from a cost perspective. The sector's history of manufacturing garments has resulted in some indigenous expertise, although quality standards for an export-oriented market make this experience less relevant. Finally, early interest from large international buyers signals potential to attract more companies to increase their sourcing footprint in Ethiopia.

A number of constraints are an important part of the story for the emerging industry. Current production is characterized by lower quality, production delays, and weak management systems to support workers in the sector. While supplier capacity is evolving, aided by increased investment of buyers and donors establishing operations in Ethiopia, the competitiveness of the industry depends upon upgrading suppliers' systems. Conditions for workers, the majority of whom are women, risk following the patterns seen in other global sourcing destinations, including low wages, a stressful working environment, risks of

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[18] "Textile Industry Development in Ethiopia," Ethiopian Textile Industry Development Institute (ETIDI), accessed October 2016, www.german-tech.org/Download/MEK_Ethiopia_Presentation_ETIDI_10.10.14.pdf.

[19] Katiyo, Laureen. "Women Workers' Constraints in the Textile/Garment and Leather Sector in Industrial Parks," July 2016, Enterprise Partners.

ill health and harassment, and few opportunities to advance and develop. The productivity, quality, and profitability of the industry depend upon addressing these issues effectively and soon.

Looking forward to the development of the industry, vertical integration represents an opportunity to strengthen and increase efficiencies throughout the chain of production. This potential for technical advancement is paired with the potential for social and ethical advancement in the industry. Buyers, donors, and other stakeholders appear to be ready to support this advancement.

Yet the development of the sector will happen in a rapidly changing and uncertain environment. The political situation in Ethiopia remains tenuous and will deter some investors and stakeholders from engaging fully in the industry. For the moment, buyers and foreign investors are investing in operations and sourcing despite challenges with quality, productivity, and cost, but it is unclear how long they can wait. Meanwhile, the global apparel industry itself is characterized by rapid change and evolution, which could mean that sourcing priorities and investments shift away from Ethiopia—and fast.

We have summarized these trends emerging from our research in the SWOT analysis below.

Strengths » Ethiopian government priority and technical support » Bilateral and multilateral donors priority and financial and technical support » Low costs of production » Global brands show initial signs of interest	**Opportunities** » If vertical integration is achieved it can reduce costs and increase efficiency » Ongoing collaboration to support social and environmental sustainability of the industry by government, buyers, and donors
Weaknesses » Gaps in recruiting skilled workers » Lacking infrastructure » Low capacity of local suppliers » Long lead times to set up operations » Unfavorable working conditions » Jobs in other low-skills industries such as construction pay better » Suppliers and buyers currently operating at a loss	**Threats** » Political situation is uncertain » Global apparel industry changes quickly and potentially seeks other sourcing destinations

The Worker Perspective

We spoke to 44 workers during the study, all of whom were women between the ages of 18 and 27. Female workers make up approximately 90 percent of the industry's workers, and therefore particular attention to female workers and the gender dimensions of working conditions is logical. Less than 2 percent of the women interviewed had children at the time of research. The large majority of respondents worked directly on production lines as machine operators or cutters, and as such they were at the lowest levels of the factory in terms of skill and remuneration.

We sought to understand how female workers perceive the quality of opportunity available to them through apparel factory jobs, as well as key challenges and opportunities they face at work and at home.

Many female workers cited stable revenue as a benefit of factory employment and a reason they initially joined the workforce. Yet stakeholders and female workers said alternatives to factory jobs, such as working in construction, running a small business like a coffee stand, or taking up domestic work as a migrant in the Gulf States, offer better pay for women. In some cases these alternatives are considered more desirable, particularly once women have entered wage work. Several women workers we spoke to were ultimately disappointed by the quality of opportunity available to them in a factory setting, and anticipated looking outside the factory for longer-term opportunities.

EXPERIENCE AT WORK

Workers’ experience of the working environment, management systems, and relationships with management all impact the quality of their work, as well as their motivation to contribute to the workplace.

