BRITISH

ETHIOPIA Social Enterprise Survey

Acknowledgements

We would like to thank all survey respondents and stakeholders interviewed in the survey (listed in Annex 1), without whom this work would not have been possible. We are also particularly grateful to the representatives of government, civil society and private sector actors who provided their full cooperation throughout the survey and who supported this project. Last but not least, we would like to thank British Council Ethiopia, Social Enterprise UK and UnLtd who provided support throughout this entire surveying process.

Acronyms

CSO	Civil society Organisation				
IGA	Income generating activities				
MSE	Micro and small enterprise				
NGO	Non-governmental Organisation				
PLC	Private Limited Company				
SEUK	Social Enterprise UK				
SME	Small and Medium Enterprise				
SNNPR	Southern Nations, Nationalities, and Peoples' Region				
UnLtd	Unlimited UK				
SEUK SME SNNPR	Private Limited Company Social Enterprise UK Small and Medium Enterprise Southern Nations, Nationalities, and Peoples' Region				

Executive Summary

The British Council is implementing a 2 year pilot project "Support for Social Enterprises in East Africa". The project is funded by the European Union and currently being implemented in Ethiopia and Kenya. The overall objective of this project is to support vulnerable populations to access 'Social protection, health, education and jobs' therefore supporting 'Inclusive and sustainable economic growth for human development'.

As part of this project, a survey following a methodology used in six other countries in Africa and Asia has been conducted in Ethiopia. It aims to provide a summary of the current size and scale of the social enterprise sector in Ethiopia. It will contribute to an evaluation of the future impact of the British Council's social enterprise programme as well as tracking how the sector develops in the coming years. The scope of the study is broad enough to allow the British Council and other actors to judge progress and identify possible interventions to support the growth of the sector.

Primary data collection was undertaken in the four regional cities of Tigray, Amhara, Oromiya, and SNNPR regions and Addis Ababa. A desk review covered countrywide data and its main areas of research were social enterprises' economic contribution, leadership and impact; higher education institutions and TVETs courses, modules and programs offered relates to social enterprise, national policies and the activity, engagement, infrastructure and networks of social enterprise support organisations.

This report presents the key findings from the survey conducted between September and November 2016. The survey sample totalled 212 organisations, which included a mix of MSEs, NGOs, Cooperatives and known social enterprises. This sampling method allowed a variety of social enterprises to be included in the survey in order to capture the sector's diversity, in line with our objective of learning about the breadth of the current Ethiopian social enterprise ecosystem.

According to the survey's results, social enterprise leaders in Ethiopia are young: 48% of those running social enterprises are between the ages of 25 and 34. 28% of social enterprises are run by women and 72% run by men. Social enterprises in Ethiopia predominantly work at regional level within the country (77%), while less than a quarter operate nationally (20%) and only 3% are working internationally.

Presently, there is no distinct formal legal form or recognised means for companies to register themselves as social enterprises. Of the legal forms available in the country, registration as a micro and small enterprise (MSE) is the most commonly used amongst social enterprise survey respondents (31%). Sole proprietorship is the second most used legal form, reported by 22 % of the respondents, followed by cooperatives (10%).

It is noted that 60% of the social enterprises surveyed stated that their mission was to pursue profit and a social/environmental mission jointly, while 40% focus on creating primarily social/environmental impact. Female-led social enterprises mostly support their local community, just as many male-led businesses, but do so in higher proportion (34% as opposed to 24%).

The most common objective of social enterprises surveyed is to 'create employment opportunities' (17%), followed by 15% focused on 'selling a product' and 14% aiming to 'improve a particular community'. Social enterprise activity in Ethiopia is mainly focused in four sectors: services, business development services & entrepreneurship support, agriculture and fisheries, and retail. Male-led ventures are more likely to focus on agriculture and business development services and entrepreneurship support, and manufacturing, while female-led social enterprises focus predominantly on retail, services, food and nutrition.

Social enterprises in Ethiopia have an average of 21 full-time equivalent staff – a total of 2,836 jobs among those surveyed. 31% of the total full-time staff of surveyed social enterprises are female, which is slightly higher than the proportion of permanent full-time female workers for mainstream enterprises, which is 28% (World Bank, 2015). Also, 38% are part-time workers compared to 13% in SMEs more widely (World Bank, 2015). Overall, 32% of full-time equivalent jobs are occupied by women compared to 23% in SMEs more widely (World Bank, 2015).

Respondents were asked whether they made a profit over the past year. 71% report currently making a profit or surplus. Profit-making is more common in the SNNPR region (88%) compared to Addis Ababa (69%) or the Amhara region (61%), where proportions are lower. Social enterprises are positive about their expectations for turnover to increase next year; 40% expect their turnover to increase substantially and a further 45% expect it to increase slightly. Social enterprises use most of their profit or surplus to focus on growth and development, with minimal amounts being distributed to staff and beneficiaries or funding third party social/ environmental activities. This is fuelling social enterprises' plans to expand with the most common growth plan to attract new customers or clients.

The biggest barrier faced by surveyed social enterprises in Ethiopia is financial. More specifically, the most commonly reported barrier is the lack of access to capital while obtaining grant funding is listed as the second biggest barrier to growth. Almost 40% of the social enterprises surveyed have not received any form of external funding or financing, either from non-repayable or repayable capital. Of those who had received external funding, the most commonly reported sources of funding and finance are from donations, grants and concessional loans. The limited supply of capital dominates responses in terms of financing constraints (28%). The lack of revenue and profitability required for bank loans, and low access to investors due to limited networks of personal and organisational contacts are the other most frequently cited constraints.

Social enterprises are currently a significant and flourishing part of the entrepreneurial ecosystem in Ethiopia. Social enterprises face similar challenges to other businesses but may access different business development services, training and types of funding currently available to Ethiopian entrepreneurs. Growing efforts to mobilise social enterprises through support directly addressed to them (funding/financing, accelerators, workspaces etc.) and to create strong networks (forums, products showcases) aim to put them at the forefront of political discussions. It is important to also remember that the ability to support mainstream SME development and capacity building does affect them. Social enterprise is indeed a growing sector in Ethiopia.

Contents

Introduction Study methodology Study aims Overview Social enterprise classification Social enterprise database and sampling	4 5 5 5 6 8
Overview country context and existing research on social enterprise Country context: Ethiopia Social enterprise policy findings Existing research on social enterprise in Ethiopia Overview of key actors in social enterprise in Ethiopia	11 11 12 14 14
Social enterprise survey sample Social enterprise leadership (i.e. Owners, CEOs, Directors etc.) Years of operation Location: Where were respondents based? Geographical reach Legal status Areas of focus Social impact Job creation from social enterprise Turnover and profit/surplus use Growth plans and barriers Finance sources and constraints	19 20 21 22 23 24 28 30 31 32 34
Estimate of the number of Social Enterprises in Ethiopia	36
Conclusions Bibliography Annex 1: Interviewees and consultation workshop participants Annex 2: Survey questions Annex 3: Reporting and caveats Annex 4: Validation Workshop Q&A	37 39 40 45 51 52

The state of social enterprise in Ethiopia

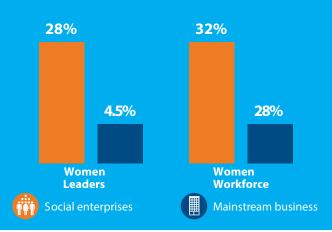
Social enterprise activity in Ethiopia is growing. We set out to quantify social enterprise activity in Ethiopia. We surveyed 134 social enterprises and found that:

A young social enterprise scene:

Ethiopian social enterprises are young and so are their leaders. 75% started operations since 2010. Nearly half of leaders are aged under 35

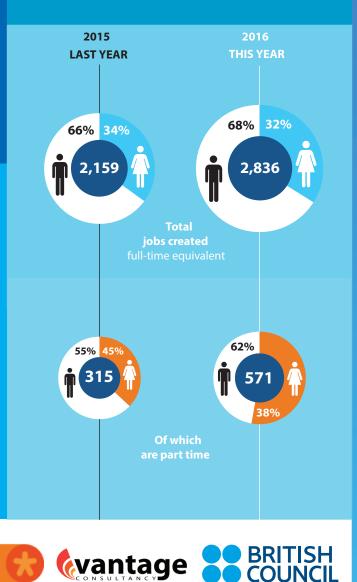
Women and social enterprise:

Over a quarter of Ethiopian social enterprises are led by women – significantly higher than in mainstream business (4.5%). Women in social enterprises make up 32% of the full-time equivalent workforce, higher than in the general workforce.



Social enterprise is growing:

Ethiopian social enterprises have an average of 21 full-time equivalent staff and median turnover of 70,000 ETB [3,182USD]. 85% of social enterprises expect turnover to increase in the coming year.



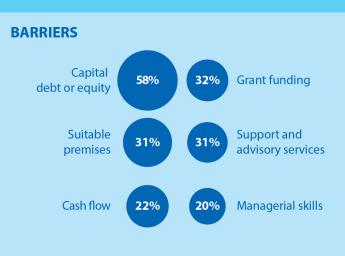




UnLtd

Growth is set to continue: Most Ethiopian social enterprises expect their venture to grow and they have wide-ranging growth plans – particularly through attracting new customers or clients or expanding into new geographical areas.





PRIMARY FOCUS

Many social enterprises in Ethiopia exist to create employment opportunities. Job creation is often a primary focus.



Based on the very small unrepresentative sampling process, there are close to 55,000 social enterprises currently operating in Ethiopia, with growth expected.

55,000 social enterprises in Ethiopia

Access to capital and grants

Lack of access to capital is seen as the biggest barrier to growth, followed by access to grant funding.

Finance and funding

Donations and grants are the most common sources of funding, with few social enterprises securing concessional loans or equity. Limited capital supply is seen as the primary funding constraint.

Policy, fiscal and regulatory environment

With specific regard to social enterprise in Ethiopia is the very early stage of development. This policy landscape may evolve in future to offer greater explicit recognition to social enterprises and their impact on communities.

See full report at www.ethiopia.britishcouncil.org

© British Council 2017

The British Council is the United Kingdom's international organisation for cultural relations and educational opportunities.

Introduction

Social enterprise is increasingly capturing the imagination across Africa and Asia and around the world. Anecdotal evidence suggests increasing activity in the form of social start-ups, incubators, accelerators and social finance. At the same time, NGOs and CSOs seem to be turning to social enterprise as a model to ensure the longer term sustainability of their operations. However, to date there is little quantitative evidence of how many social enterprises exist in some of these regions as well as detail about their operations and impact.

The British Council's Support for Social Enterprise in East Africa project, funded by the European Union, is currently being implemented in Ethiopia and Kenya. A part of the project, this survey aims to provide a summary of the current size and scale of the social enterprise sector in Ethiopia in order to track how the sector develops in the coming years. It builds on a national survey methodology developed for other countries in Africa and Asia. As the evidence base on social enterprises is scarce in Ethiopia, this study aims to serve as a stepping stone and make an important contribution to the development of the social enterprise sector, allowing its stakeholders to evaluate progress and identify possible interventions to help grow the sector. More precisely, this study in Ethiopia seeks to present initial quantitative information to serve as a baseline for measuring the growth and development of social enterprise activity in a subset of Asian and African countries, and to help stakeholders better understand social enterprise activity.

The survey was undertaken through the collection of information in the four regional cities of the Amhara, Oromiya, SNNPR and Tigray regions (Bahir Dar, Adama, Hawassa, and Mekelle) as well as in the national capital city (Addis Ababa). Desk reviews explored countrywide data.

The main areas of research were social enterprises' economic contribution, their leadership and impact; higher education institutions and TVETs courses, national policies, and social enterprise support organisations' activity, engagement, infrastructure and networks. The survey sample totalled 212 organisations, which included a mix of MSEs. NGOs, Cooperatives and known social enterprises. This sampling method allowed a variety of social enterprises to be included in the survey in order to capture the sector's diversity, in line with our objective of learning about the breadth of the current Ethiopian social enterprise ecosystem.

This report presents the results of this survey conducted between September and November 2016. After a presentation of the survey methodology, an overview of the Ethiopian context and existing research on social enterprise is provided. This includes a summary of relevant policies, key actors in the social enterprise sector and networks existing in Ethiopia. The following section presents the study methodology, followed by survey findings before our conclusion recommends potential next steps.

Study methodology

Study aims

The main aim of this study is to better understand the profile of social enterprises in Ethiopia, including providing an estimate of the current size and scale of the social enterprise sector. In addition, this research aims to support the British Council's Global Social Enterprise programme, tracking how the sector develops in the coming years. The data from this mapping survey will be referred to during the final evaluation of the project to be conducted within two years; that evaluation is part of the monitoring and evaluation program aiming to support capacity building, networking, policy and partnerships.

This study also explores whether there are existing policies to support social enterprise in Ethiopia. Similarly, it explores the extent to which higher education institutions in the country currently provide social enterprise specific educational options.

The main limitation to our study was civil unrest within two regions. Initially, outreach events had been planned in the cities of Adama (Oromiya) and Bahir Dar (Amhara). Following unrest in those two regions and the declaration of a 6-months state of emergency in Ethiopia, it was not possible to travel and events in both cities were cancelled. However, data collection was still possible after delegating ground work and database collection to local consultants, and research team administered questionnaires by phone due to unstable online connectivity. As a result of outreach work being focused on events in major cities and online research, we believe the data is likely to be biased towards social enterprises based in larger urban centres in general, and the event cities in particular.

