



Ethiopia Baseline Study Report

Decent Work for Women Programme

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Acronyms

AIQCI	Agricultural Input Quality Control and Inspection
AISE	Agricultural Input Supply Enterprise
CES	Compulsory Ethiopian Standards
CETU	Confederation of Ethiopian Trade Unions
ECX	Ethiopia Commodity Exchange
EHDA	Ethiopian Horticulture Development Agency
EHPEA	Ethiopian Horticulture Producers and Exporters Association
EIA	Ethiopian Investment Agency
EIC	Ethiopian Investment Commission
EIPO	Ethiopian Intellectual Property Rights Office
EIZC	Ethiopian Industrial Zones Corporation
EPA	Environmental Protection Agency
EPRDF	Ethiopian People's Revolutionary Democratic Front
ETFVMSC	Ethiopia Fruits and Vegetables Marketing Share Company
EWLA	Ethiopian Women Lawyers Association (EWLA)
FEACC	Federal Ethics and Anticorruption Commission
FfE	Forum for Environment.
FGD	Focus Group Discussion
GTP	Growth and Transformation Plan
IFRS	International Financial Reporting Standards.
IPR	International Intellectual Property Rights
MoANR	Ministry of Agriculture and Natural Resources
MoLSA	Ministry of Labour and Social affairs
MoT	Ministry of Trade
NBE	National Bank of Ethiopia
NFA	National Flower Alliance
NFFPFATU	National Federation of Farm, Plantation, and Fishery & Agro-Industry Trade Unions
NGOs	Non Governmental Organizations
PPDF	Public-Private Dialogue Forum
PPESA	Privatization and Public Enterprises Supervising Agency
PVoC	Pre-Export Verification
QSCAE	Quality Standard and Control Authority of Ethiopia
Qt	Quintal (100 kg)
TPCPA	Ethiopia's Trade Practice and Consumers Protection Authority,
USD	United States Dollar
WIPO	World Intellectual Property Organization

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Executive Summary

The “Decent Work for Women” programme 2016-2020, is one of the HIVOS, IIED and Article 19 Citizen Agency Consortium programme in eight countries in East and Southern Africa: Kenya, Uganda, Tanzania; Ethiopia; Rwanda, Malawi, Zambia and Zimbabwe. It is one of four programmes in the Strategic Partnership between HIVOS and the Dutch Ministry for Development Cooperation. HIVOS and TDS Africa commissioned this scoping and baseline study.

Ethiopia is the second most populous country in Africa and has recently been classified as the second largest exporters of flowers in Africa. Horticulture crops like cut flowers and vegetables are fast growing export businesses, and the government has put priority attention to the sector in policy formulation, infrastructure development and support of local and foreign investments. It is now about 12 years since foreign and domestic investors have engaged in production and export of roses to European market and Middle East to the Djibouti market. However it was noted that with all these exports women and men working in the horticulture industry in the country are still getting wages that are below the living standard (less than USD\$1 per day).

This study focussed on three main horticulture crops namely flowers, snow peas and extra fine beans and the working conditions of women working in horticulture sector. The industry in Ethiopia is making efforts to improve the labour rights and working conditions since most of the companies are also striving to meet the requirement for international certification. Although they have been some programmes to support workers conditions there is still need for some training, advocacy and research activities to make more workers aware of their rights and codes of conduct. Thus making the programme “Decent Work for Women” very relevant in Ethiopia.

The political environment of Ethiopia is conducive for trade and development but for workers self organisation for improvement of workers conditions and policy change is a challenge. Ethiopia Horticulture Production Export Association (EHPEA) is the only association membership of commercial farmers over the past 12 years; trade union representation is still low in horticulture cut flower farms or fruit and vegetable for fear of victimisation at work if one is elected official or active in the union. As much as Ethiopia is good for business investments it is not conducive for worker self organisation. Therefore, there is a cause and a clear opportunity for advocacy work. The government of Ethiopia is currently revising its commercial codes and proclamations in an effort to facilitate investment and ease of doing business. The formulation of Ethiopia Association Producer Exporters Association (EHPEA) as a civil society organisation (CSO) representing producers and exporters is one such critical steps that has contributed to workers’ conditions, facilities and policy environment in the horticulture sector. Areas that EHPEA has focused on was good agriculture practices, providing suitable facilities, implementing responsible employment practices and safe guarding the local environment. Another good example of CSO work evident is that of EHPEA in partnership with IDH the sustainable trade initiative, Floriculture Sustainable initiative (FSI) and BSR-HER project launched and implemented the project entitled “**Empowering the Source**” (15months) September 2014 to November 2015. This project was promoting improved health and welfare status of flower farm workers and gender

sensitive management in flower farms.¹ However it seems to be very difficult for the Ethiopians civil society activism in general, unionism and voicing out demands for better conditions but the opportunity of advocacy remains there. Compliance with international standards like Global Gap, ETI /GSC and MPS also assist in the improvement of conditions of women.

Ministry of Agriculture and Natural Resources (MoARN) established a self governing Federal Government institution - Ethiopian Horticulture Development Agency (EHDA) is responsible for promoting and facilitating the involvement of both commercial farmer investors and out growers in horticulture development of the sector. Ministry of Trade, Ministry of labour are all relevant government partners that the project “Decent work for women” can work with in promoting the campaign. Beside the government ministries, the association EHPEA and other unions can also be very instrumental in the campaign. Improving conditions of work for the people is a collaborative issue, all stakeholders need to work together to raise the employment standards and to ensure that workers’ rights are achieved. The programme “Decent Work for Women programme” is very relevant work that needs collaboration with others, local and international organisations, funding agents, associations, Trade unions and farm workers together to ensure that all levels in the horticulture global chain are aware of these codes of conduct as well as playing a role in auditing compliance. The EHPEA in collaboration with others was very active in development of code of conduct and implementing it to improve conditions of farm workers including women.