Wages

The theme of wages was overwhelmingly mentioned as a hindrance to job satisfaction. Workers are compensated on average 800-1,200 ETB per month (US$35-$55).

> “Salary is too low! I have been here for 10 months and have not had any salary raise” — *Worker*

Industrial zone communities rent out shared rooms to workers for 800-1,000 ETB. To place this in context, even when sharing a room with six or seven other workers, a significant proportion of each worker’s salary goes toward housing, leaving little disposable income for other necessities or savings. We learned of schemes where property owners build and rent out quarters on their property, creating housing with unsanitary conditions and insufficient space. Already, with only a fraction of the workforce hired, housing near industrial parks is under strain. Currently housing around industrial zones is neither adequate nor affordable.

Female workers described wages as below what they had expected when they began working at the factory. The perception that workers have not received the wage opportunities promised to them makes low wages a persistent challenge and demotivating factor. Furthermore, many expected to receive a raise after finishing the trial period but were never bumped up.

Language and Cultural Barriers between Management and Workers

> “Approach and respect matters in bettering relations. Wherever you go, you should adapt to the working cultural environment. They [management] should fix the way they approach us. We need a bridge between them and us.” — *Worker*

Workers noted that the large number of foreign managers is a source of linguistic and cultural tension and misunderstandings in the workplace. This was corroborated by owners who expressed concern that the sheer number of expatriate managers might actually impede production efficiency among their staff. Amharic-speaking workers said that the predominantly English-speaking, expatriate managers are disrespectful, insensitive, and sometimes abusive in their working relationships. One factory manager we spoke to also acknowledged a need to bridge the gap between management and workers.

Workers consistently cited demotivating relationships with management and supervisors as a significant reason for not achieving their KPIs or as a reason not to care about their work at all. Workers in one factory explained that tensions with management reduced individual motivation of workers to perform.

"Everybody looks for a better life outside the factory. I will continue to work at the factory until I find something" — *Worker*

Professional Advancement

The progression for machine operators in a factory is to become team leader, with greater responsibilities and remuneration associated with the post. While we met team leaders who had over the course of six to eight months been promoted from operators, the structure of a single team leader for 15-35 machine operators means the opportunity is not available to many workers. What's more, we saw few women holding positions beyond operator and team leader. During our research we met one female trainer and a few HR assistant representatives, but otherwise men hold HR and other management functions. Workers told us they see scant opportunities for professional advancement outside of these traditionally female roles, although they believe that opportunity for promotion would increase their motivation to remain at the factory.

Our interviews suggest that the majority of workers' long-term career aspirations focus outside their current places of employment. Promotion to team leader is only possible for a few workers, making opportunities outside the factory a more plausible way to increase their earning power. Several interviewees mentioned that more desirable opportunities for female workers lie in other industries like construction or domestic work in the United Arab Emirates.

Grievance Mechanisms and Management Systems

"There is no decision-making process or person. Problems are brought up but not dealt with. Yet management keeps on pushing their own agenda. There is no two-way street respect. Only HR has Ethiopian staff, but rest of management are expats." — *Workers*

All factories in the three primary industrial parks had a code of conduct, grievance mechanisms, and procedures to address issues ranging from sexual harassment to basic HR disputes. However, most workers were not aware of policies and systems in place. In one factory where workers did report knowing how to register a comment or complaint, few trusted the systems in place to address issues they might raise. Workers told us they previously shared issues with management via the established mechanisms, but were frustrated that they had not received constructive answers or follow-up action to remedy the concern. Few workers trusted grievance mechanisms meant to deal with even the most general of worker issues.