Although there were limitations to our work (see also Annex 3 about reporting and caveats), it is hoped that it will allow other actors to judge progress and identify possible interventions to support the growth and development of the sector. As such, the authors welcome feedback on the results presented.

Overview

There were five main phases to the research. The first included methodology design, validation and development, followed by the creation of a social enterprise database and the survey sampling. The third phase was the social enterprise survey data collection and analysis; the fourth was a desk based research and interviews for the policy and higher education data. Finally, the fifth phase was data collection to inform the total number of social enterprises.

The graphic below shows the overall survey workflow which was conducted in this order; desk based research started prior to stakeholder engagement and continued during outreach and data collection.

Desk based research Stakeholder engagement Outreach and data collection Analysis and write-up In order to better understand social enterprises in Ethiopia, the primary component of the study was a survey of social enterprises. Our survey of social enterprises sought the following information:

- Year of registration and legal form
- Turnover, profit generation and use
- Employees, by gender and in comparison to the previous year
- Number of beneficiaries reached, type of beneficiary
- · Gender and age of leadership
- Social enterprise sector and focus/ core objectives
- Location and sphere of operation (regional, national, international)
- Profit/impact focus
- Growth expectations and barriers faced
- Sources of finance and funding, including proportion of income from grants/ donations
- Top three constraints to financing
- If respondent would describe their organisation as a social enterprise

The study also sought to generate an estimate of the total number of social enterprises operating in Ethiopia, and to establish what policy activity relevant to social enterprise currently exists. In parallel to this, a brief sampling process was conducted to allow us to make a preliminary estimate of the total number of social enterprises operating in the country. A brief review of policy and higher education activity relevant to social enterprise was also conducted.

Social enterprise classification

A crucial part of the survey design was establishing how to define social enterprises for the purposes of this survey. The definition of social enterprise, while relatively consistent and well established in some parts of the world, such as the UK, can still be contentious. According to Social Enterprise UK (SEUK), "Social enterprises trade to tackle social problems, improve communities, people's life chances, or the environment. They make their money from selling goods and services in the open market, but they reinvest their profits back into the business or the local community. And so when they profit, society profits" (Social Enterprise UK, 2016).

As part of the outreach events, a consultation workshop with stakeholders from across the social enterprise ecosystem was held in Addis Ababa prior to data collection in August 2016. One of the topics was "How can social entrepreneurship be defined in Ethiopia". Stakeholders' insights and thoughts fed into our work. For example, participants suggested that social enterprises can be driven by a profit-making goal combined with a social mission. On the entrepreneurial spectrum, they can be positioned between business and charities which addressing a social need. Social enterprises aim for a positive impact on society and differentiate themselves through their social purpose, often bringing innovative solutions to address social, economic and political issues within their community.

Given the lack of a globally agreed definition, the survey's research team sought not to impose a strict definition of social enterprise, but to identify a clear process of identifying social enterprise, which can be replicated or revised in different countries and contexts, as deemed appropriate.

For the purpose of this survey, it was decided, therefore, to ask survey respondents questions that could be used as inclusion or exclusion criteria without informing them of a specific definition, and allowing for a definition to be applied afterwards based on a combination of these criteria (see Table 1).

For the purposes of this report, the research team have settled on a combination of criteria which all had to be met for a respondent to be considered a social enterprise. It is not suggested that these criteria together form a watertight or universal definition of social enterprise, nor that others should adopt it. It is simply the combination of criteria that the research team found most appropriate for the purposes of this study, based on lessons from a wide range of contexts, other research around the world and feedback from key national stakeholders in the four countries where this survey has already been similarly conducted¹.

Table 1: Social enterprise inclusion criteria

Criteria	Question detail	Approach Social Enterprise classification
PRIMARY CRITERIA: Impact – core mission of the organisation	Does your organisation place emphasis on: profit first, social/ environmental mission first or both jointly? Profit first - Social/environmental mission first - Both jointly (one answer)	Organisations reporting that their core mission put 'profit first' were eliminated
PRIMARY CRITERIA: Income source	What proportion of your income comes from grants? 0-24% - 25-49% - 50-74% - 75-100% (one answer)	Organisations reporting '75-100%' from grants were eliminated
SECONDARY CRITERIA: Profit/surplus use	If you do make a profit/surplus, how is it used? Growth and development activities Rewards to staff and beneficiaries Profit sharing with owners and shareholders Cross subsidising Reserves Funding third party social/environmental activities Other (multiple answers possible)	Organisations selecting 'Profit sharing with owners and shareholders' only were eliminated IF they had also selected that they were 'profit first'.

¹ Those countries are Bangladesh, Ghana, India and Pakistan. Results for these surveys can be found through the following link: https://www.britishcouncil.org/society/social-enterprise/ news-events/reports-survey-social-enterprise-BGD-GHA-IND-PAK

Social enterprise database and sampling

Database

A social enterprise database was created using existing information currently available online (surveys, programs, reports) as well as existing information that the survey partners already had, and through support from stakeholders (such as access to their databases, networks and portfolios). Once compiled, the database was added to throughout the project, using information from events and stakeholder consultations. This database formed the basis for our survey.

Sample size and selection

A sampling target number of responses was set at 200. The target number did not aim to generate a dataset large enough to allow for results to be representative but rather to offer a manageable but relatively sizable initial picture of social enterprises across the country. The target was exceeded, with a total of 212 questionnaires filled from the targeted cities of Addis Ababa, Bahir Dar, Adama, Hawassa and Mekelle.

Many social enterprises in Ethiopia come from the MSEs or NGO sectors. However, to cast a wide net and ensure that we reached as many social enterprises as possible in the sampling process, we also sampled cooperatives, individual entrepreneurs (PLCs) and others potentially in the process of becoming social enterprises. Consequently, the database for sampling was organized in terms of MSEs, NGOs, cooperatives and individuals by region, cities and sectors of activity.

Databases collected from the following agencies were also used as starting points for sampling:

- Charities and Societies Agency (ChSA), which holds a database of more than 3,000 Organisations.
- Consortium of Christian Relief and Development Associations (CCRDA), which hold a database more than 400 member Organisations.
- Federal Cooperatives Agency (FCA) which holds a database of close to 75,000 cooperatives.
- Micro and Small Enterprises Agency which holds a database of close to 490,000 MSEs.
- Reach for Change Ethiopia, which manages a database of at least 100 social entrepreneurs whose ventures are not yet registered, are or will be registered as PLCs.
- Entrepreneurship Development Center (EDC), which holds a database of individual entrepreneurs (which could include social entrepreneurs) to whom they have provided or are providing business development training.

490,000 MSEs (Micro and Small Enterprises Agency database)

75,000 Cooperatives (Federal Cooperatives Agency database)

3,400 NGOs (Charities and Societies Agency; Consortium of Christian Relief Development Organization databases)

Social Enterprises Database 15,000 Individual Entrepreneurs (Entrepreneurship Development Center; Reach for Change Ethiopia databases) A basic database was compiled, listing all social enterprises known to the study team and all those that could be identified through online research. The database aimed to sample 50 non-governmental organisations (NGOs) - including those engaged in income generating activities and private limited companies (PLCs), 50 micro and small enterprises (MSEs), 25 Cooperatives and 25 individuals (social entrepreneurs).

The survey sample was non-randomised. The approach taken was to reach as many organisations that were reasonably likely to meet the social enterprise criteria used for the study. The databases were not sufficiently large to be divided into sub-national or other sub-sets for more systematic sampling, and using stakeholder portfolios, memberships and networks for outreach also meant that a formal sampling process was not possible. As such, it is important to acknowledge that the surveys are an indication of social enterprise activity, not a representative sample of such activity.

Survey responses were secured through three main sources:

- Outreach events inviting people to social enterprise-relevant events and asking them to complete the survey there or subsequently.
- Emails and telephone calls to organisations likely to be social enterprises

 identified through online research for the compilation of the SE database, through contacts established through outreach events, and through contacts reached through stakeholders (e.g. their networks and portfolios).
- Telephone calls to potential respondents identified through desk-based research, event attendance, stakeholders and collected databases.

Events were held by the research team in the capital city of Addis Ababa (a consultation workshop and a stakeholder meeting) and stakeholder meetings were held in the regional cities of Hawassa (SNNPR) and Mekelle (Tigray).

Survey tool and analysis

Survey questions were presented through a guestionnaire created and tested during previous social enterprise surveys conducted in Bangladesh, Ghana, India and Pakistan. Survey questions are detailed in Annex 2. An online survey tool was developed to compile the survey data. The research team was responsible for reaching out to participants and providing the survey link. In the event of no connectivity, a paper version of the questionnaire was provided and data has been inputted online later on by the research team. In order to ensure data quality, the questionnaire originally prepared in English was translated into Amharic and Tigrinya².

Data analysis

Once the target number of responses had been achieved, data was downloaded, cleaned and filtered from the online survey tool into Excel.

Data was reviewed and analysed in order to extract relevant content for the report, and to identify key findings, anomalies and areas requiring further analysis/ investigation. Data was analysed using descriptive statistical techniques. Primary data was supplemented by secondary analysis to explore patterns across geographical areas, age of ventures, female-led social enterprises and social enterprises by size and by sector.

Confidentiality and subsequent use of data

All survey data is treated as confidential, other than where explicit permission has been given to share information (basic demographic and contact details). Data to estimate total number of social enterprises

² The questionnaire has been translated for data collection in cities where stakeholder events have been held. Since no event was held in Adama, the questionnaire was not translated in Oromo language.

Data Estimation Methodology

One component of the study was to estimate the total number of social enterprises operating in the country. This calculation was challenging and it is important to note that figures provided can only be viewed as rough estimates (see Darko et al (2016) for information on estimates in the UK). In order to make these estimates, the team used two sources of information:

- A brief survey of a small sample of micro and small enterprises (MSEs) to ascertain the proportion of these organisations that meet the study's social enterprise criteria. It was expected that a proportion of social enterprises would fall in this category (as is the case in the UK, where multiple comprehensive surveys have been conducted). The total number of MSEs operating in the country was also collected, and the percentage of the sample meeting the social enterprise criteria was used to estimate how many MSEs might be social enterprises.
- An identical process was conducted for NGOs, using the total number of NGOs and a small sample survey of NGOs to extrapolate from the percentage to estimate how many NGOs might be social enterprises.

Cooperatives were also considered for inclusion. However, compared to other sampled ventures, cooperatives have

been established for a longer period and have higher yearly turnovers. They resulted being outliers and skewed data. It was chosen not to include them in the social enterprises estimation database.

Data from the wider social enterprise survey was also used to validate whether the proportions obtained through the NGO and MSE sampling approach were reasonably accurate (for example, if 5% of the social enterprises surveyed reported they were MSEs, then we might expect that a similar proportion of our overall estimates of the overall social enterprise population were also MSEs).

In addition to basic data collection, the methodology and results were validated with key stakeholders, and further qualitative information was sought from key informants and through online research to verify findings. For example, information on the proportion of NGOs that are trading (selling goods or services, as opposed to relying on donations and grant income). Sources of such information proved extremely limited. We recognise that this is a first attempt at such a calculation of overall social enterprise figures and an improved methodology, greater resources and more extensively available data is needed before more accurate estimates of social enterprise numbers are achievable.

Overview country context and existing research on social enterprise

This section briefly sets out the current social, political and economic landscape in Ethiopia to provide an overview of the environment within which social enterprises are operating. It then sets out existing research on social enterprise in the country, and then details organisations which are currently supporting social enterprise either explicitly or as part of a wider mandate.

Country context: Ethiopia

With more than 99 million inhabitants (World Bank, 2015), the Federal Democratic Republic of Ethiopia is the most populous nation in East Africa and second only to Nigeria in Africa. The country has nine regional states and two city administrations. Regions are further divided into woredas, the smallest unit of government responsible for administrating public funds and provision of public services.

Agriculture is the source of livelihood for the majority of the Ethiopian population and the basis for its national economy, where small scale and subsistence farming are predominant. Agriculture accounts for 46.6% of the gross domestic product (GDP) and 85% of the total employment (Ministry of Finance and Economic Development, 2014). The country has maintained an average annual growth rate of 11% over the past few years. The government has launched a second five-year plan – GTP II (2014/15–2019/20), which aims for Ethiopia to become a middle-income country by 2025. It entails significant investment in food security, energy, transport, and quality basic services. Agro-based industrialisation will be accelerated and the role of the private sector expanded across all economic sectors.

With an annual population growth rate of 2.79%, the labour force (the employed and unemployed) has continued to grow faster than the economy can gainfully and productively provide employment (British Council, 2016). 62.47% of the population is below the age of 25 and literacy rate for ages 15 or above is 49.1% (UNESCO, 2015). Statistics also show that the literacy rate for urban areas is estimated to be about ten times higher than in rural areas.

The incidence of unemployment also varies by gender where in urban areas; unemployment among women is estimated to be about 27.2%, compared to 13.7% among men (Global Impact Investing Network, 2015). The same pattern holds true for rural areas.

Table 2: Quick facts on Ethiopia's Eco-nomic and Social Structure economy

Population (millions)	99,390,750 (2015)
Labour force (millions)	47,012,009 (2014)
Main economic sectors (% GDP)	Agriculture, Service and Manufacturing
Major cities	Addis Ababa, Bahir Dar, Mekelle, Hawassa and Adama
GDP annual growth rate (USD, constant), %	9.936 (2014)
GDP total (USD)	61.537 billion (2015)

Sources: World Bank 2014, 2015

Social enterprise policy findings

As part of the baseline study, we have explored the social enterprise policy context in Ethiopia.