The horticultural sector global value chain investment activities in Ethiopia are seen as poverty alleviation and economic development initiatives. It is now very important to research more to explain and understand the trajectories, the role that global buyers play in determining its income generating outcomes, and the impact of value chain activity on poverty especially the farm worker. There is need for more empirical research on three key groups of formal/informal/seasonal workers: owners of formal and informal horticulture farms and trading enterprises contributing to family labour and understand the changing economic conditions.

¹ End of Lie project Evaluation Report : HART Associate Consult PLC May 2016,

1. Introduction

1.1 Background

The “Decent Work for Women” programme 2016-2020, is one of the HIVOS, IIED and Article 19 Citizen Agency Consortium programme in eight countries in East and Southern Africa: Kenya, Uganda, Tanzania; Ethiopia; Rwanda, Malawi, Zambia and Zimbabwe. It is one of four programmes³ in the Strategic Partnership between HIVOS and the Dutch Ministry for Development Cooperation.

The Objective of “Decent Work for Women” is: *the implementation of the right to decent work for women under poor conditions in global horticultural value chains by making global horticultural value chains gender inclusive.*

Ethiopia has a vibrant and fast growing horticultural industry and is one of the four east African countries that the Hivos programme was working within the flower product chain. Ethiopia’s horticultural industry is one of the top foreign exchange earners in the country.

The aim of this baseline study was to benchmark the labour conditions and industrial relations of women and men employed in the horticulture industries of Ethiopia to inform HIVOS the context and major possible potential stakeholders.

1.2 Methodology

Data relevant to the study was collected from the scoping exercise that preceded this study and it was both primary and secondary sources. Primary sources included questioners, key questions checklists, observations, focus group discussions and interviews with key informants. Visited farms in Oromia, Hawasa clustr, Koka Cluster, Holeta Clustr, Suluta Cluster and Baher Dar Cluster were 16 horticulture farms that produce flowers and vegetable and 18 members of staff including management, supervisors, trade union leaders, administrators, women workers committees and spray workers that were randomly selected. Secondary sources included published, unpublished and internet information about the horticulture industry in Ethiopia.

The data collection intended to generate the necessary information in the horticulture value chain including production, labour conditions and industrial relations, context and potential partners in particular those that impact women in the sector. The data collection, therefore, required visiting different actors in the government and private sector.

Focus group discussion

The primary data collection from producers, general information about the production potential, constraints, marketing channels, marketing functions and constraints were assessed in the intensive focus group discussions using a detailed checklist prepared for this purpose. Focus Group Discussions (FGD) and key informant interviews were made with groups and community leaders, key informants, and knowledgeable people on the subject. The discussions were held with management, supervisors, men and women farmers, and responsible persons of different institutions. The data generated in collaboration with experts at various levels was also supported by field observations.

Different offices such as the Ministry of Agriculture and Natural Resources, Ethiopian Horticulture Development Agency, Gender Department, Association of Horticulture Producers and Exporters, and Trade and Industry were major sources of primary and secondary data. Ethiopian Fruits and Vegetables Marketing Share Company, and Quality Standard and Control Authority of Ethiopia all provided information on the subject.

1.3 Limitation of the study

During the study there were a few challenges that were encountered: Most farms did not want to allow the researchers in their premises. Data collection was sometimes difficult as the workers were on duty and sometimes interviews were done while workers were doing their work. Some farms did not give the numbers of employees. Some did not want to give the disaggregated numbers. Some farms wanted official letters with a stamp to allow the data collectors in the farms.

2. Ethiopia Horticulture Sector in Ethiopia

Ethiopia has a population of approximately 90 million and is home to 80 ethnic groups. This is the second most populous country in Africa. It has a total land area of 1.14 million Sq. Km with well over 4.5 million hectare of irrigable land. The country has vast surface and underground water resource and diversity of agro ecological zones that can produce a wide range of crops throughout the year. Ethiopia produces a broad range of fruits and vegetables, including citrus, banana, mango, papaya, avocado, guava, grapes, pineapple, passion fruit, apples, potatoes, cabbages, cauliflower, okra, egg plant, tomato, celery, cucumbers, pepper, onion, asparagus, water melon, sweet melon, carrots, green beans and cut flowers. Cut flower and vegetable are fast growing export businesses, and the government is now putting some attention to the sector. Ethiopia generated over \$114 million from horticultural exports last year (July 2015), the Ethiopian Horticulture Development Agency (EHDA)². While the National Bank of Ethiopia reported that the Ethiopian export was at 607.70 USD million in the fourth quarter of 2015 averaging at 612.35 USD from 2006 until 2015. It is now about 12 years with foreign and domestic investors engaged in production and export of roses to European market and Middle East to the Djibouti market.

The Ethiopian Horticulture Development Agency (EHDA) under Ministry of Agriculture and Natural Resources is an autonomous Federal Government Institution established by the Council of Ministers Regulation No 152/2008 and responsible for the sector. The Ethiopian Horticulture producers Exporters Association (EHPEA) was established in 2002 to represent the interests of its members and promote the expansion of the emerging horticulture export sector in Ethiopia. EHPEA is a non profit making and non-governmental organization whose members are all registered businesses engaged in the production of floriculture, cutting, propagation, ornamental plants, fruit, vegetable, and herb for the export market. Is According to EHPEA they have a total of 110 commercial members that are engaged in production and export of horticultural products. The farms are scattered all over the country engaging in the production of flower, fruit, herbs and vegetables. Currently, EHPEA members account for about over 80% of the horticultural commercial farms in Ethiopia. As pointed out by the Director of EHPEA there seemed to have a gap between the commercial farmers and the small to medium horticulture producers. The small to medium farmers do not have the

² World Bulletin/News Desk 17 February 2016

capacity to meet the required standards. Therefore, there is need for a program that supports the small to medium producers to meet the basic required Bronze level standards for them to enter in the international market. The problem sited by EHPEA was lack of capacity and funding to reach out to these levels of farmers as the main problem. The EHDA as a government department has future plan to capacitate small and medium producers but has no capacity. It needs to be supported through projects.