> "I perform job correctly, but supervisor insults us. He adds regulations for HR, but it is not communicated. English is a clear communication problem. No one to talk to address these issues. Their manager is not here. Supervisor mistreats all workers." — *Worker*

Ineffective grievance mechanisms that are not considered legitimate by workers are especially pertinent for harassment in the workplace, including sexual harassment. During focus groups, when workers were asked about whether they had heard of someone who had experienced sexual harassment in the workplace, not a single worker answered the question. A report from Enterprise Partners cites anecdotal evidence from an international NGO pointing to sexual exploitation of female workers in one industrial zone, with female workers performing sexual favors for management for extra money.[20] Although more research is needed to understand the prevalence of violence against women in the apparel industry, national-level data shows that 35 percent of Ethiopian women have experienced physical, emotional, or sexual violence from a husband or partner at some point in their lives—which is consistent with global averages—suggesting that violence against women remains a concern in Ethiopia.[21]

HEALTH CHALLENGES

Good health is vital to the well-being of female workers in the apparel industry, and also essential to allowing women to perform at work.

Sexual and Reproductive Health

The demographics of the industry's workforce point to potential sexual and reproductive health challenges. That is, women between the ages of 18 and 25 who are not yet married and do not have any children[22] — a group at the prime of their reproductive years — are working in an environment where 1) awareness on general, sexual, and reproductive health information is low due to education levels and taboos around these topics; 2) access to family planning services is limited; and 3) tradition prohibits women from accessing such services.

> "Q: Do you know where to go for family planning products and services?
>
> A: No. Maybe the community clinic. But we do not need to go for such services." — *Worker*

Our research corroborated Enterprise Partners' report that female workers in the apparel industry face particular sexual and reproductive health risks. Low levels of knowledge and confidence around these topics, combined with the abrupt transition from living in traditional home settings to living alone in areas with more men, creates a higher potential for risks such as sexually-transmitted infections, HIV, and unwanted pregnancy.

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[20] Katiyo, Laureen. "Women Workers' Constraints in the Textile/Garment and Leather Sector in Industrial Parks," July 2016, Enterprise Partners.

[21] Central Statistical Agency (CSA) [Ethiopia] and ICF. 2016. Ethiopia Demographic and Health Survey 2016: Key Indicators Report. Addis Ababa, Ethiopia, and Rockville, Maryland, USA. CSA and ICF. http://evaw-global-database.unwomen.org/-/media/files/un%20women/vaw/vaw%20survey/1%20ethiopia%20dhs%202016.pdf.

[22] Katiyo, Laureen. "Women Workers' Constraints in the Textile/Garment and Leather Sector in Industrial Parks," July 2016, Enterprise Partners.

Hygiene

General and feminine hygiene present another risk for female workers, particularly when high housing costs are forcing workers to share small quarters. In staff quarters in industrial parks, six or seven women share a single bedroom, and poor hygiene practices increase the potential for communicable diseases.

Our research indicated that the accessibility of basic menstrual hygiene products was an issue because most interviewees said they did not know about such products or declined to respond to the question at all. This reveals low levels of knowledge and taboos surrounding the topic among women workers. This lack of knowledge and access could result in workers using less hygienic methods such as factory scraps for menstruation, which could lead to a higher incidence of urogenital disease.

Ergonomics & Safety

Over half of women workers we spoke to experienced physical pain at work, most notably leg pain for cutters who spend their whole day standing up, and neck, arm, and back pain for operators who spend their working day at sewing machines. With the exception of one factory,[23] personal protective equipment was not available. Some factories had previously improvised facemasks for workers out of material scraps from the production line, but workers reported that these were itchy and uncomfortable and they preferred to work without them.

> "They make the new masks in the laundry room using the same material we work with." — *Worker*

Poor ergonomics has been heavily linked to long-term health-related issues if they are not addressed at the root,[24] and the use of personal protective equipment should be a staple workplace safety provision in the apparel and textile industries. Factory workers face major problems from sitting and standing for long periods of time, chemical exposure, dust, broken needles, and physical accidents.[25]

Considerations for Industry Actors

Ethiopia's apparel industry faces a critical moment in its development. While the growing sector represents opportunities for business as well as for industrialization, job creation, and inclusive economic growth, intentional action is required to realize this potential. Now is the time to embed good practice and "get it right" from the beginning.