Policy findings

There is no explicit legal framework for social enterprises, nor national policies explicitly mentioning social enterprise in Ethiopia. Policies encouraging entrepreneurship development more widely, however, are still relevant for social enterprises. Social enterprises in Ethiopia have adopted a range of legal structures: some are structured as NGOs with a PLC arm, some as sole traders or others as private-sector business forms, cooperatives or MSEs.

In recent years, the Government of Ethiopia has been taking steps in order to encourage an entrepreneurial culture in the country. Notably, it has adopted the second phase of its five-year Growth and Transformation Plan (GTP-II), with the aim to achieve the SDGs and double Ethiopia's GDP by 2020. Combatting poverty and promoting economic growth, "to reach the level of a middle-income economy as of 2020", are key elements of government policy (Ministry of Finance and Economic Development, 2004). In this context, the development of the micro and small enterprises sector is a clearly identified strategy put forward by the Government. Capacity building aimed at small scale and medium enterprises has been implemented by the first Growth and Development plan (GTP-I) and has been proposed in the second Growth and Development plan (GTP-II). Non-governmental Organisations (NGOs) and associations are permitted to have business entities linked to them in order to sustain their functions and provide social services.

Under the Ministry of Urban Development and Housing, federal and regional micro and small enterprises development agencies (FEMSEDA and REMSEDA) were established. Their missions were to enable MSE development through the provision of business developments services (BDS), training and consulting services. Specifically, they provided support at start up, growth and maturity (transition to medium) stages through financial, skills and technology, and registration assistance.

The Government's strategy has identified a wide-ranging list of areas of support for MSEs including the following:

- a. addressing training and leadership limitations through incorporating entrepreneurship and management in technical training centres (TVET);
- alleviating financial constraints through increased access to banking and micro finance services for MSEs;
- addressing marketing problems through improvements in quality and standards and developing marketing channels;
- d. improving access to infrastructure (water, electricity and communications) and work premises, facilitating production space with infrastructure for groups of MSEs and promoting better access to BDS; and
- e. establishing a one-stop service delivery centre for MSEs to overcome bureaucratic hurdles.

Recently, the FEMSEDA has been replaced by the Federal Small and Medium Manufacturing Industry Development Agency - whose aim is similar to the former FEM-SEDA but with a focus on the manufacturing industry - and the Federal Urban Job Creation and Food Security agency. The establishment of a lease financing policy for the support of small and medium manufacturing industries is an example of current policies aimed to the development of the sector.

The Ethiopian Micro and Small Enterprises Agency strategic plan provides clear guidelines about the measures put in place in order to support the development of micro and small enterprises (MSEs). For example, it sets out opportunities to lease land and access a workshop area free of charge for a determined amount of time (at least one year). Also, lease financing opportunities are offered by banking institutions, such as the Development Bank of Ethiopia, as well as microfinance institutions. The government has also been putting in place gender-specific policies, employment creation programs and life skills training provided by government administrative offices. These strategies may also be aimed at unemployed youth or in need of rehabilitation, for example, as well as women.

In Ethiopia, cooperatives are widely understood as businesses, upon which many rural communities rely to avoid smallholders being exploited. Through the Proclamation 147/1998, cooperatives operate as clear entities regulated by a legal framework. Regional federations have been established in order to support cooperatives. For example, the Southern Region Farmers' Cooperative Federation (SRFCF, 2015) whose establishment was based on the federal Proclamation 147/91, aims to support members to address shortage of skills and knowledge in agricultural products' marketing, lack of processing and importing capacity and to be competitive enough to enter international markets, or to access working capital.

Table 3 sets out key legislation, which offers potential insight as to where changes in legislation could support social enterprise development in future.

Policy type	Policy Name	Detail of relevance to social enterprise (NB no current policy directly supports social enterprise)
	Micro and Small Enterprise Strategy and Policy	Sets out the strategy and policies with regard to MSE development as important vehicles for production and growth (especially in the manufacturing sector). These policies and strategy set out to achieve socio-economic transformation, more equal development, improve incomes and reduce poverty through job creation.
Strategy	Growth and transformation Plan I (GTP 1)	This policy ran from 2010/2011 - 2014/2015. This goal was especially aimed at stimulating the rapid growth of micro and small enterprises (MSEs) in ways that enhance wealth creation and expansion of employment opportunities. The development of micro and small enterprises is a key component of Ethiopia's industrial policy direction. Industrial development emphasises the need to create a broad-based springboard for competitive domestic industrial and private sector development and to expand micro and small enterprises in urban areas with the large scale creation of employment opportunities.
	Growth and transformation Plan II (GTP 2)	This policy runs from 2015/2016 - 2019/2020. GTP 2 aims to consolidate the improvement in micro and small enterprise development in the country and aspires to use enterprise development as catalyst for further improvement in industrial development.
Investment	Proclamation No.769/2012	Legislation establishing investment regulations to facilitate investment in the r industrial and manufacturing sectors and the development of industrial zones
	Proclamation no 147/1998	Legislation covering registration of businesses and NGOs and cooperative societies.
Enterprise and NGO	Proclamation no.621/2009	
Legislation	The Commercial Code 1960	
	Proclamation No. 686/2010	

Table 3: Social enterprise relevant policies

Sources: Micro and Small Enterprises Agency (2011), Ministry of Finance and Economic Development Ethiopia (2010, 2012, 2015), Federal Cooperatives Agency (2016), Charities and Societies Agency (2009)

Existing research on social enterprise in Ethiopia

There is limited existing research on social enterprise in Ethiopia. In preparation for its establishment in Ethiopia, Reach for Change commissioned the assessment and mapping of social entrepreneurship practices and social entrepreneurs in Ethiopia. (Reach for Change 3 Initial Years Business Case, 2013). It revealed that there are enormous social needs in Ethiopia and existing potential entrepreneurs. geared towards the use of innovation and supporting social good, to invest in. Reach for Change established itself in Ethiopia in 2014, with the aim to reach out to social entrepreneurs with bankable projects but no access to finance through the conventional financial system in the country.

Prior to this work, the British Council Ethiopia commissioned a Social Enterprise Sector Situational Analysis Report in Ethiopia and Kenya (British Council, 2016). This report presents an analysis of the current country context, regulatory framework challenges and opportunities social enterprises face. The main recommendations of this report included addressing the need for an improved information and understanding of the social enterprise sector; an increased capacity of social enterprise institutions and practitioners including social entrepreneurs, CSO leaders, intermediaries and educators; and an increased capacity of government officials and policy influencers.

Most research currently available is related to MSE development, which is relevant to social enterprise development. The Ethiopia-Canada Cooperation Office commissioned a 2015 survey on urban micro and small enterprises in Ethiopia (Ethiopia-Canada Cooperation Office, 2015) with the aim of better understanding the role, status and challenges of MSEs in Ethiopia. A similar study had also been commissioned by the Ethiopian Ministry of Urban Development and Construction (2013). Both reports aimed to address the limited research-based evidence providing a deeper understanding of the opportunities and challenges MSEs face in Ethiopia.

Overview of key actors in social enterprise in Ethiopia

There are some support organisations playing a role in developing the social enterprise sector in Ethiopia, particularly in Addis Ababa. Some offer working spaces with incubation support (iceaddis, xHub), while some offer early-stage funding through grants and support through their incubation and acceleration programs (Reach for Change).

The social enterprise ecosystem in Ethiopia can be defined as being in its early stages; many of the major actors in the system started their operations as recently as 6 years ago. Many are providing somewhat similar services, albeit with segmented approaches. There are a few coordinated efforts between some organisations to jointly provide business development or acceleration and incubation support.

The following tables present a summary of some key actors and their activities supporting social enterprises. It also provides an initial overall review of the social enterprises ecosystem in Ethiopia.

Table 4: Incubators, accelerators and workspaces in Ethiopia

Name of Institution	Organisation type	Location Social enterprise related activities	
Reach for Change	Non- Governmental Organisation	Addis Ababa	Finds and develops local social entrepreneurs who have innovations that solve some of the most pressing issues in society. Reach for Change regards social entrepreneurship – the use of innovation and business-like methods for social good – as the most powerful way of creating sustainable change.
IceAddis	Co-working and Start-up space	Addis Ababa	Iceaddis is offering a place for exchange, work and the support for innovative project ideas that are related to local demands and development. Mainly young university graduates and start-up founders are using the iceaddis facilities and opportunities to connect to the developer and technology community.
XHub	Co-working and Start-up space	Addis Ababa	Addis Ababa's xHub Innovative Society is an open space for IT entrepreneurs, innovators, technologists, investors, tech companies and coders in Ethiopia to develop their tech idea into a product.
Blue Moon		Addis Ababa	Match startup ideas and founder teams with support and seed funding. Run a 4-month incubator program in Addis Ababa, with skills training, coaching, mentoring, support services, seed funding, working space and connection.
Growth Africa		Addis Ababa	Grow local and international startups and businesses through acceleration, strategic advice and access to investments

Table 5: Impact Investors in Ethiopia

Name of Institution	Organisation type	Location	Social enterprise related activities
RENEW Strategies	Impact Investment Advisory Firm	Addis Ababa (Global)	Manages and serves the Impact Angel Network, which is a global network of investors who seek to both make social impact and financial returns on their investments in Africa. RENEW reduces the costs and risks of investing in developing and emerging countries by partnering with the development community, having a dedicated presence on the ground, managing a local network, using innovative structures and investment instruments, and providing hands-on consulting.
EAGate	Business and Investment Advisor	Ethiopia and the Sub- Region	Business and Investment readiness programmes. Business Intelligence; Partners Identification; Private & Institutional Networking & Advocacy. Support to Investment Licensing, etc.

Table 6: Non-profits and NGOs in Ethiopia that may support social enterprise

Name of Insti- tution	Organisa- tion type	Location	Social enterprise related activities
Agri-business Support Facility (ABSF)	Non- Governmental Organisation	Addis Ababa	The objective of this facility is to increase the entrepreneurial and technical capacity of young Ethiopian graduates. One of the mechanism to support the young graduates is by providing opportunities for motivated BSc and MSc students to develop business plans and start their own agribusiness companies.
British Council	A registered charity in the UK	Global- with office in Addis Ababa	Convene policy dialogues, conduct research and organise study tours to share knowledge and best practice in creating an enabling environment for social enterprise Provide social entrepreneurs with access to training, mentoring and funding opportunities, through work with social enterprise intermediaries Promote social enterprise education in universities and TVET
Centre for African Women Economic Empowerment (CAWEE)	Non- Governmental Organisation	Addis Ababa	Promotes Ethiopian women entrepreneurs, with a special focus on women exporters, both existing and potential/emerging exporters. Focuses on capacity building of women entrepreneurs through training, advisory services/business counselling, product development, mentoring, information sharing. Facilitates market linkages by creating cooperation and collaboration with international institutions and undertakes practical researches to address the challenges faced by women entrepreneurs.
Centre for Creative Leadership (CCL)	Leadership and Debate Club Program	Addis Ababa	It aims to create a culture of leadership and debate among university women in Addis Ababa, by providing a safe, nurturing, dynamic, and self- sustaining space in which young university women can develop confidence in themselves as individuals and active members of society.
Digital Opportunity Trust (DOT) Ethiopia	Social enterprise	Addis Ababa	DOT's unique youth-led programs empower people living in communities that are developing, in transition, or under stress with the confidence to use technology for entrepreneurial, community, educational, and personal development.
Entrepreneur- ship Develop- ment Centre (EDC)	Quasi- Governmental entity	Addis Ababa (and 4 Regional cities)	Facilitate the realisation of entrepreneurship development goals by providing advisory and training to promising entrepreneurs.
Ethiopian Climate Innovation Centre (ECIC)	Non- Governmental Organisation	Addis Ababa	Supports SMEs developing innovative solutions that address climate change challenges. Accelerates the development, deployment and transfer of climate technologies by providing SMEs with a set of holistic country-driven support services, including early- stage financing, business support and capacity building.
OXFAM Enterprise Development Programme	Non- Governmental Organisation	Addis Ababa	Provides a mix of loans and grants to SMEs; pioneering, business-based approach to development.

R&D Entrepre- neurship and Outsourcing Centre	Consulting Firm	Addis Ababa	Development of sustainable entrepreneurs. Through creative knowledge transfer programs, the company strives to nurture talented new generation of entrepreneurs on which the Ethiopia economic growth will rely on.
UNDP-Ethiopia	International Organisation	Addis Ababa	In partnership with the ministry of Urban Development and Housing (MoUDH) and the Federal Micro and Small Enterprise Development Agency (FEMSEDA), launched the Entrepreneurship Development Programme (EDP), now run by the Entrepreneurship Development Center (EDC). The goal of the EDP is to foster the emergence of a robust and competitive private sector through MSE sector development.
Transformation Triggering Facility (TTF)	Non- Governmental Organisation	Addis Ababa	SME and markets development; Business development skills and Innovation; Development of Hubs; Capacity building and policy fine tuning for economic transformation
Women's En- trepreneurship Development (ILO-WED)	Non- Governmental Organisation	Addis Ababa	Empowering women entrepreneurs and supporting them in starting and growing their business.
Women Entre- preneurship Development Project (WEDP)	Governmental program	Addis Ababa	Runs the Federal MSE Agency, supported by the World Bank and other funders, it aims to tailor financial instruments to the needs of MSEs owned or partially owned by women, ensuring availability of finance. Develops entrepreneurial and technical skills and supporting cluster, technology and product development for their business.