The three standards and compliance criteria of EHPEA Code of practice, the Bronze, Silver and the Gold Level standards states and warrants MPS, Global GAP/ EUREP Certification and MPS SQ principles of Certification which are international market labels. At Bronze level, the key issues that are of concern to international buyers and stakeholders in Ethiopia and the requirements of Ethiopian Legislation for Code compliance, Regulation 207/2011 Code of Practice of the Floriculture Sector, which sets the minimum acceptable standards for operation of an export flower or ornamentals farm in Ethiopia are included³. However, standards for some markets and individual buyers and standards adopted by some farmers may exceed those described in the minimum standard and the Silver and Gold levels are provided to measure and communicate the achievement of these higher standards. The Silver Level sets internationally recognised standards for Good Agricultural Practices, Protection of the Environment and Responsible Employment Practices and includes requirements of equivalent content and standard to the International Market Labels that are widely used in the Sector, global GAP, ETI/GSCP and MPS. The Gold Level sets higher standards and challenges the farm to aim beyond the sector bench marks. Farms at Gold level need to be involved in Corporate Social Responsibility, Environment Conservation, Product Quality Management and Sector Development through involvement in industry development activities and management capacity building. EHPEA aims to encourage all horticultural export farms to move on to the Silver and Gold Levels as their farms and businesses become established.

The main market destination for most of EHPEA’s members is Europe. Flowers exported destination include Netherlands, Germany, Saudi Arabia, Norway, Belgium, the United Arab Emirates, Japan, US, France and Italy. Fruits and vegetables are highly exported to Somalia, Djibouti, the United Arab Emirates, UK, the Sudan, Germany, Belgium, Russian Federation and Yemen.

Currently, agriculture is the leading sector in terms of contribution to the overall economic growth and development by supplying food for domestic consumption and raw materials for the domestic manufacturing industries and primary export commodities which constitute as high as 86% of the total foreign exchange earnings. The national economy, therefore, is highly correlated with the performance of the agricultural sector. Moreover, the agricultural sector accounts currently 85% of employment, and supplies 70% of the export in the region and Europe.

European Union Trade with Ethiopia Top 5 HS section

Production	Value Mio €	% Total
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³ Ethiopia Horticulture Producers Exporters Association, A Code of Practice for Sustainable Flower Production Version 4.0 Issue Date January 2015

Agriculture	497	70
Machinery and Appliances	96	13.5
Textile and Textiles articles	46	6.0
Minerals	38	5.3
Raw Hides, and Skins and Saddlery	19	2.7

Source: European Commission Directorate General for Trade 2015. 1404 2016

The two major agricultural sub sectors are Private agricultural holding: this sub-sector includes rural-urban small and fragmented privately owned agricultural holdings on which all types of agricultural activities such as crop production, livestock rearing...etc, are performed by the operator/holders to obtain agricultural produce for self/family consumption and sometimes for sell. However, over 95 % of the annual gross total agricultural output of the country is said to be generated from this sub-sector, Commercial Farms: - this sub-sector refers to the farms that include state and private commercial farms mainly established for the purpose of profit making by selling agricultural products at local market and/or abroad. These farms are commonly owned and operated by government, private companies and non-governmental institutions, such as private individual investors, share holders, religious and non- religious institutions...etc.

2.1 Horticulture Commodity Opportunity lines of Ethiopia

Global value chains (GVCs) refer to the full range of activities to bring a product from its conception to end use, including design, production, distribution and consumer support. Each activity can be contained within a single firm or divided among different firms through outsourcing, adding different amounts of value to the final product. Global value chains have risen as production becomes fragmented into specialized and geographically dispersed value-adding tasks. In 2009, world exports of intermediate goods exceeded the combined export values of final and capital goods, accounting for 51 percent of non-fuel merchandise exports⁴. This brings us to the production of horticulture flowers, fruits and vegetables in developing countries like Ethiopia.

Favourable climatic, availability of land and the incentive packages provided by the Ethiopian Government have all contributed to the phenomenal and successful growth of the global value chain of floriculture sector in the last 12 years. This has seen Ethiopia becoming the second largest flower producer and exporter in Africa next to Kenya.

Ethiopia has long tradition of producing a variety of fruit for home consumption and export to neighbouring counties, it is only recently that investment has been made in larger scale production of less traditional crops including strawberries, table grapes and passion fruits and exported them in the region and beyond to Europe. Currently they are 8 operators engaged in large scale and non traditional fruit production. According to the CSA fruit Crops survey 2014/15 results show that fruit crops grown by the private peasant holders cover only a small token area of production in the country. Presently they are 22 vegetable farms throughout the country-five foreign direct investment. One of foreign investments, Ethio-Veg Fruit Company is a Dutch company and the other 16 are local and one joint venture. These farms produce a variety of vegetable including green beans, snow peas, tomatoes, paprika,

⁴ WTO and IDE-JETRO (2011). Trade Patterns and Global Value Chains in East Asia: From Trade in Goods to Trade in Tasks (p. 81). Geneva and Tokyo: World Trade Organization and Institute of Developing Economies.

eggplants, baby corn, onions and garlic. The availability of fertile land, cheap labour and readily accessible water together with cold chain facilities at three airports and a rapidly improving road and rail network all contribute to Ethiopia as the right place to invest in flowers, vegetable and fruit production and export. The crops below have been selected with the assistance from Ethiopian Horticulture production Export Association) (EHPEA)⁵. EHPEA has about 96 members which are certified at different levels:-7% members at gold levels, 19% at silver level and 23% at bronze level while the rest almost 51% are not yet certified. This is a good indication that Ethiopian horticulture is striving to be international compliant and improve the conditions of working in the sector. However, it was very difficult to get some statistics of gender disaggregated employment status from some farms.

2.2 Flowers

Floriculture is one of the fastest growing export industries in Ethiopia and has provided an important means of diversifying the export earnings and employment generation opportunity in the country. The production of cut flower is destined entirely for export. The production system is capital and technology intensive, and production mainly takes place under green houses. Currently there are 80 operational flower farmers who came from the Netherlands, India and Israel as well as domestic investors. The main cut flower exports include: statice, alliums, roses and carnations. The list of the farms/companies producing flowers is Appendix 1.