Interviews revealed multifaceted challenges—political, infrastructural, institutional, financial, and human capital. These challenges understandably have contributed to slower progress toward the industry's growth targets in recent years. Nevertheless, encouraging practices such as government support, donor support, and cross-sector collaboration seeking to improve industry practices is an encouraging first step. Buyers such as H&M, PVH, and The Children's Place are likewise committed to playing a leadership role from the start—even if that means a slower start.

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[23] Workers stated they used to receive store-bought protective masks.

[24] "What are the Injuries Caused by Poor Ergonomics?," Ergonomics Health HQ, accessed October 2016, www.ergonomichealth hq.com/how-does-ergonomics-help-you/.

[25] Kong Athit, "Hazards in Cambodian Garment Factories," Occupational Safety and Health, June 2005, www.anroev.org/wp-content/uploads/2012/05/OSH-ALU-551.pdf.

Based on our research, we would put forward the following considerations for industry stakeholders:

» **Strengthened coordination and collaboration among government, donors, buyers, and suppliers is required.** We have noted a number of collaborations already taking place across sectors, aiming to support the sustainable growth of the industry. This is promising and should encourage the wide range of actors, all of whom have a role to play. Stakeholders we spoke to rightly pointed out that interventions are needed at multiple points, including support for workers and managers, workplace systems, and surrounding communities. Industry players, government, and civil society should ensure these interventions are coordinated and optimize outcomes for individuals and the industry.

» **Increased investment in female workers and in creating an enabling and high-performing workplace is critically important.** At present, suppliers encounter significant difficulty in recruiting, training, and retaining workers. Thus far, the majority of workforce investments have been in building and maintaining a pipeline of workers and building technical skills. Some programs are in early stages of implementing additional soft-skills trainings for workers and managers. Soft-skills training on topics such as communication, leadership, and cooperation has been proven in other geographies to improve worker productivity and reduce turnover. We believe that additional focus on workplace programs is needed to address women workers' concerns about an insufficiently supportive working environment. Investing in women worker agency and strengthening manager skills can increase worker job satisfaction, motivation, and workplace cooperation, which in turn drives higher performance for suppliers. These investments are also critical to making apparel jobs attractive and quality opportunities for women workers.

» **After years of pre-investments, it is time to pick up the pace.** While several initiatives to improve industry conditions are underway, there is a short window to make progress before the costs of operation become too high. BSR's own experience and lessons learned in South Asia's apparel industry confirm that retrofitting "decent jobs" too long after the onset of the industry is too difficult to accomplish. Therefore, concerted efforts to upgrade the industry should come into play soon. Investments in a strong, empowered workforce that can support a thriving Ethiopian apparel industry is a priority—now.

By strengthening cross-sector collaboration, investing in workers, and picking up the pace of investment, the industry has the potential to catalyze inclusive growth in Ethiopia's apparel industry for the benefit of both business and society.

Opportunities for HERproject to Contribute to the Sustainable Growth of Ethiopia’s Apparel Industry

Our research suggested that a number of constraints hinder women workers at their jobs in the apparel industry. Challenges that women face such as low wages, an uncooperative work environment, and ill health, in turn have impacts on their ability and willingness to perform effectively at work. In this section, we propose strategies for HERproject programming to respond to these challenges.

Summary of challenges for female workers:

» Low wages

» Language and cultural barriers with management

» Minimal opportunities for professional advancement

» Ineffective grievance mechanisms and policies

» Health risks

The difficulties faced by women workers highlighted in our research are common to many supply chains with a largely female workforce. We recognize that global, systemic problems— which are rooted in commercial relationships between buyers and suppliers, national laws, and cultural norms—require a long-term, coordinated effort by multiple stakeholders. Yet we see a strong case to tackle these challenges in partnership with buyers and suppliers in the immediate term, when business practices are still evolving and can be influenced to be more women-friendly.