Table 7: Chambers of Commerce, Industry Associations and Business AdvisoryBodies in Ethiopia

Name of Institution	Organisation type	Location	Social enterprise related activities
Addis Ababa Chamber of Commerce and Sector Association (AACCSA)	Association	Addis Ababa	Provision of business information to the business community, research and advocacy, business advisory and
Ethiopian Chamber of Commerce	Association	Addis Ababa	networking, investment/exporters and importers guide, technical and skill development.
Association of Ethiopian Microfinance Institution	Association	Addis Ababa	Training, research, performance mentoring and benchmarking and provision of technical assistance.
Association of Women in Business (AWIB)	Association	Addis Ababa	Network association of women in business supporting women-led businesses with business development support and other related services.
Union of Ethiopian Women Charitable Association	Non- Government Organisation	Addis Ababa	Socio-economic empowerment, reduction of harmful traditional practices to improve the living situation of poor and marginalised women, girls and vulnerable children.

Table 8: Tertiary Education, Research and Ecosystem Support Organisations in Ethiopia

Name of Insti- tution	Organisation type	Location	Social enterprise related activities
Addis Ababa School of Commerce	Tertiary education	Addis Ababa	Entrepreneurship course presents both the content and the process of entrepreneurship and the skills required to become an entrepreneur.
Ambo University	Tertiary education	Ambo	Social entrepreneurship course designed to help employees working with NGOs/CSOs and public sector to effectively manage organisational resources.
ARAKELE Vocational Training Centre	TVET (Technical and Vocational Education and Training) Centre	Addis Ababa	A social enterprise providing vocational training, helping Ethiopian women improve their lives and create sustainable opportunities.
Center of Entre- preneurship Ex- cellence (CoEE)	Tertiary Education	Adama, Bahir Dar, Hawassa, Mekelle	Training provided specifically for entrepreneurship skills development.
Federal TVET Agency	TVET (Technical and Vocational Education and Training) Centre	Addis Ababa	Working under the Ministry of Education, it provides skills trainings and follow-up technical support to MSEs; the higher education unit leads on entrepreneurship development initiatives in universities.
St. Mary University	Tertiary education	Addis Ababa	The Centre for Entrepreneurship and Innovation (CEI) is a new initiative at SMU and focuses on the expansion of its work on entrepreneurship and innovation.
Unity University	Tertiary education	Addis Ababa	Entrepreneurship course helps people to learn the complex business process involved in commercialisation, how to adopt to uncertainty and learn techniques for managing people.
General Wingate TVET	TVET (Technical	Addis Ababa	Training provided to youth specifically for entrepreneurship skills development.
Entoto TVET	and Vocational Education and		
Misrak TVET	Training) Centre		
Tegbareid TVET	-		

Table 9: Forums and Networks in Ethiopia

Name of Institu- tion	Organisation type	Location	Social enterprise related activities
Ethiopian Social Entrepreneur- ship Forum (ESEF)	Social Entrepreneurs Network	Addis Ababa	Newly established network (august 2016). It aims to build the social entrepreneurship sector in Ethiopia and create an environment in which social entrepreneurs can thrive.

Study findings

Social enterprise survey sample

A total of 212 organisations completed the survey. Using the social enterprise inclusion criteria (see Study Methodology Section for full details) 134 respondents were classified as social enterprises for the purposes of this study (63%). The total number of respondents classified as social enterprises decreased after data cleaning, which excluded respondents when questionnaires presented incomplete information. Separately to the questions which provided the exclusion criteria, respondents were also asked whether they consider themselves to be social enterprises, 87% of survey respondents said that they consider their organisations to be social enterprises (self-identifying social enterprises), even if they did not meet the criteria used in the study.

Through the exclusion criteria, 78 of the respondents were eliminated. For 40 of them, this was due to 75% or greater of their income coming from grants while, and for a further 38, this was due to them putting the emphasis on profit above so-cial/environmental mission.

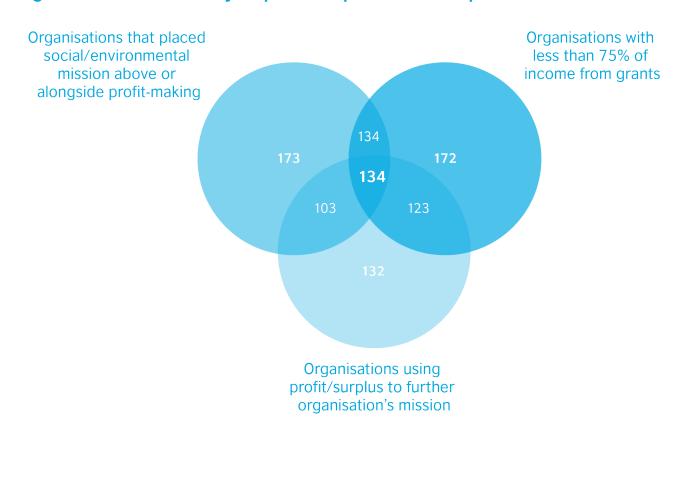


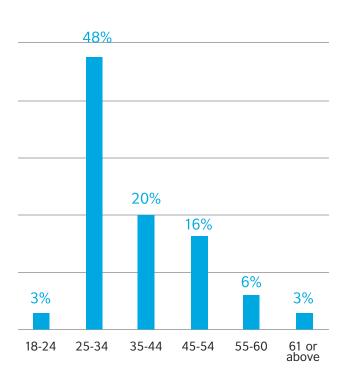
Figure 1: Number of survey respondents per social enterprise criteria

Social enterprise leadership (i.e. Owners, CEOs, Directors etc.)

Age

Social enterprise leaders in Ethiopia are young. According to the survey, 48% are people in charge of social enterprises are between the ages of 25 and 34. The recent MSE development in the country and the increase of TVET graduates may explain this trend. The next largest age group is the 35-44 group (20%), followed by the 45-54 group (16%), and the 55-60 group (6%). Only 3% of the social enterprises are run by individuals older than 61. Of social enterprise leaders aged 25-34 and 35-44, the women running social enterprises are proportionately younger than men.

Figure 2: Age of Social Enterprise Leaders

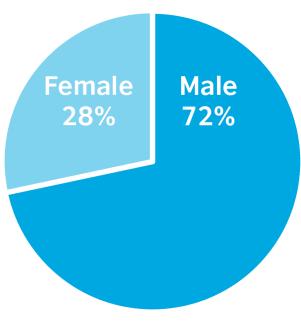


Gender

According to the survey, 28% of social enterprises are run by women, compared to 72% of them being run by men. The total number of women running a social enterprise is lower than their male counterparts (38 versus 96).

Compared to the World Bank Enterprise Survey – Ethiopia results, women are better represented in the leadership of social enterprises than general private sector businesses (28% compared to 4.5% of businesses having a female top manager and 16.5% with a majority female-owned).





Years of operation

According to survey results, the majority of social enterprise have started their operations after 2010 (75%) and almost half of them started after 2014 (49%).

40 0 35 30 25 0 20 15 °<u>o</u> 10 0 5 00,0 0 00 0 1940 1960 1970 1980 1990 2000 2020 1950 2010

Figure 4: Number of social enterprises starting up across time

The highest proportion of social enterprises have started operating since 2010 in the national capital city of Addis Ababa, followed by the Northern region of Tigray and Southern SNNPR. After 2014, the majority of social enterprises started operating in the Amhara, Oromiya, and Tigray regions, as well as Addis Ababa. The Entrepreneurship Development Center (EDC) was established in 2013 and aims to support directly start-up development; the spike of newer social enterprises after 2014 could be related the establishment of such a program. Furthermore, the trend represented in Figure 4 could be linked to the increased popularity of the concept of start-ups and enterprise development alongside the growth of the ecosystem. The Government's strong support for Small and Medium Enterprises to engage in business with financial and technical support has likely strongly contributed to the proliferation of many social enterprises. With the continued focus on such an approach and the existing strategy for micro, small and medium enterprises, the above trend is expected to grow even further.



Tewedaj Eshetu from Shega Crafts

Location: Where were respondents based?

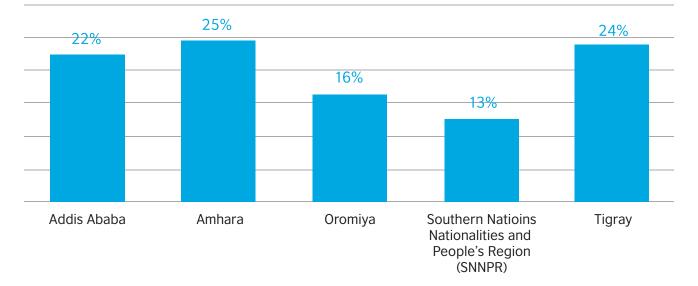
Ethiopia is constituted of 9 regional states and 2 administration cities (Addis Ababa and Dire Dawa). Outreach events were conducted in Addis Ababa and 2 regions (SNNPR and Tigray). It is expected that location findings are biased towards these 3 cities and regions, and so not representative of social enterprise activity nationally.

According to this survey, it is interesting to note that social enterprises seem to be guite evenly distributed throughout the surveyed regions and city. The SNN-PR region shows the lowest proportion (13%). The Oromiya region, which is also the most populous one in Ethiopia, seems to have a surprisingly low number of social enterprises, however, it is important to note that it could be accounted to the fact that a lower number of respondents participated in the survey (mainly due to state of emergency declaration and security issues within the region at the time of survey which precluded the research team from having onsite presence and verify the situation further).

Geographical reach

Social enterprises in Ethiopia predominantly work at regional level within the country (77%), while less than a guarter operate nationally (20%) and only 3% are working internationally. 23% operate as a subsidiary of another organisation, rather than as an independent organisation in their own right. Furthermore, 29% of operations in the Amhara region and 24% in the Tigray region are regional only. Only in the Tigray region have social enterprises mentioned operations at a national scale. International scale operations are reported only in Addis Ababa and in Tigray; no other regions reported international operations.

Figure 2: Age of Social Enterprise Leaders



Legal status

Presently in Ethiopia, there is no distinct legal form or registration process for social enterprises. Of the legal forms available in the country, registration as a micro and small enterprise (MSE) was the most commonly used amongst social enterprise survey respondents (31%). Registering as a MSE is extensively promoted and business set-up incentives as tax breaks, land lease possibilities or free workshop are offered by government (Federal Micro and Small Enterprise Development Agency, 2014).

Sole proprietorship is the second most used legal form, reported by 22% of the respondents, followed by cooperatives (10%), partnerships (8%) and charity or society (7%). The least common legal form is general partnerships, with no respondents. MSE and sole proprietorship are also the most commonly registered among women-led social enterprises.

Table 10: Legal Status of socialenterprises

Legal Status	Number of respon- dents	Percentage of respon- dents
Sole Proprietorship	30	22%
Partnership	11	8%
General Partnership	0	0%
Limited Partnership	8	6%
Share Company	2	1%
Private Limited Company (PLC)	8	6%
Joint Venture	2	1%
Micro and Small Enterprise (MSE)	41	31%
Charity or Society	9	7%
NGO – for profit (with IGA)	5	4%
Non-profit	6	4%
Other ³	12	10%

3 10% of respondents ticked the 'other' option. These social enterprises explained that they registered as 'Cooperatives'.

From the surveyed social enterprises, 63% of those registered as MSEs and 66% of which have been registered as sole proprietorship are male-led.

MSE registered social enterprises are mostly noted in the Oromiya region (37%), followed by the capital city of Addis Ababa (24%). Main offices for the registration of businesses in Ethiopia are decentralised from the capital city, allowing each regional state to also provide registration services. Most sole proprietorship social enterprises are located in the Amhara region (50%), followed by Addis Ababa (20%).

Registering as a social enterprise within Ethiopian business law is not yet possible. Different enterprises register as entities that they believe best suits their purpose and later on regard themselves as social enterprises. This is one of the issues that made it difficult to identify social enterprises.

Social enterprises with higher numbers of staff were most likely to be registered as MSE and social enterprises with this legal form also had the highest financial turnover. The average staff size of surveyed MSE social enterprises is the same as the sole proprietorship social enterprises.



Ayatam Simenh from Beautiful Minds

© Anteneh Girn

Areas of focus

Objectives

The survey asked about the overall objectives of the social enterprise. A higher number of respondents reported that the social enterprise objective is to 'create employment opportunities' (17%), followed by 15% focused on 'selling a product' and 14% aiming to 'improve a particular community'. By contrast, few social enterprises reported that they aimed to 'support other social enterprises or organisations' or 'address financial exclusion'.

The questions about social enterprises objectives are important to help gauge the focus of social enterprises towards social good. When many of the sampled social enterprises are established (NGOs, individuals, MSEs and others), their primary focus is job creation. This is most probably heightened by strong encouragement from government programmes towards this objective.