2.3 Snow Peas

Snow peas have become one of the world's most important non-traditional agricultural exports that have a potential to contribute to Ethiopian export earnings annually. They are about 9 companies who are producing snow peas in Ethiopia. Among the 9 companies only Koga Veg is the only one working with out growers. According to the EHPEA table below of the 395 hectares there are almost 950 women working in this area making it 70% of the workers in the vegetable sector of the horticulture. Women are considered very good in routine work like selection and packing. The main exports of snow peas go to Europe.

Table 1: Snow Peas Producing Farms⁶

No	Company Name	Cluster	Land (ha)	Permanent		Casual	
			Total	Women	Men	Women	Men
1	Adam Horticulture	Wolkite	15	9	16	10	5
2	Almeta Impex	Koka	98	34	31	126	159
3	Chancho Flowers	Sululta	16	2	8	35	2
4	Green Mark Herbs	Hawassa	50	3	15	288	32
5	JJ Kothari	Sululta	32	110	40		
6	Koga Veg	Bahirdar	50	135	73		
7	Larca Horticulture	Holeta	24	3	11		

⁵ Ethiopian Horticulture Producer Exporters Association; Ethiopian Fruit and Vegetable farms January 2016.

⁶ Some farms: JJ Kothari, Koga Veg and Menagesha Integrated did not provide disaggregated data of their workers in full. As for Menagesha Integrated did not provide the data, may be because the company has recently stopped producing snow peas and on transition changing in to livestock and mushroom production.

8	Luna	Koka	100	440	110		
9	Menagesha Integrated	Menagesha	10				
	Total		395	491	191	459	198

Source: EHDA 2016

2.4 Extra Fine Beans

Of the six companies that are producing extra fine beans, only one company, Meki Batu Farmers Union in Ziway is certified with Global Gap certification. It is also the only one working with out-growers. Some of the companies could not supply their employment data. The six farms that grow extra fine beans cover a total of 734.5 hectors of land. While the three that supplied the gender disaggregated employees have 789 permanent women workers and 126 casuals' women worker. Thus making a total of 915 women and 684 men (total 1599 workers of which 57% of women).

Table 2: Extra Fine Beans

	Company Name	Cluster	Land (Ha)	Permanent		Casual	
				Women	Men	Women	Men
			Total				
1	Almeta Impex	Koka	98	34	31	126	158
2	Eteco	Ziway	86.5	-	-	-	-
3	Ethio Vegfru	Koka	150	315	385	-	-
4	Luna fruit	Koka	100	440	110	-	-
5	Meki Batu Farmers Union	Ziway	Out growers	-	-	-	-
6	The Giving Tree Nursery	Awash	300	-	-	-	-
	Total		734.5	789	526	126	158

Source: EHDA 2016

3. Working Conditions

Ethiopian agriculture, as it had been used for centuries in the past and in the present is the biggest employer as well as the leading and determinant sector of the country's future economic development. Horticulture industry is labour intensive in nature and both men and women are work in this sector. According to Tewodros Worku Nigata (2010) participation of women is 70 percent of total employment.

EHPEA Codes of conduct

Development of the EHPEA Code of Practice has been done through a multi-stakeholder collaboration of EHPEA members and other local stakeholders guided by external expertise provided through the Ethiopia Netherlands Horticulture Partnership Programme. This Ethiopian Code of Conduct was developed based on Global gap, ETI and MPS although this does not substitute these international standards. Development of the concept of the Code and the requirements for Bronze Level compliance was carried out during the period 2006-7 and the requirements for Silver and Gold were added in 2010. Requirements for Silver and Gold levels (based on MPS, Global GAP/ EUREP GAP Certification and MPS SQ)were piloted during 2010 – 2012 and a procedure for routine revision was established leading to the introduction of Version 3.0 in 2013 and the development of this version, Version 4.0 introduced in 2015. In 2011-13 the EHPEA in collaboration with Finlays and Marks and

Spencer developed a programme that helped producers to meet international recognised ethical standards as well as a company named Ethino- Netherlands. Thus, the development and management of the Ethiopian code of practice for the export horticulture sector was made up of 8 training modules/manuals with DVD to stimulate sustainable progress towards sustainability and encourage progress in environmental and social responsibility of the local workers, whilst also meeting the needs of European buyers. The codes promote freedom of association and collective bargaining, equality of treatment, living wages, working hours, Health and Safety, pesticides and chemicals, security of employment, no child labour used and no forced labour. The major objective of social codes of practice are to guarantee that flowers, fruits and vegetables have been produced under socially and environmentally sustainable conditions also the codes provide statements of minimum labour, human rights and environmental standards for the international horticulture industry.

International codes of conduct (ICC) for cut flowers are elements have been included in the Ethiopian codes and most of the members of EHPEA have adopted EHPEA codes of practice, in the three level-Only 7% of members have reached the gold level, 19% of members silver and 73% members are still at bronze level There is one snow peas producing farm that adopted a “Fair Trade Code”.

3.1 Labor Rights and Working Conditions

The basic forms of the labor law under which management and labor operate in Ethiopia today include the following: Constitutional rights; Labor Proclamation; ILO Conventions (those ratified); Supreme Court, Cassation Division Decisions; Directives issued by the Ministry of Labor and Social Affairs; Collective Agreement; Work Rules.

Approximately 85% of Ethiopia's 90 million people work in agriculture. The Ethiopian government is the most important sector of employment outside of agriculture. According to the Central Statistical Agency's urban employment and unemployment survey results, urban unemployment was estimated to be 17.5% as of 2012. (2.9% of people between the ages of 15-24 are unemployed.). Ethiopia has ratified all eight core ILO conventions. The Ethiopian Penal Code outlaws work specified as hazardous by ILO conventions. The Ethiopian Parliament ratified ILO Convention 182 on the Worst Forms of Child Labor in May 2003. According to the officers interviewed in the EHDA the labour force in the horticulture industry in Ethiopia is mainly local, while most of foreign owned farms employ foreign workers as technicians, production specialists and managerial levels. The majority of workers in farms are employed in fixed terms and as daily labourers. The labour force in the horticulture farms is aged 18 years and above; an indication that the farms had complied with child labour regulations. The labour force in the commercial farms is generally at the active reproductive and productive stage of their life on average.