In light of several other initiatives such as Better Work, Save the Children’s youth employment program, Enterprise Partner’s pre-employment training, and ILO’s life skills training, we seek to position HERproject as complementary and reinforcing of other initiatives. We also see value in leveraging HERproject’s 10 years of experience delivering programs for working women in global supply chains and driving results.

We considered different scenarios for HERproject’s role in the sector:

» To rapidly scale and implement a number of programs. In this scenario, HERproject activities would be integrated in planned programming for the three main industrial parks and potentially beyond. The approach requires a longer-term presence in-country and a strong implementing partner, preferably with international stature to represent HERproject in ongoing discussions in Ethiopia.

» To pilot and learn in 2017. In this scenario, HERproject continues with planned pilots with a corporate partner, and explores other scaling options on a case-by-case basis. This approach allows HERproject to focus on maintaining program quality, increasing partner capacity, and adapting the program to meet the emerging needs of women workers and suppliers.

» To limit direct interventions. In this scenario, HERproject serves as a technical advisor to other initiatives seeking to deepen their approach on gender or creating an enabling and high-performing work environment. This approach allows HERproject to focus on our existing programs in the horticulture sector.

Ultimately, we have determined to move forward with the second scenario. Focusing in 2017 on piloting and adapting the program to the Ethiopian context allows us to test and refine our model to maximize impact and respond to women workers’ needs and aspirations. We believe it is essential to begin programming this year despite the industry being in early stages. This is the moment when a number of initiatives are in discussion and plans are being formulated to tackle systemic challenges in the industry, and it is critical for HERproject to be part of those conversations from the beginning.

A pilot phase allows the HERproject team to remain active participants in the evolving industry dialogue and to seek opportunities to collaborate with others. We are convinced that collaboration across initiatives, particularly initiatives gaining traction with industry actors who have global experience and evidence of impact such as HERproject, Better Work, and ILO/H&M's programs, is needed to tackle the diverse needs of workers and suppliers.

An additional priority for HERproject in 2017 will be to raise the visibility of the Ethiopian industry, its challenges and opportunities, with our buyer network. By engaging the more than 50 buyers in our network, we'll be able to share field intelligence to inform buyer thinking about sourcing opportunities in Ethiopia and ultimately generate more interest in promoting sustainable growth of the sector.

On a programmatic level, we envision a three-pronged approach to implementing HERproject in the apparel industry as outlined below. We look forward to collaborating with other initiatives in the industry to combine and scale efforts.

Strategy	Methodology	Expected outcomes
Capacity-building for workers	Peer educator sessions focused on: » Basic skills, such as effective communication and confidence-building » Gender in the workplace topics, such as unpacking gender relations and sexual harassment » Health topics, such as sexual and reproductive health, hygiene, and ergonomics	» Strengthened communication skills and confidence of workers » Improved worker knowledge and behavior on health and gender topics » Improved worker motivation and loyalty driving increased productivity and quality
Workplace system strengthening	» Training for factory lower and middle management targeting attitudes and awareness on issues for women workers » Coaching for management on workplace policies and management systems related to health and gender » Worker-management discussion groups to jointly set priorities and solve problems	» More supportive and inclusive attitudes in workplace managers » Strengthened workplace policies, systems, and practices to support worker health and gender inclusion » Improved relationships and cooperation between workers and management » Improved worker motivation and loyalty driving increased productivity and quality
Industry dialogue	» Organize and contribute to cross-sector discussions on	» Increased interaction and understanding among industry

	sector growth, highlighting the situation for women workers » Conduct research on effectiveness of interventions	actors of key issues in the sector » Greater commitment and shared approach to achieve inclusive and sustainable growth

About HERProject

BSR's HERproject is a collaborative initiative that strives to empower low-income women working in global supply chains. Bringing together global brands, their suppliers, and local NGOs, HERproject drives impact for women and business via workplace-based interventions on health, financial inclusion, and gender equality. Since its inception in 2007, HERproject has worked in more than 420 workplaces across 14 countries, and has increased the wellbeing, confidence, and economic potential of more than 500,000 women.

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