Broken down by gender, the top objective among male-led social enterprises is creating employment opportunities (18%). By contrast, female-led social enterprises are more focused on selling a good or a

product (23%) and improving health and well-being (16%). This trend is consistent with research which suggests that women-led SEs are mostly engaged in retail or services, while men-led MSEs are in manufacturing and construction (Ethiopian-Canadian Cooperation Office, 2015). In Addis Ababa, selling a good or a product, improving a particular community and supporting vulnerable people were the main objectives reported by social enterprises. In the other regions, selling a good is also a prominent objective, except in the Amhara region, where a higher proportion of social enterprises are aiming to improve a particular community. Social enterprises set up before 2014 were often focused on selling a product and creating employment opportunities, while newer social enterprises, created since 2014, reported aiming to improve a particular community. Higher proportions of social enterprises aiming to support education and literacy, addressing social exclusion and supporting vulnerable children are observed in longer-established social enterprises, while protecting the environment and improving health have increasingly been mentioned after 2014. In general, creating employment is among the top social enterprise objective in Ethiopia, while community improvement is growing in importance.

Objective	Number of responses*	Responses (%)	Respondents (%)
Creating employment opportunities	59	17%	44%
Selling a good or a product	53	15%	40%
Supporting vulnerable people	30	9%	22%
Improving health and well-being	42	12%	31%
Protecting the environment	28	8%	21%
Promoting education and literacy	20	6%	15%
Improving a particular community	50	14%	37%
Supporting vulnerable children and young people	21	6%	16%
Supporting other social enterprises/organisations	10	3%	7%
Addressing social exclusion	24	7%	18%
Addressing financial exclusion	12	3%	9%

Table 11: Social Enterprise Objectives

*multiples entries allowed for this survey question

Sectors

Social enterprise activity in Ethiopia is mainly focused in four sectors: services, business development services and entrepreneurship support, agriculture and fisheries and retail (refer to Table 12). Respondents could only choose one sector when answering this question. Just 2% cited livelihoods and employment creation as the sector in which they work.

The focus on business development services and entrepreneurship support seems to be inconsistent compared to the fact that only very few social enterprises mentioned aiming to support other social enterprises and organisations. This contradiction could potentially be explained by different situations.

The general definition of what business development is and how social enterprises define it as, can be different. Provision of inputs or sale of product is sometimes confused as business development support. So the definition of business development itself can create inconsistencies. The inconsistency could also be explained by gaps existing within the business law registration. Due to a lack of a clear categorisation at their registration stage, ventures can enlist a set of priorities but then provide actual services different from them. It also applies to what enterprises may have listed as a vision and plan during their registration, which can potentially be different during its delivery.

The highest proportions of social enterprises working in the services sector are observed in the Oromiya region (39%), while those in the business development services and entrepreneurship support are mostly in the Amhara region (50%). Social enterprises working in the agricul-

Sector	Number of respondents	Respondents (%)
Services (e.g. ICT, tourism)	18	14%
Business development services & entrepreneurship support (including to Charities and NGOs)	16	12%
Agriculture and fisheries	15	11%
Other⁵	15	11%
Retail	14	11%
Manufacturing	10	8%
Food & Nutrition	9	7%
Education	7	5%
Financial services	7	5%
Health & social care	6	5%
Infrastructure development & maintenance	5	4%
Mobility & transport	4	3%
Livelihoods & employment creation	3	2%
Housing	1	1%
Justice & rehabilitation	1	1%

Table 12: Social Enterprise sectors⁴

5 Most of the sectors detailed by respondents under 'other' could have been categorised as education, agriculture or food and nutrition sector, although responses indicated that there are two further sectors: urban greenery (one social enterprise reported working in this sector) and environment protection - wider than energy and clean tech, including conservation (two social enterprises work in this area).

⁴ There were no social enterprises that reported working in energy and clean tech and forestry.

ture and fisheries sector are frequently found in the Amhara and Tigray regions (33%). A particularly high proportion of Addis Ababa based social enterprises work in the manufacturing sector (60%) with only 25% working in the business development services and entrepreneurship support sector. Entrepreneurship support dominates social enterprise sector-level activity in the Amhara region, with a 50% of social enterprises, followed by services (26%).

Notably, the high concentration of social enterprises in Addis Ababa operating in the manufacturing sector can be related to the Grand Housing Development Plan implemented in the city (Ministry of Urban Development and Housing, 2010). It necessitated the creation of large number of small scale MSEs, as well as community and social groups to manage livelihoods in the condominium housing projects. With the strong agricultural focus of the Amhara and Tigray regions on irrigation development, agro processing, small scale cottage industry development and related activities, social enterprises in these two regions are seen to be concentrated within these sectors. Furthermore, the prevalence of strong regional micro finance institutions in Amhara region could explain the spread of social enterprises engaged in business development services and entrepreneurship support. The Oromiya region is gateway to the rest of the country. As a result, many tourist destinations and routes also pass through this region; this could explain why there are many more service oriented social enterprises in the region.

Male-led ventures are more likely to focus on agriculture and business development services and entrepreneurship support and manufacturing, female-led social enterprises focus predominantly on retail, services, food and nutrition. These results are consistent with those found in the Urban MSE study which states that the vast majority of female entrepreneurs engage in the trade and services sector as these activities are often created in the hopes of supplementing the household income (Ethiopia-Canada Cooperation Office, 2015).

Other than the usual argument whereby men are the ones usually engaged in business that require heavy duty labour, another reason for this could be related to the extensive work that has been done by government and development partners to enable women acquire the skills to engage in entrepreneurship and access to finance. The starting point for most of these engagements had been to support women to strengthen their respective households with non-farming income generating activities. Hence, the engagement focuses predominantly on retail, services, food and nutrition.

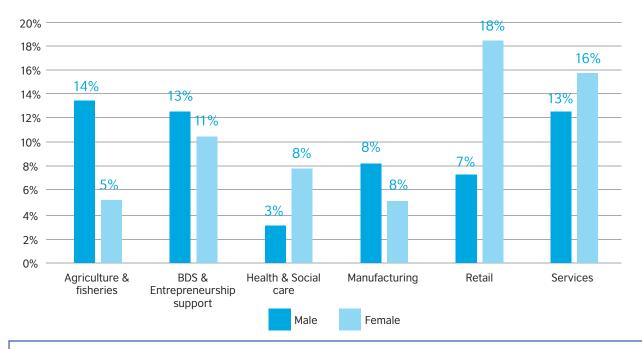


Figure 6: Percentage of social enterprises by sector and gender of leader

Case study: BAHIR ZAF Restaurant

'Bahir Zaf' is a local training restaurant, taking some of Addis Ababa's most disadvantaged youth, and putting them through 12 months of on-the-job training in hygiene, food preparation, customer service and English. After one year of training and practical experience in a fully operating restaurant, students are supported to find work in Ethiopia's booming hospitality industry. Based on a sustainable business model, 100% of profits are directed back into training or community projects across the country.



Kibret Abebe from Tebita Ambulance Pre-Hospital Emergency Medical Service

Social impact

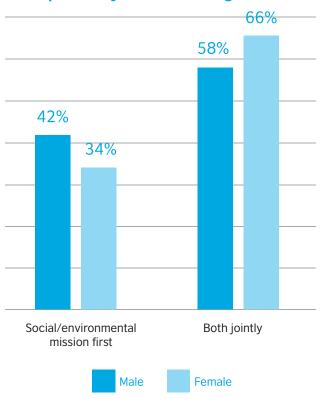
Primary Mission

60% of the social enterprises surveyed stated that their mission was to pursue profit and social/environmental mission jointly, while 40% focus on creating primarily social/environmental impact.

Female-led social enterprises and newer social enterprises are more likely to focus on joint profit and social/environmental impact (66% and 71% respectively), while the longer established social enterprises focus primarily on social impact (62%).

Social enterprises in the Amhara, Oromiya, SNNPR and Tigray are more likely to pursue profit and social/environmental mission jointly rather than put social and environmental impact first⁶. However, in Addis Ababa, 70% of social enterprises stated that social and environmental impact comes first.

Figure 7: Percentage of social enterprises by mission and gender



⁶ It is important to note that this question might be subject to interpretation as a social entrepreneur may have said that it pursued both profit and social/environmental missions jointly as it needs to succeed financially to have a social impact.

Beneficiaries

The social enterprises surveyed reported that they had supported a total of 172,040 people over the past year, an average of 1,284 per social enterprise. Amongst them, an average of 977 people are supported by women-led social enterprises and 1,405 by men-led social enterprises.

Respondents were asked to identify the number of people in specific categories (see Annex 2). Results are distributed quite evenly between categories. However, the highest proportion of social enterprises support their local community, 15% support employees and 13% support women.

Female-led social enterprises mostly support their local community, similarly to male-led enterprises but do so in higher proportion (34% as opposed to 24%). Male and female-led enterprises support organisations, employees and women in equal proportions (12%). The local community was the most popular response across all regions. However, young people in Addis Ababa and children under 16 years old in the SNNPR region were notably the second most significant category of beneficiaries reported by respondents.

Male-led social enterprises report on average a larger number of beneficiaries (1,405) than women-led enterprises. Addis Ababa and Oromiya - the most populous city and region in the country - have the highest average numbers of beneficiaries, at 2,370 and 2,189 respectively.

Sector	SE per category of beneficiary*	% respondents	% responses
Local community	101	75%	26%
Employees of your organisation	58	43%	15%
Women	51	38%	13%
Young people (16-35 years old)	48	36%	13%
Organisations (NGOs, micro and small businesses, social enterprises, self-help groups, community, and religious groups)	47	35%	12%
Children under 16 years old	34	25%	9%
Disabled/differently abled people	31	23%	8%
People from underserved regions or communities	11	8%	3%
None of the above	3	2%	1%

Table 13: Social Enterprise Beneficiaries

*multiples entries allowed for this survey question

Job creation from social enterprise

According to the survey, social enterprises in Ethiopia have an average of 21 fulltime equivalent staff⁷ – a total of 2,836 jobs among those we surveyed.

Job creation has increased over the last year, as social enterprises now have an average of over three more full-time equivalent staff than last year. 82% of social enterprise anticipate increasing their staff either substantially or a little over the next year, with only 1% predicting a decline. Expectations of fast staff growth are particularly high in the SNNPR region (94%) and in Addis Ababa (86%).

Table 14:Job creation by socialenterprises

	Last year	This year
Full-time equivalent jobs, mean average (% female)	16 (34%)	21 (32%)
Total jobs created	2,159	2,836
Of which, part time (% female)	315 (45%)	571 (38%)

31% of the total full-time staff of surveyed social enterprises are female, and 38% are part-time workers. Overall, 32% of full-time equivalent jobs are occupied by women. This is slightly higher than the proportion of permanent full-time female workers for mainstream enterprises, which is 28% (World Bank, 2015).

Female-led social enterprises hire a higher proportion of female staff than maleled social enterprises and have lower numbers of staff. Of the regions with significant numbers of social enterprises surveyed, it is those based in Tigray and Addis Ababa which employ on average the most staff (30 and 27 full-time equivalent staff, respectively).

The newer social enterprises surveyed have perhaps inevitably yet to build up as large a workforce as those which are more established. Those set up before 2014 have on average 32 full-time equivalent staff⁸ compared to 10 for those set up after 2016. Nevertheless, 82% of these newer social enterprises anticipate increasing their staff numbers substantially or a little over the next year.

Social enterprises with higher turnovers have higher number of staff, which is also to be expected. Social enterprises with turnover between 1,000,000 and 2,000,000 ETB (\$45,500 -\$ 90,000 USD) on average employed 39 full-time equivalent staff, compared to 12 employed by those with turnover below 20,000 ETB (\$900 USD).

⁷ Part-time staff are calculated as equating to half a full-time staff member. Twelve of the social enterprises surveyed having more than 40 staff.

⁸ This high number is due to the fact that two longer-established social enterprises gave a greater number of staff.

Turnover and profit/surplus use

Profit and turnover

Respondents were asked whether they made a profit over the past year. 71% reported currently making a profit or a surplus. Profit-making is more common in the SNNPR region (88%) compared to Addis Ababa (69%) or the Amhara region (61%), where proportions are lower.

Male-led (76%) social enterprises are more likely to be profit-making than female-led ones (58%) and newer ventures are less likely to be making a profit or a surplus (65%) than the longer established businesses (76%).

Among those surveyed, 70 social enterprises reported data on financial turnover⁹. Figure 8 presents the annual turnover for surveyed social enterprises. The combined total turnover of the respondents is 97,620,238 ETB

(\$4,437,284 USD). Average turnover per social enterprise is 207,894 ETB (\$9,400 USD)¹⁰, with a median value of 70,000 ETB (\$3,182 USD). In Ethiopia, an enterprise can be defined as a MSE when the number of its employees (including the owner or family) are not greater than 5 and total assets are below 100,000 ETB for the industrial sector and less than 50,000 ETB for the service sector (MSE Agency, 2014). In the light of this definition, the average social enterprise in Ethiopia is a MSE.

Owing to the high turnover of three ventures in the region, Tigray has the highest average turnover per social enterprise (11,653 764 ETB or \$529,717 USD). Addis Ababa has the second highest average turnover, followed by Tigray (with one high turnover venture, 5,343,131 ETB or \$242,870 USD), and followed by SNNPR, Amhara and Oromiya.