In all farms, female workers constitute the majority of the workforce. The concentration ranges above 70 % and most of the workers in the industry are non-married or single. The proportion of married male workers is higher than their female counter parts. In almost all farms majority of technical experts, production specialists and managerial levels are occupied by male workers.

The U.S. Government produces an annual report on labor conditions in Ethiopia, including an assessment of child labor. The constitution and law provide workers, except for civil servants and certain categories of workers primarily in the public sector, with the right to form and join unions, conduct legal strikes, and bargain collectively. Other laws and regulations that explicitly or potentially infringe upon workers' rights to associate freely and to organize include the CSO law, Council of Ministers Regulation No. 168/2009 on Charities and Societies to reinforce the CSO law, and Proclamation No. 652/2009 on Antiterrorism. Such laws and detailed requirements make legal strike actions difficult to carry out. In practice, labor strikes are rare and this implies that it is more difficult for programs like DWW to catalyze workers to self organize in order to improve their own conditions. Some of the farm workers interviewed expressed fear of holding positions in the workers councils because they believe others have lost their jobs.

Labor unions, organized under the umbrella Confederation of Ethiopian Trade Unions (CETU), are formed as enterprise-based units and not around specific sectors. There is no formal requirement for unions to join the CETU, however, prior to 2013 Child labor is widespread in Ethiopia, and the Ethiopian Government in collaboration with the international community established programs to combat the worst forms of child labor, particularly in the southern regions. Some Ethiopian government sources concluded that goods produced (in the agricultural sector and traditional weaving industry in particular) via child labor are largely intended for domestic consumption, and not slated for export. Employers are statutorily prohibited from hiring children under the age of 14. While not a pressing issue in the formal economy, child labor is common in rural agrarian areas and the informal economy in urban areas⁷. In 2013, Ethiopia produced a list of Activities Prohibited for Young Workers and launched its National Action Plan (NAP) on the Elimination of the Worst Forms of Child Labor. There is no national minimum wage standard.

This study examined some of the codes that address conditions of work in the horticulture industry, especially the experiences of women who comprise the majority of the labour force. Condition of work has been defined as in the Ethiopian proclamation 20377 as to mean the entire field of relations between workers and employers and include some hours of works, wage, leave, payments due to dismissal, workers' health and safety compensation of victims of employment injured at work, dismissal because of redundancy, grievance procedures etc. This is in line with the ILO and global complaints documents.

The ways workers are affected depends to a degree on the employment contract, with permanent workers experiencing significantly more security, opportunity and fringe benefits compared to seasonal and especially casual workers who are mainly women. Horticulture that has a global chain in Ethiopia is mainly done by private/commercial companies who have both contract and permanent employment. The permanent workers are those who form skilled labour, a trend that was mentioned by EHA officer as a pressure brought through by codes of conduct. Ethiopia's Horticulture industry significant numbers of workers have only a non-permanent status, and it is these who are least likely to benefit from national labour law or voluntary codes of conduct of practice. The gradual voluntary certification is believed to stimulate sustainable good agriculture practices, provide suitable facilities, safe working

⁷ Promoting Workers' Rights in the African Horticulture: Labour Conditions in the Ethiopian Horticulture Industry, Tewodros Worku Nigatu, 2010 .

conditions for all levels-permanent or non permanent workers, implement responsible employing practices and safe guard the local environment.

The fact that women who are illiterate make up the majority of non-permanent workers is a key reason that many are unaware of codes of practice and get limited benefit from employment in the horticulture farms. Nonetheless, in the areas of job security, working hours, wages, discrimination and harassment, women appear to have separate concerns from men, and moreover feel that these are not being addressed (or in some cases even recognized) by any of the formal channels currently available to them. The study found that there were some problems common to farm workers on all the farms in our sample, regardless of the size of farm, the market outlet, which codes were applied and whether or not the code had been audited externally. Some of the issues include: critically low wages and long working hours during marketing seasons.

3.2 Employment Insecurity:

Security of employment is a major concern for many women workers in these commercial farms, but especially non-permanent workers. For example in Roshanara in Oromia region there were said to have 500 works and 50 were men. At another example is farm Minaye 66.6% of the workers are women (280 women out of a total of 420 work force). Only two women were in the managerial positions, one in the grading hall and the other supervisory in the green house out of 10 men managers. A few of the women are the supervisors and the rest are the women doing the general work of planting, picking, sorting and packing and for a wage between ETB 750 to 1000 (USD\$35 to USD\$46) especially if one works continuous 26 day. A few women are in the position of supervisors, accountant clerks and managers.

Although some commercial private farms that are involved in global trade horticulture in Ethiopia are aware of the code of conduct and practice are striving to abide with the international codes as well; there seem to be more women who remain in insecure with non permanent and seasonal jobs. According to NFFPFATU action research report (2010) the majority of the workers in flower farms are employed as daily labourers or as non fixed-term employees and managers claim that it is due to the seasonality of production. However, the strategy of employing temporary labour means employers can hire and fire easily. It also means that employers save on labour costs as they do not have to pay the same benefits as permanent workers are entitled to. Some workers work more than three years as daily labourers at the same farm, without being awarded permanent contracts. This excessive degree of casualization means that workers are not assured of their employment throughout the year. Employment insecurity is much higher with female workers as compared to male workers who hold professional supervisory permanent positions.⁸

⁸Promoting Workers' Right in the African Horticulture, labour Conditions in Ethiopian Horticulture Industry, Tewodros Worku Nigatu 2010