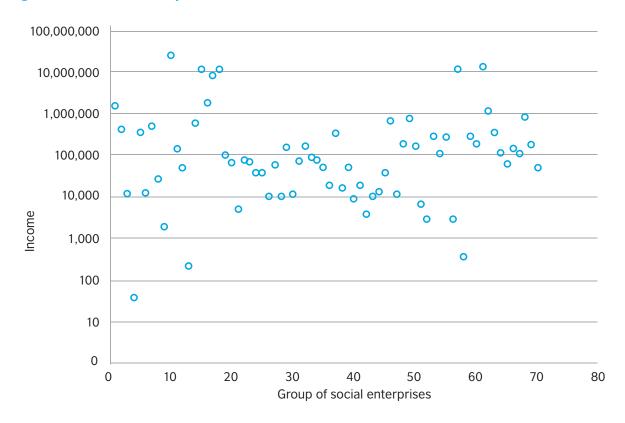


Figure 8: Social enterprises annual turnover (in ETB)

10 Four respondents have been excluded from the average turnover calculation, as their social enterprise had a turnover between 8 and 26 million ETB. These extremes skewed numbers.

⁹ Where respondents gave no answer, the data has been excluded. Where they responded zero, this has been excluded too - it is possible that the zero was a refusal however, rather than an accurate answer.

Turnover Expectations

Expectations for turnover to increase over the next year are positive amongst surveyed social enterprises. 40% expect their turnover to increase substantially over the next year and a further 45% expect it to increase slightly. However, 7% expect a decrease in turnover. Longer-established, larger and male-led ventures are slightly more optimistic than female-led, newer social enterprises.

Use of profit/surplus

Social enterprises in Ethiopia use most of their profit or surplus to focus on growth and development, with minimal amounts being distributed to staff and beneficiaries or funding third party social/environmental activities. Around a quarter of social enterprises report a degree of profit sharing with owners and shareholders. Perhaps of some concern is the lack of reported use of profit to ensure reserves.

Table 15: Use of profit/surplus

Use of profit/surplus	Num- ber of respon- dents	Respon- dents (%)
Growth and development activities	31	40%
Rewards to staff and beneficiaries	5	6%
Funding third party social/environmental activities	5	6%
Profit sharing with owners and shareholders	21	27%
Reserves	9	12%
Cross subsidising	7	9%

Growth plans and barriers

Growth Plans

Social enterprises in Ethiopia commonly plan to expand. The most common growth plan is to attract new customers or clients.

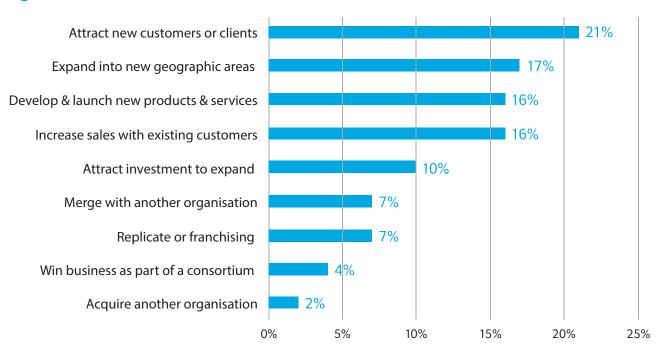


Figure 9: Growth Plans

Female-led social enterprises are more likely to plan to expand into new geographic areas and are less focused on planning on how attract investment. By contrast, male-led social enterprises are more likely to plan how to attract new customer and clients, and develop/launch new products and services.

Social enterprises from the Oromiya, SN-NPR and Tigray regions are more likely to plan growth by attracting new customers and clients. While in the Amhara region, expanding into new geographical areas is planned, in Addis Ababa, social enterprises focus more on increasing sales.

Barriers to growth

The biggest barrier face by surveyed social enterprises in Ethiopia is financial, 58%. The most frequently reported barrier is the lack of capital in the form of debt or equity while obtaining grant funding is listed as the second biggest barrier to growth. This is different from mainstream business, where 20.3% identify finance as a major constraint (World Bank, 2015).

In the capital city of Addis Ababa and in the Oromiya, SNNPR and Tigray regions, the lack of access to capital is reported as the most likely barrier to growth. However, in the Amhara region, the lack of availability and the cost of suitable premises is cited as the biggest barrier by 20% of respondents. The lack of access to support and advisory services is also significant in the SNNPR and Tigray regions. The biggest barriers faced by social enterprises are similar regardless of gender. However, more female-led social enterprises find the lack of availability and the cost of suitable premises a challenge.

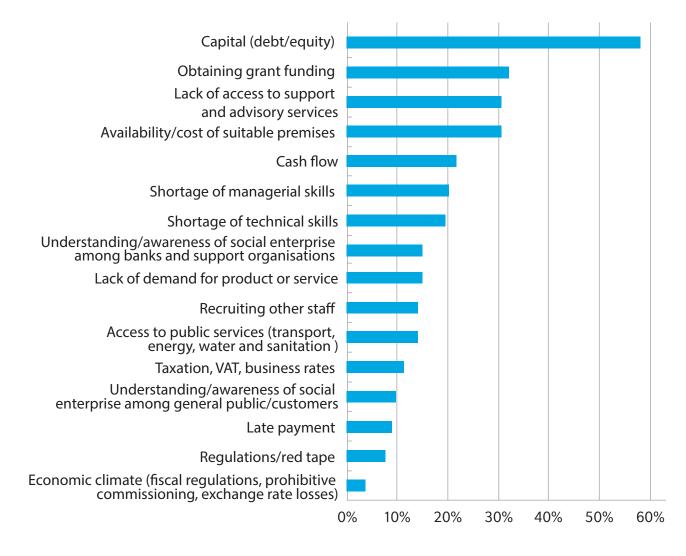


Table 16: Barriers to growth

Finance sources and constraints

Sources of funding and finance

Almost 40% of the social enterprises surveyed have not received any form of external funding or financing - either from non-repayable or repayable capital. However, the most frequently reported sources of funding are from donations, grants and concessional loans.

Social enterprises in Addis Ababa show they benefit more than other regions from grants coming from foundations (23%). In the Oromiya region, 86% of social enterprises have received no funding or financing whatsoever. Meanwhile, in the Amhara region, government grant funding is the second most frequent source of funding (17%), while in the SNNPR region, it is concessional loans (29%). 49% of female-led social enterprises surveyed have received no type of funding or financing, compared to 35% of male-led social enterprises. Compared to their female-led counterparts, male-run social enterprises have greater access to grants from the government or foundations, as well as concessional loans. According to the Urban MSE study (Ethiopia-Canada Cooperation Office), microfinance institutions loans (MFIs) are more common for women-run enterprises (50%), while bank loans are more dominantly accessed by male business operators (36%).

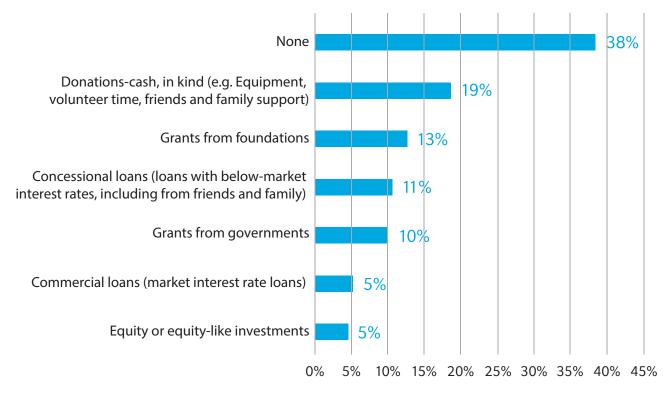


Table 17: Sources of finance

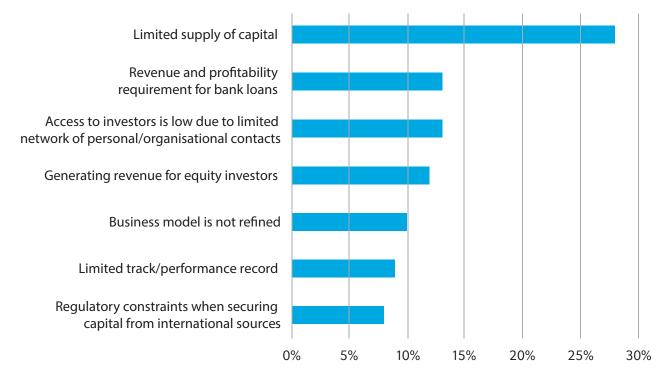
Financing constraints

The limited supply of capital is the most dominant factor in terms of financing constraints (28%). The lack of revenue and profitability required for bank loans and the low access to investors due to limited networks of personal and organisational contacts are the other most cited constraints.

Limited supply to capital is in the most common finance constraint in all regions. However, in Addis Ababa, the second most frequent challenge is business plan refinement and the issue of generating revenue for equity investors. The second most frequently cited issues in the Amhara, Oromiya and SNNPR regions are revenue and profitability requirements for bank loans, while in the Tigray region, regulatory constraints when securing capital from international sources is the most common problem.

Overall, female-led social enterprises are more likely to report financial constraints and are more concerned by their limited access to investors.

Table 16: Barriers to growth



Estimate of the number of Social Enterprises in Ethiopia

Based on the sampling process detailed in the Study Methodology section, it is possible to extrapolate these numbers to give a rough indication of the potential size of the social enterprise sector in Ethiopia. Using these calculations, which are far from statistically robust, this study makes an initial estimate that there could be around 54,980 social enterprises currently operating in Ethiopia. Table 10 below shows the data on Owhich this estimate is based.

Table 19: Sources of information for total number of social enterprises

Source	Total number	Social enterprise prevalence rate	Expected total num- ber of social enter- prises (= Total*Prev- alence rate)
NGOs (Charities and Societies Agency)	3,000	36% (based on sample size of 59)	1,080
SMEs (Micro and Small Enterprises Agency)	490,000	11% (based on sample size of 161)	53,900
Total	54,980		

Conclusions

Our research confirms that many social enterprises operate across in Ethiopia and the sector is vibrant and growing. Its leadership is young, with women playing a more prominent role in this sector than in mainstream enterprises. Social enterprises are creating significant employment, and most of them are expecting to see increases in their staff numbers, as well as higher turnover.

Female-led social enterprises are also more likely to hire women onto their staff. As such, social enterprises may represent an important outlet for female entrepreneurs in Ethiopia, and understanding this phenomenon in more detail might help wider gender equality agendas.

Our survey findings revealed a number of trends of potential interest to social enterprise stakeholders, including policy-makers and providers of finance. Most social enterprises have established themselves after 2010. The youthfulness of these social enterprises and their leaders could explain why strong networks are not yet established – among each other and also with the investor community.

Social enterprises appear to be quite evenly distributed across the country. The majority of social enterprises work predominantly at a regional level and the social and environmental impact they aim to achieve is within their local and regional communities.

At the same time, social enterprises are aiming to be even more competitive, to find ways to attract new customers or clients, to develop new products or services, and expand into new geographic areas.

Participation in the survey, our outreach events and discussions revealed stakeholders' keen interest in both profitability and social impact. Many were keen to differentiate themselves from being perceived solely as NGOs. Social enterprises in Ethiopia create jobs and empower young people, women and marginalised groups. We hope that this emerging evidence can support the development of tailored policies, which can further support the added value which social enterprises bring, increase investment and overcome funding barriers.

These survey findings are indicative rather than conclusive. However, we know that social enterprise is indeed a growing sector in Ethiopia, providing new alternatives and demonstrating that profit-making can rhyme with social and environmental impact as well as innovative and sustainable solutions.

We also learned that social enterprises face similar challenges to other businesses but may access different business development services, training and types of funding to those currently available to Ethiopian entrepreneurs. Specific targeting of social enterprises may not currently be at the forefront of the political agenda, but the survey shows that the number of social enterprises is likely to grow. Their combined quest for social impact and profitability provides an innovative response to tackling current social and environmental challenges while providing economic growth through profitability and job creation.

Furthermore, during the stakeholders' validation workshop held on January 30, 2017 in Addis Ababa, it was mentioned that licensing and registration as well as tax collection pose challenges for social enterprises as they do not exactly fit in the current framework. In order to foster an enabling environment for social enterprises in Ethiopia, stakeholders advised a policy framework inclusive of social enterprises (inclusive of the fact that social enterprises re-invest their profits within the organisation), and the increase of a coordinated knowledge and understand-

ing on social enterprises (see Annex 4 for a summary of the Q&A).

Growing efforts to mobilise social enterprises through support directly addressed to them (funding/financing, accelerators, workspaces etc.) and the creation of strong networks (forums, products showcases) can help put them at the forefront of political discussions. Finally, social enterprises want greater recognition, support for their development as well as capacity building initiatives; all of which can help deliver the overarching goal of Ethiopia's economic and social growth.

Bibliography

Abebayehu Mamo, Abebe Mekuriaw and Frehiwot Woldehanna (2014). IFS-AAS Project on Developing an Enabling Scientific Equipment Policy in Africa Ethiopia Country Study (Final Report). Available at: http://www.ifs.se/IFS/Documents/Publications/Ethiopia%20Country%20Study%20 Report.pdf

British Council (2016). Social Enterprise Sector Situational Analysis Report, Ethiopia and Kenya, January 2016. Internal document, not published.

Ethiopia-Canada Cooperation Office (2015). Survey on urban micro and small enterprises in Ethiopia. Available at: www. mse.org.et/Documents/mse_survey.pdf

Federal Democratic Republic of Ethiopia (2016). Growth and Transformation Plan II (GTP II) (2015/16-2019/20) Volume I: Main Text. Available at: http://dagethiopia. org/new//docstation/com_content.article/100/gtpii_english_translation_final_june_21_2016.pdf

Federal Micro and Small Enterprise Development Agency (2014). MSE development strategy. Available at: www.mse.org.et

Global Impact Investing Network (2015). Landscape for impact investing in East Africa. Available at: https://thegiin.org/ knowledge/publication/the-landscape-forimpact-investing-in-east-africa

Micro and Small Enterprises Agency - MSE (2014). Strategies available at: http://www. mse.org.et

Ministry of Finance and Economic Development - MoFED (2004). Growth and Transformation Plan I. Available at: http://www.mofed.gov.et/web/guest/-/ gtp-main-document-vol-1?inheritRedirect=true Ministry of Finance and Economic Development - MoFED (2014). Strategies available at: http://www.mofed.gov.et/web/ guest/home

Ministry of Urban Development and Housing (2010). Strategies available at: www. mudco.gov.et

Ministry of Urban Development and Construction Ethiopia (2013). Survey on Micro and Small Enterprises (MSEs) in Selected Major Cities of Ethiopia. Available at: http://www.mwud.gov.et/c/document_library/get_file?uuid=28a0fa5f-8689-4828-9244-7187413fb248&groupId=10136

Reach for Change (2013). Reach for Change 3 Initial Years Business Case. Internal document, not published.

Social Enterprise UK – SEUK (2016). Definition consulted online at: www.socialenterprise.org.uk/about

Southern Region Farmers' Cooperative Federation (SRFCF, 2015). Available at: http://www.farmers-cooperative.com.et/ about.html

UNESCO Institute for Statistics (2015). Available at: http://www.uis.unesco.org/ Pages/default.aspx

World Bank (2014, 2015). World Bank Enterprise Survey Ethiopia 2015. Available at: http://www.enterprisesurveys.org/ data/exploreeconomies/2015/ethiopia

World Bank (2016). World Bank Open Data – Ethiopia. Available at: http://data.worldbank.org/country/ethiopia

Annex 1: Interviewees and consultation workshop participants

Outreach events and workshops

ADDIS ABABA (Administrative city and nation's capital)

1) Consultation Workshop

Held on August 23, 2016, where 42 participants attended. It brought together various stakeholders, from local social entrepreneurs, microfinance and banking institutions to government advisors from multiple ministries and private consultants. During the workshop, thanks to a questionnaire, stakeholders were invited to share contacts related to social enterprises, communicate any known events, networks, policies or education programs. The collected information will serve as leads to follow-up with in order to collect in-depth information.

Name	Organisation Name
Kedir Ahmed	AKBD Press Advertising & Advocacy
Anteneh Asrat	Ministry of Women & Children
Bizuneh S.yemira	Nolot Trade & Investment plc
Sebsibie Zuber	BBS Africa Development Consultancy
Anna Chojnika	Reach For Change
Abeba Tesfa	Enat Bank
Rukia Seid	Ministry of Urban & Housing Development
Bereket Akele	Ministry of Education
Felema Amare	Deloitte Consultancy Plc
Anteneh Aklilu	Capital Newspaper
Zenayneh Girma	YCDF
Aklilu Abate	R&D Group
Matiwos Ashenafi	TVET federal
Shamil Abas	Ministry of science & technology
Dan Gregory	SEUK
Yitages Mengistu	Tebeta Ambulance
Valerie Bowden	Dirkosh
Rekik Bekele	RK Renew Energy
Mesfin Kassa	Lefayeda (panelist)
Solomon Mulugeta	Eshururu
Addisu Sime	Gogle energy
Tigist Gelaye	Cordaid
Konjit Desalegne	Digital opp. Trust (DOT)
Kibrom Tadesse	X Hub Innovative
Senedu Beyene	A/A Saving & Credit
Meseret Teshome	Ethiopian Revenue and Customs authority
Adamitu Kumssa	Ministry of Education
Konjit Negussu	RK Renew Energy plc
Carl Daspect	EU Delegation
Amare Molla	British Council Ethiopia
Asrat Tadesse	Private Consulting

Yetnayet T/wold	Awash Saving & Credit
Elias Asgedom	FCA
Dugassa Tessema	EDC-Ethiopia
Tirsit Bimreal	Ministry of Industry
Diana Yilmen	Deloitte Consultancy Plc
Henok Wendirat	Mak Addis Tutors
Sisay Worku	AACCSA
Ephrem Mekuria	Commercial Bank of Ethiopia
Melese Yimer	General Wingate
Genet Abebaw	Senior Business Addis
Sewit Haileselassie	CDS/AAU – Addis Ababa University

2) Outreach Event: Stakeholders Meeting

Held on September 26, 2016, where 38 participants attended. Modelled upon the Consultation workshop, it brought together identified social entrepreneurs, private sector members, SMEs and NGOs. This event was also an opportunity for participants to fill the survey questionnaire or provide contacts of social enterprises to be contacted.

Name	Organisation Name
Yehualawork Fetehawek	Organisation for women in self-development
Kebatu Dula	Guraghe Development and Cultural Association
Abel Atlabachew	Niquat Charitable Association
Nardos Alemayehu	International Fund for Africa
Rachel Birhanu	Hope for Children Organisation
Solomon Addis	Ellilta Women at Risk
Zenebech Asfaw	Hiwot Integrated Development Organisation
Abel HaileGiorgis	Creative Bamboo p.l.c
Birtukan Lagasa	Birtukan and Yohannes Poultry Farming
Wagaw Tagne	Wagaw, Nigusie and his friends Electric and Pipe Work
Melese Damka	Fana Wagi Weaving Production
Aregash Berhanu	Yetemegn, Aregash and her friends Baltena
Eyaken Akale	Eyakem Wood and Meatal Work
Daniel Mekonen	Daniel Mekonen Construction
Nebiyou Sirkalem	Nebiyou Leather and Leather Work
Bayna Gizaw	BWF Metal Work
Habtamu Bayna	Habtamu General Metal Work
Akalnash Capinar	Akalnash and Fetra Food Preparation
Mesfin Bekele	(SME)
Aklilu Girma	Amen Building Construction
Biruk Minyalew	Biruk, Yonas and his friends Metal Work Enterprise
Yalemzawd Minilik	Yalemzawd and Nega Electric Work
Samuel Haile-Yasus	Edgat Fana Trade
Esayas Seifu	Esayas Café and Restaurant
Lagasa Hailu	Godanaw Cleaning Service
Tesfaye Leulsagd	Tesfaye, Abrham and Behailu Taxi Enterprise
Nigist G/E	Balcha Preparatory School
Adamu Tariku	Workinesh Mergay Printing and Promotion
Meaza Guebre/Mariam	Addis Ababa Women Association

Genet Simon	Melhek for Children and Elders Association
Tigist Tesfaye	(SME)
Ashenafi Taye	(SME)
Jemal Abdulkadir	Yizran Academy
Natnael Asfari	Jember Audio Book Production
Mussie Tamrat	T-Geb Textile Fashion
Gutu Gurmessa	Yemisarach and Gutu Software Development Enterprise
Fassika Fikre	Maisha ICT Technologies
Tesfaye Mammo	Maxin Arch Promotion
Dejene Adem	Grow Fresh Urban Agriculture plc

HAWASSA (SNNPR Region)

Held on October 6, 2016, where 44 participants attended. Modelled upon the Consultation workshop, it brought together identified social entrepreneurs, private sector members, SMEs, NGOs, and Cooperatives. This event was also and opportunity for participants to fill the survey questionnaire or provide contacts of social enterprises to be contacted.

Name	Organisation Name
Dereje	Timret Le Hiwot
Desalegn Tasama	Ethiopian Kalehiwot Church Development
Yohannes Gezah	Green image for Ethiopian initiative
Gertachew Zewdie	Shiney Day Association Social Service
Silashi Tamasgn	Birhan Lahisanat
Lealem Muluneh	Young Men's Christian Association of Ethiopia
Dr Tamasgn	Hawassa Children and Vocational College
Tasama Harbye	Ethiopian Evangelical Church Mekane Yesus Development and Social Service
Abebaw Derebaw	Center of Concern
Daniel	Reach Ethiopia
Kussia Bekele	Resources Center for Civil Society
Yadessa Negro	Tilahun Charity Association
Aster	Phares National Association
Ermias Mekonnen	Addis Development Vision
n/a	Bright Ethiopia
Yihunilign Bullo	Urban Agriculture (dairy farming)
Dawit Genene	Manufacturing
Alemgena Zergaw	Taber Trading PLC
Abebe Dita	Alem General Construction Inputs Manufacturing and Sales
Sirak Terefe	Abyssinia Leather Product
Birhanu Demissie	T-Five Feed Processing PLC
Zeritu Taye	PINE Wood and Metal Enterprise
Asrat Angelo	Tigle Fire Dairy Farming
Mekia Ali	Friendship Electromechanical Enterprise
Shawlt Tala	(SME)
Abagaz Tadassa	Minalu Wood and Metal Work
Tarafa Mamo	French Style Tailoring Association

Sawnet Tilahun	Hiwot Tasfa Furniture and Metal Work
Zelalem Deraje	Elshadya Dairy Farming
Bagoayaw Admasu	Aranguade Tesfa
Zamadkun Ofisu	BM Poultry
Yilma Yano	Keber Construction Association
Bakalu Balata	Idget Teter Amrach Mahber
Emawish Galaw	Liyu Construction
Ganan Hailu	Mom Cosmetics
Mulu Basa	Kibrom Construction
Wengel Kebede	Enat Fikir
Samson Bekele	Zewi Cafeteria and Restaurant
Anten Amegn	South Fast Food
Ashenafi Yohannes	MADE Food Processing Association
Tsegasnesh Hailu	Berhan SACCO
Lukas Kanche	Lake Hawassa Refreshment Association
Nigussie Tadesse	Berhan Saving and Credit Cooperative
Hashim Muzemil	Lemlem Poultry
Emuch Wolansa	Boat and Entertainment Service
Tsegaye G/Giorgis	Beteseb Soap Enterprise
Zewde Asfaw	TVET Hawassa (Key informant interview)
Tamrat W/Giorgis	Entrepreneurship Development Center Ethiopia (Key informant interview)
Teshome Demissie	Cooperative Agency (Key informant interview)
Getaneh Abebe	(Key informant interview)

MEKELLE (Tigray Region)

Held on November 3, 2016, where 52 participants attended. Modelled upon the Consultation workshop, it brought together identified social entrepreneurs, private sector members, SMEs, NGOs, and Cooperatives. This event was also an opportunity for participants to fill the survey questionnaire or provide contacts of social enterprises to be contacted.

Name	Organisation Name
Amalmal Beyane	Ethiopian Evangelical Church Mekana Yesus
Getachew	REST
L/Kristos Tesfamariam	Meseret Kristos Church
Desta	Milena
T/Michael	Wide Horizons for Children
Kunom	TVDA
Dawit	Family Umbrella Association
Abeba Hgdu	Catholic Church
Getachew Tesfaye	Operation Rescue
Mezgebe Araya	Araya Women and Children
Alem	Elshaday Relief Development
Mulugeta	Ethiopiam Mulu Wengel Amagnoch Church
Resom	DOT Ethiopia
Leul G/Hiwot	QESA

Abebe	Lola Children Home
Tedros	Meqamia Community Development Organisation
Fitsum	Te Ethiopia Hiwot Berhan Development
Biniyam Nadaw	Chura Abugida Association
Fikre Assefa	Human Beings Association of Brotherhood
Berhanu Rada	Birhanu Savings and Credit
Hailay Tlhaimanot	Savings and Credit
Abraht Desta	Raye Desta Saving and Credit Cooperative
Guze Desta	Guze Saving and Credit Cooperative
Kidu G/Michael	Kidu Saving and Credit Cooperative
Girmay Nagasa	Addis Alem Consumers Cooperative
Hailay Geday	Elala 2003 Consumers Cooperative
Warda Tadla	Edgat Consumers Cooperative
Amanuel	Raye Malase Consumers Cooperative
Atiba K/Mariam	Sagalu Consumers Cooperative
Lagas Desta	Fikre Silase Dairy Farming
Kassaye Hailu	Hadnat Bee and Honey Production
Tensu Adsebha	Timirt Saving and Credit
Berhan Kassaye	Berhanu Coffee and Tea House
Alemtshey Kassay	Alemtshey Mini Market
Dawit Mahri	Seioum and Kassaye Mobile Card Distributors
Amanuel Kiros	Amanuel-Kiros Automotive Garage Enterprise
Genet Liyom	Wazema Coffee House
Tesfaye Atibu	Lemlem Dairy Farming
Abrha G/Egzihabeher	Abrah Fruit House
Almaz Addis	Almaz Dairy Farming
Arayan Abraham	Arayan Construction
Hagos Teka	Hagos Wavering
Kassaye G/Silasse	Kassaye Electro-Mechanical Work
Bisrat Girmay Wereta	Gelila General Trading
Nesiriya Ebrahim	Aziz Restaurant
G/Michael Mehari	Solar Electric Work
Samson Atsibaha	S and F Poultry and Feed Development
Hagos Gebru	Bana Printing and Promotion
Moges Kassa	Mulugeta and Yared Weavering
Semira Mohamed	Mardi Décor
Masho G/Medhin	Masho Leather and Leather product
Hayat Abdulkadir	Hayat Greener

Annex 2: Survey questions

Social Enterprise Survey

Thank you for taking the time to participate in this survey. It takes 10-15 mins to complete and requires knowledge of your organisation's financial turnover and staff numbers.