3.3 Representation

Ethiopia Horticulture Production Export Association (EHPEA) is the only association membership of commercial farmers over the past 12 years, trade union representation is still low in horticulture cut flower farms or fruit and vegetable for fear of being elected official or active in the union since some farm workers interviewed expressed that it posed threats to their employment. They believed some farm workers have been dismissed because they were union leaders and union promoters. Indeed this confirms that although Ethiopia is good for business investments it is not conducive for worker self organisation. Therefore, there is a cause and a clear opportunity for advocacy work. The EHPEA is recognized as ‘The voice of the Sector’ at both national and international levels. Within Ethiopia, the association is actively involved in discussion with the government and concerned stakeholders regarding service provision, national policies, and the regulatory framework whilst at international level, the association is an active member of Union Fleur, COLEACP, and the Horticultural Council of ESA. Promotional activities are carried out in Ethiopia and internationally to raise the awareness and profile of the sector. The association represents the sector at international trade fairs and meetings, it also organizes and hosts visits made by Trade Delegations to Ethiopia.

3.4 Complaints procedures:

The farms visited during the study all indicated that they had a committee on all the farms that provides a formal approach to complaints to management. This is a laudable effort to recognize that many farm workers especially the illiterate women who are in vulnerable positions and afraid to approach management. This is especially true for women workers, who are more fearful of discussing issues with male supervisors. Cultural behaviour and attitudes need to be addressed especially in a patriarchy country like Ethiopia and many others in Africa. Education and awareness is crucial since the majority of the labour force in commercial farms is women. Since most of the farms that are doing flowers and vegetables and fruits for export are committed to meet the requirements for certification, they are putting a lot of effort to meet the international standards by complying with the labour laws and practices.

According to some focus group discussions with workers, some management and supervisors (who are predominantly men), often abuse their authority in their relations with women workers. Although there are some committees that are supposed to bridge poor communication between workers, supervisors and management some of the cases of abuse are not reported because of fear to lose jobs. More study of the functionality of the committees need to be done to establish their effectiveness and efficiency.

3.5 Sexual harassment:

Sexual harassment would include repeated and unwanted statements or sexually discriminating remarks, which cause the worker to feel threatened, humiliated, patronized or harassed or which interfere with the worker’s job performance, undermine job security or create a threatening or intimidating work environment. Sexual harassment at farms work place can take many forms which include embarrassing remarks or jokes, unwelcome comments about dress or appearance, deliberate abuse, the repeated and/or unwanted physical contact, demands for sexual favors, or physical assaults on female workers.

Sexual harassment is another issue that was discussed with some women workers. There seemed not to have any reported on most farms interviewed. This is a sensitive issue it needs to be explored to find out if the women are aware of what it is since most women are illiterate. There is need for more work for awareness. There is need for continued awareness dialogue with the women farm workers.

According to some key informant interviews, there were no records available indicating sexual harassment in the Horticulture industry in the country but it does exist. As much as the intentions of the Government wishes to eliminate sexual harassment, the presence of very few female senior staff, and culturally male domination that has tendencies of intimidation of women from reporting incidences of harassment. This was in the same thinking by Tedowros (2010) who pointed out that few workers report cases of sexual harassment for fear of or threats of dismissal from the owners, managers and supervisors of the farms, and similarly few cases of physical abuse

3.6 Wages

Ethiopia is one of the countries that have very low labour costs i.e. cheap labour. The wages vary from companies starting from ETB 500 to 1000 (USD\$25 to USD\$50) per month, 25 to 30 Eth.Birr/which is less than a dollar per day⁹. The minimum wage ranged seems to be paid to greenhouse workers. While the maximum wage ranged seem to be paid for chemical sprayers, protection teams, flower graders and pack house workers¹⁰. There seemed no variation in wages earned by male and female workers working the same jobs. However, some farms claimed to give their employee ETB 5 allowance every day for food while others provide food at tea break and lunch break time (10 am and 12noon) from their canteens at the farms. In the public service sectors, guards and labourers and even clerks wage levels is from ETB 420-to 734 while middle level professionals get wages from EBT525 to 908. The civil servants wages are also very low too.

Although EHPEA is advocating for certification to voluntary codes of conduct to promote increased respect for workers' rights and health, the wages in the horticulture industry in Ethiopia are still very low. While low wages impact on both men and women, women with sole responsibility for children are particularly affected as they cannot afford to pay someone to look after their children while they are at work.

However, a growing concern relates to the poor labour conditions in horticulture cut flower and fruit and vegetables production throughout Africa and Latin America. Some available information suggests that working conditions are often not as per nationally or internationally accepted standards. Many workers are susceptible to health problems because they are daily exposed to pesticides; written contracts hardly exist; trade unions are not always welcome at farms of fear of causing unrest in the workplace if workers are made aware of the rights; the wages are not sufficient to meet daily living needs of a worker.

It was noted by some focus group discussions that given the ever increasing price of subsistence consumer goods, there was a significant gap in workers' ability to afford their basic needs and the wage they earn. As a result, most workers found it difficult to meet their

⁹ Highlights of Investment opportunities and conditions in Ethiopia . Ethiopian Investment Commission 2014.

¹⁰ Some of the information was got from telephone interviews.

daily needs with the meagre wages they earn and as a result saving and investment by these workers is almost nonexistent. Two farms offer a provident fund of 11 & 10 % for their permanent workers and one of these farms also cover 75% of educational expense for workers improving their education.

This study also found out that farms give paid annual leave to their permanent contract workers only and non-paid weekly rest for daily labourers.

3.7 Opportunities for Promotion:

There are generally few opportunities for upward career progression in farming industries, which tends to diminish worker motivation. Among women, this partly relates to the gendered allocation of jobs, rooted in socio-cultural perceptions and norms, which provides few prospects for women to move into management positions. There is need to look at the conditions of promotion as this is usually linked to corruption, sexual favours/demands, tribalism, and nepotism.