Your data will form part of an exciting project to better understand social enterprise activity in Ethiopia.

All data you provide will be treated in the strictest confidence and aggregated with other responses before any findings are publically presented, with the exception of any data that you have agreed can be made public. Only the research team appointed by the British Council will have access to the full data set and will treat it in the strictest confidence.

Many thanks in advance for your time.

1. What is the name of your organisation? *

2. In what year (in European Calendar) did your organisation formally begin operating? *Require a numerical answer between 1900 and 2016

- 3. Where in Ethiopia does your organisation have its headquarters? *
- Addis Ababa
- □ Afar
- Amhara
- Beninshangul-Gumuz
- Gambella
- Harari
- Oromiya
- Southern Nations Nationalities and People's Region (SNNPR)
- Somali
- □ Tigray

4. Is your organisation operating at a regional, national or international scale? *

- Regional scale
- National scale
- International scale

5. Is your organisation a subsidiary of another organisation? *

- □ Yes
- □ No

6. What is the gender of the person currently in charge of your organisation? *

- Male
- Female

7. In what age range is the person in charge of the organisation? *

- □ Under 18
- □ 18-24
- □ 25-34
- □ 35-44
- □ 45-54
- □ 55-60
- 61 or above

8. In what legal form is, your organisation registered (only one answer is allowed)? *

- Sole proprietorship
- Partnership
- General Partnership
- Limited Partnership
- Share Company
- Private Limited Company (PLC)
- Joint Venture
- Micro and Small Enterprise (MSE)
- Charity or Society
- Cooperative
- □ NGO For profit (with IGA)
- Non-for-profit NGO (no IGA)

9. What are your organisation's overall objectives (select all that are applicable)? *

- Sell a good/product
- Improve a particular community
- Create employment opportunities
- Support vulnerable people
- $\hfill\square$ Improve health and well-being
- Promote education and literacy
- Address social exclusion
- Protect the environment
- Address financial exclusion
- Support vulnerable children and young people
- Support other social enterprises/organisations
- Other (please specify):

10. Does your organisation place emphasis on: profit first, social/ environmental mission first or both jointly (only one answer is allowed)? *This question is required and is a criteria for social enterprise inclusion in the survey.

- Profit first
- Social/environmental mission first
- Both jointly

11. What proportion of your total income came from grants last financial year (only one answer allowed)? *This question is required and is a criteria for social enterprise inclusion in the survey.

- □ 0-24%
- □ 25-49%
- □ 50-74%
- □ 75-100%

12. In what currency, if at all, will you provide information on your organisation's annual turnover in the previous financial year (only one answer is allowed)?

- Ethiopian Birr
- Dollars
- □ Sterling (Pounds)
- I don't have information on turnover
- I would prefer not to give information on turnover

13. What was your organisation's annual turnover in the previous financial year (use currency selected in previous question)?

14. What do you expect to happen to your organisation's turnover next financial year (only one answer is allowed)? *

- Increase substantially
- Increase a little
- Stay the same
- Decrease a little
- Decrease substantially

15. Do you currently make a profit or surplus? *

- □ Yes
- □ No

16. How is your profit/surplus used (select as many answers as relevant)? *

- Growth and development activities
- Rewards to staff and beneficiaries
- Profit sharing with owners and shareholders
- □ Cross subsidising
- Reserves
- □ Funding third party social/environmental activities
- Other:

17. How many paid staff do you currently employ (add numerical number)? Full-time employees (35+ hours per week)

- Number of current full time employees: _
- Number of current full-time female employees: ______
- Number of full-time female employees a year ago: _______

Part-time employees (34 or fewer hours per week)

- Number of current part-time employees:
- Number of current female part-time employees: ______
- Number of part-time female employees a year ago: ______

18. How do you expect the number of people you employ to have changed by this time next year? Please provide your best estimate. * Increase substantially Increase a little Stay the same Decrease

19. Do you consider any of the following groups to benefit directly from your organisation's core business activities (select as many answers as relevant)? *

- Local community
- Organisations (NGOs, micro and small businesses, social enterprises, self-help groups, community, and religious groups)
- Employees of your organisation
- □ Women
- □ Children under 16 years old
- □ Young people (16-35 years old)
- Disabled/differently abled people
- People from underserved regions or communities
- □ Other (please specify) Please enter an 'other' value for this selection.
- None of the above

20. If your answer to the above was yes, how many people do you estimate that you have supported in total in the last 12 months?

21. What is the main sector you operate in (only one answer is allowed)? *

- Agriculture and fisheries
- Business development services & entrepreneurship support (including to charities and NGOs)
- Education
- Energy & Clean Technology
- Financial services
- Food & Nutrition
- □ Forestry
- Health & social care
- □ Housing
- □ Infrastructure development & maintenance
- Justice & rehabilitation
- Livelihoods & employment creation
- Manufacturing
- Mobility & transport

Services (e.g. ICT, tourism)

□ Other (please specify):

22. Do you have expectations for growth over the next year?

Yes No

23. How does your organisation plan on achieving growth over the next year? (Choose as many options as applicable) *

- Increase sales with existing customers
- Expand into new geographic areas
- Develop & launch new products & services
- Attract new customers or clients
- Replicate or franchising
- □ Attract investment to expand
- Merge with another organisation
- Acquire another organisation
- Win business as part of a consortium
- □ Other (please specify):

24. What are the major barriers which your organisation faces? (Choose as many options as applicable) *

- Capital (debt/equity)
- Obtaining grant funding
- Cash flow
- Recruiting other staff
- Shortage of managerial skills
- Shortage of technical skills
- □ Lack of access to support and advisory services
- Understanding/awareness of social enterprise among banks and support organisations
- □ Understanding/awareness of social enterprise among general public/customers
- Lack of demand for product or service
- Economic climate (fiscal regulations, prohibitive commissioning, exchange rate losses)
- □ Access to public services (transport, energy, water and sanitation)
- Taxation, VAT, business rates
- Availability/cost of suitable premises
- □ Late payment
- □ Regulations/red tape

25. What are your organisation's top 3 constraints to financing (requires exactly 3 answers)? *

- □ Generating revenue for equity investors
- Business model is not refined
- Access to investors is low due to limited network of personal/organisational contacts
- Limited track/performance record

- □ Revenue and profitability requirement for bank loans
- □ Limited supply of capital
- Regulatory constraints when securing capital from international sources
- Securing capital and financing is not one of our major constraints

26. What forms of finance and funding have you received (in the last year or since you started operating)? (Choose as many options as applicable)

- □ Grants from governments
- Grants from foundations
- Donations- cash, in kind (e.g. equipment, volunteer time, friends and family support)
- Concessional loans (loans with below-market interest rates, including from friends and family)
- Commercial loans (market interest rate loans)
- Equity or equity-like investments
- □ None

27. Would you describe your organisation as a social enterprise?

- Yes
- □ No

28. Which, if any, of the following information are you willing to be shared publicly? The following information will be shared in a public database available to investors and support organisations. Only this information will be shared, the rest of your responses will be kept confidential. However, if you do not wish for any of the following information to be public, please indicate below. *

- Your organisation name
- □ Your country
- Your location in the country
- □ Your sector(s) of operation
- □ Your sector(s) of specialisation
- Your contact details
- □ None

29. Contact Details

- Name: _____
- Email:
- Phone number: ______

Annex 3: Reporting and caveats

Data from the survey was subjected to second-level analysis, by region, age of organisation, gender of leader, size (by turnover and jobs) and sector. Findings have only been presented where there are significant or interesting distinctions to be drawn through disaggregation.

For the purposes of the study, the term 'funding' is used to mean grants, revenue, income and the term 'finance' is used to mean debt, equity, investment, capital).

Survey results have been rounded off to zero decimal places due to which some figures might not add up to 100%. Some survey questions have multiple answers (such as organisations operating in more than one sector, facing multiple barriers); responses in these cases will add up to more than 100%.

The survey responses are self-declared by social enterprises. Data was not systematically verified with respondents, however outlying results and gaps were verified with respondents over the phone. Data on beneficiaries is self-reported and has not been verified; the questions asked how many of different categories of beneficiary the social enterprise has supported – no further definition of beneficiary was provided. It is likely that the survey results contain biases due to the nature of outreach and sampling. It is expected that there are a higher proportion of social enterprises that are located in metropolitan cities with access to networks and a stable internet connection than is nationally representative. It is also expected that responses are far higher from areas where events and outreach activities were conducted, so again regional spread is not representative.

The estimates of total social enterprise numbers were challenging to compile – accessing SME and NGO databases did not yield comprehensive results: the absence of harmonised terminology to define SMEs was problematic, the samples were very small and neither random nor representative, and also relied on self-reporting.

Annex 4: Validation Workshop Q&A

Questions/Raised	Answers/Discussion points/Comments
points	
Do we need a formal social enterprises policy framework in Ethiopia?	It is beneficial to have a policy framework that recognizes social enterprises. As indicated in the survey findings, evidence shows that there are many challenges for social enterprises' development. For instance, lack of policy affected legal registration and licensing. For example, Tebita Ambulance encountered challenges during registration, collecting revenue and paying tax. A policy framework can a better enabling environment and facilitate registration, tax incentives and other related issues.
Who should lead the policy from the government side?	In the UK, such type of policy is usually led by the political will of the Prime Minister; however the Finance and Treasury Minister plays a key role in crafting and leading the policy. Ideally, different ministries and relevant government organizations should partake in the policy development process. Parallel to this, social enterprises and the public have to be involved, should flag their concerns and provide the necessary inputs.
What is the key policy challenge to social enterprise, from the case of Tebita Ambulance?	The first key policy challenge was its licensing and registration. Because there is no clear social enterprise registration rule and regulation, Tebita Ambulance is registered as a private business entity. The second key challenge was a payment collection requirement imposed by the Revenue and Tax Authority. In fact, the office requested Tebita to use a VAT registration machine in each ambulance, and collect cash from clients while being taken away by ambulance. In practice, this was difficult for Tebita because the organization is a lifesaving service business and also because the revenue is partly subsidized from other income-generating sources. After lengthy discussions and consultation with government officials, Tebita Ambulance's manager (Ato Kibret) convinced the Authority not to use VAT issuing machines in the midst of providing ambulance services.
What enabling environment you suggest from the survey outcome?	It is advisable to improve the policy framework such as registration and tax system (with consideration of the fact that the main characteristic of social enterprises is the re-investment of their profit within the organisation). Also, it is advisable to improve the capacity of social enterprises and create awareness about social enterprises to the public and wider community. There are a number of existing packages, mainly government led, that are available for mainstream entrepreneurs; sensitizing social entrepreneurs on these will be beneficial.
What is the starting point in terms of social enterprise and social enterprise policy?	The key starting point could be individuals engaged in making the policy. Second, we need to have evidence based social enterprises document that inform and convince all relevant actors about the contribution and challenge of social enterprise. Third, it is advisable to create awareness about social enterprises to different actors including the community. Lastly, it is advisable to improve the capacity of social enterprises and relevant actors.
From the survey and practical experience, do you think the public is well aware about social enterprises?	In fact, there is limited knowledge and understanding about social enterprises. There are some initiatives to introduce social enterprises in the public. For instance, the recently established Ethiopian Social Entrepreneurs Forum (ESEF) is started some initiatives. Understanding the social enterprises concept, model and approach requires time and capacity. For example, Tebita Ambulance repeatedly contacted FM-radios to introduce its telephone number and address to the public; however FM-radios considered Tebita as a business organization and rejected the request. This could be the result of a lack of understanding about social enterprises. To improve public awareness, there is a need to have a 'coordinated voice', which can enhance government involvement and other stakeholders addressing social enterprises challenges, and the positive social added value of social enterprises.

From the survey, it is found that social enterprise sector is growing. How did this happen? What are the opportunities?	There is a room to work. The current policy framework which supports entrepreneurship is also supporting social enterprises development. In addition, the government GTP I-II and SME strategies that support for the creation of entrepreneurship also provide ample opportunity and space for social enterprises to work freely. Government health strategy to provide quality emergency health service, population growth, infrastructure developed and MDG emergency service strategy are also a good opportunity for social enterprises growth and development.
What is the definition of SE in Ethiopia?	For the survey purpose social enterprises were defined after stakeholder's consultation and learning from other countries experience like the UK. A set of criteria have been used to identify social enterprises, however the definition needs further discussion and debate.
Can we consider Microfinance Institutions (MFIs) as social enterprises?	So far, the experience shows that MFIs in Ethiopia are not re-investing the profit or sharing profit, so it is very hard to call them social enterprises. During the survey process, we consulted MFIs and the findings could require further study.
Have you checked other countries social enterprises policies?	The UK has several policies that support social enterprises and impact investors. Ghana started the initiative and developed draft policy. For details, please visit BC Social enterprises website: https://www.britishcouncil.org/society/social- enterprise
Why is social enterprise engagement difference between locations in the survey?	According to the survey, social enterprise engagement is high in cities and areas where business activities happen at a bigger scale. It has brought social enterprise engagement differences between regions and areas.
What is the cause of social enterprise growth, more women and young engagement?	Understanding causes was beyond the scope of the study, however, it could require further study.

Comments

Revisit/update the data of actors in the sector, as there are others.



54

This Project is Financed by the European Union







BRITISH COUNCIL