An example of one of the biggest producers and supplier of fruit and vegetables in Ethiopia, in Oromia National Region, in Merti-Jeju called the Upper Awash Agro Industry Enterprises (UAAIE). This UAAIE is currently employing 900 permanent workers and 6,000 daily labourers. Most of the daily labourers are housed in one of the 18 camps of the company. The opportunities of promotion here may be very competitive.

3.8 Health and Safety:

Another serious problem affecting women's health is the intensive application of chemicals and pesticides especially in floriculture farms. Women in particular because of their reproductive roles are likely to be primary victims. Besides, women are less likely to get health and medical care especially if they are poor Even if they are employed, it is said that women are less likely to get healthcare services. This is because their salary is not that enough to cover medical expenses. Of course, companies have their own clinics for emergency cases.

Some farms claimed to be paying the women on maternity leave as well as medical expenses when employees get sick. Protective clothes were worn by a few positions in all the commercial farms interviewed. The drivers of the fork lifts/loading carts and a few supervisors who are permanent seemed to be the ones with some protective gear. Some of the workers doing the planting in the fields both men and women were not wearing any protective clothing or shoes (Minaye flowers, Evergreen PLC and Genesis Farms Ethiopia PLC). For most companies it was evident that sections of plant protection and packaging wear protective clothes. In some farms, on field operations such as planting, cultivation and harvesting there are few that do not wear PPE

There is awareness in the health and safety practices of horticulture commercial farms in Ethiopia since they are all striving to get various global certifications. Chemical exposure remains an important concern among workers. All the farms expressed the fact that women are not allowed to be exposed to chemicals so spraying was stressed by all that it is not done by women. The main issues observed were a lack of provision of protective clothing for the workers in the fields planting, harvesting and in packing. In essence, the perception of risk

among workers exceeds actual risk, only two of the farms visited mentioned that they had training departments (Minaye Flowers and Roshanara Rose PLC in Oromia). Minaye Rose farm told the team that the workers are taken to the clinic if they fall sick or have been injured during work.

3.9 Pregnancy and maternity leave:

Although most companies were aware of the fact that the country laws allow for maternity leave and payment for three months and early time breaking for breastfeeding, this may only be done to the permanent workers only. As indicated by Tewodos most employees in flower industry are single female workers. Therefore lack of access to adequate maternity leave may create anxiety about income security and can lead some women to seek abortions and/or hide their pregnancies, both of which can carry long-term health implications. Childcare is an issue that is known by the companies but there is no farm that has childcare facilities available in the area of Oromia visited during the scoping study. One farm manager that was interviewed at the farms was complaining of lack of enough land from the government for them to build child care facilities.

3.10 Lack of awareness of rights and codes:

The EHPEA in collaboration with Netherlands Embassy implemented a project “Empowering the Source” pilot project in 26 farms. The project farms are found in Oromia, SNNPR and Amhara regions, from September 2014 to November 2015. The project direct beneficiaries were female farm workers who represent more than 70% of the workforce in the country. The need for code of conduct certification has contributed positively to improved labour conditions. Most of the senior employers are aware of the labour conditions codes but the most of the workers are not aware of their employment rights and of national legislation that is relevant to them. Just a few who have gone through training are aware but the rest of the women are unaware of codes despite the fact that this research was conducted on farms that had some certifications. Poor communication with workers about codes and their importance reflects the problem of communication and high illiteracy levels of the women workers.

3.11 A case example

The Ethiopian Horticulture Development Agency (EHDA) in collaboration with the Netherlands Gov’t through Ethio-Netherland Partnership has been implementing a Capacity Building programs to improve the performance of the Ethiopian floriculture Industry in the global value market. These capacity building programs were planned to integrate efficient management and technical support program that enters the essential training and practical demonstrations along the supply chain i.e. starting from the various downstream production operations up to postharvest handling and marketing. These capacity building programs were implemented for the past 3 years in different and series projects; presented as: Model companies (7 flower companies) then roll out Program to 9 flower companies and Scale up Program with 31 flower companies. All in the entire programme ended up working with 18 companies.

There was another project that is carried out by EPHEA in collaboration with Embassy of Netherlands. Thus, EHPEA in partnership with IDH the sustainable trade initiative, Floriculture Sustainable initiative (FSI) and BSR-HER project launched and implemented the project entitled “**Empowering the Source**”. This project had three thematic focus; addressing

Gender Based Violence, creating awareness and ensuring the existence of gender policy and establishment of gender committee. The project started with 26 farms in its pilot phase and now has scaled up to 33 more farms; thus working now with a total of 59 farms¹¹.

4. Regulatory And Accountability Frameworks and Platforms In Ethiopia

Ethiopia is one of the fastest growing economies in the world. It has registered impressive GDP growth for several years, ranging between 8% and 12%, depending on the data source. The World Bank and IMF forecast continued average growth of 7.5% to 8.5 % in 2015 and approximately 7% to 7.5% over the next three years. The government of Ethiopia has formulated and implemented an integrated development plan, the Growth and Transformation Plan (GTP), which aims to achieve 11.2 – 14.9% GDP growth annually as well as achieve the Millennium Development Goals and attain middle-class income status by 2025. To realize these goals, the government is investing heavily in large-scale social, infrastructural and energy projects.

These developments are positive indicators for future private sector development, and translate into the flow of significant amounts of capital into public sector infrastructure projects, which can provide important opportunities. World Bank estimates show that public infrastructure spending was approximately 19% of Ethiopia’s total GDP in fiscal year 2011-2012¹². This has seen changes in the road network, rail transport and positive policy changes that have resulted in the development of the horticulture sector production, export and networks.

4.1 Laws/Regulations

The government of Ethiopia is currently revising its 1960 commercial code in an effort to facilitate investment and ease of operations. Areas of focus include clarifying regulations for potential investors, standardizing appropriate accounting practices to more accurately assess tax and other operating liabilities, increasing protection for shareholders and provisions for bankruptcy filings as well as modernization of trade and registration processes. All these revisions of laws are positive in the horticulture sector in that the new laws are in line with the international equality and equity workers requirements.

4.2 Foreign Direct Investment

Ethiopia has made a considerable progress in economic and social development since 1992 as a result of the implementation of favourable policies and strategies that are instrumental in improving the national economy¹³. The Rural Development Policy and Strategy, the Industrial Development Strategy, and other sectoral policies and strategies have initiated a new push towards creating frameworks conducive for economic and social development. The Rural Development Policy and Strategy, which is under implementation, underlines that agriculture led development that bring fast economic growth, and lay solid foundation for industrial development. The Industrial Development Strategy focuses on export products and

¹¹ End line assessment of Empower the Source Project Report May 2016 HART ASSOCIATES CONSULT PLC

¹²Department of State United States of America Investment Climate Statement 2015

¹³ Ethiopia Investment Guide 2015

manufacturing with priority given to textile and garments, leather and leather products, agro-processing, and small and micro-enterprises. Growth in the economy will definitely contribute positively the well being of all people in the country especially women and children.

The Ethiopia's Growth and Transformation Plan (GTP) has also contributed to driving Ethiopia's demand for and openness to foreign investment. Given the scale of public investment required to support GTP targets, coupled with the current negative domestic savings rate and a World Bank estimate of 4.3% collected tax revenues as a percentage of GDP, Ethiopia requires significant inflows of foreign financial resources. While tax incentives for investment in the high priority sectors of heavy and light manufacturing, agribusiness, textiles, sugar, chemicals and pharmaceutical and mineral and metal processing underscore the government's focus and openness to FDI, the recent credit worthiness ratings by the international rating agencies has opened up Ethiopia's access to commercial foreign loans.

In December 2014, Ethiopia issued its first Euro-bond offering, raising USD 1 billion at a rate of 6.625%. The 10-year bond was oversubscribed indicating a continued market interest in high – growth sub-Saharan African markets, but did trigger the country to exceed its non-concessional borrowing threshold set by the World Bank, which could limit Ethiopia's access to additional concessional lending. According to the Ministry of Finance and Economic Development, the GOE will allocate these funds for additional infrastructure investment. This is promoting positively to global chains and eventual may contribute to women wage issues if there is growth in the economy.

4.3 Investment Policy Reviews

Over the past three years, the Ethiopian Investment Commission (EIC) has undertaken an independent review of its investor services in an effort to streamline the investment process and is in the process of developing a more efficient one-stop-shop facility for foreign direct investors.

4.4 Investment Promotion

A 2014 amendment to the investment proclamation restructured the existing regulatory investment body, the Ethiopian Investment Agency (EIA) under the Ministry of Industry, to a separate governmental body, the Ethiopian Investment Commission (EIC), with the Ethiopian Prime Minister serving as Chairman of the EIC Board. The 2014 amendment provided flexibility for the EIC to decide on appeals submitted to it by foreign and domestic investors on specific projects. In addition, the new EIC Investment Board is empowered to authorize the granting of new or additional incentives other than what is outlined under the existing regulations and authorize foreign investment in areas, otherwise exclusively reserved for domestic investors, if the exception is in the 'national interest.'

Like most developing countries Ethiopia is also participating in global horticulture value chains as a strategy of diversification to contribute to reduce poverty and economic development. Not much is known to understand the trajectories, the role that global buyers

play in determining the income generating outcomes, and the impact of value chain activity on poverty.

In alignment with GTP goals to further develop medium and large scale industries, the government established the Ethiopian Industrial Zones Corporation (EIZC) under the Ministry of Industry in 2012 to oversee the construction and regulation of the zones. Currently the EIZC is preparing the first Industrial park proclamation with the aim of decreasing environmental pollution, enhancing export of manufactured goods and ensuring sustainability. All these promote positively to growth of horticulture global chains and women's working conditions in line with the international certification.

4.5 Screening of FDI

With the exception of the restricted areas of investments, the regulations governing the investment registration policy is consistently referenced for foreign investors. While investors have complained about different interpretations (particularly relating to accounting for in-kind investments) from the EIC, foreign investors generally do not face undue screening of FDI, unfavourable tax treatment, denial of licenses, discriminatory import or export policies, or inequitable tariff and non-tariff barriers. Denial or delays of licenses restrict global chains of exports especially horticulture products and may affect negatively women's conditions of work especially wages and opportunity to work if the companies do not function. There are no specific requirements known in terms of decent work.

The EIC is working to establish an expedited one-stop shop service that it hopes will significantly cut the time and cost of acquiring investment and business licenses. However, bureaucratic hurdles continue to affect project implementation and some U.S. investors report that the EIC still lacks capacity to meet its own stringent deadlines. A business license can be obtained in one day if all requirements are met, though in practice this is uncommon. A foreign investor intending to buy an existing private enterprise or buy shares in an existing enterprise needs to obtain prior approval from the EIC. These restrict global chains of horticulture if it takes too long or delayed by bureaucratic hierarchy.

4.6 Competition Law

Currently, within the sectors allowing foreign investment, there are no laws restricting competition for foreign companies or foreign-owned subsidiaries. The EIC reviews investment transactions for compliance with FDI requirements and restrictions as outlined by the investment proclamation and amendments. However, companies have complained that state-owned enterprises receive favourable treatment in the government tender process. As the public sector is heavily involved in the economic development, this translates into a sizeable portion of the open tenders on the market.

Ethiopia's Trade Practice and Consumers Protection Authority (TPCPA), is accountable to the Ministry of Trade, and is tasked with promoting a competitive business environment by regulating anti-competitive, unethical, and unfair trade practices to enhance economic efficiency and social welfare. This can promote positively the global chain.

4.7 Investment Trends

Because of its consistent GDP growth of between 8% - 12 % over the past 10 years, its population of over 90 million and its stable investment climate, Ethiopia is becoming an increasing priority for foreign investment and foreign companies. Investment trends show the following two key features: 1) Equity investment terms are usually for 8 – 10 years with inputs being not only capital inflows, but also capacity building and knowledge transfer. 2) Manufacturing companies are taking advantage of the special industrial zones, skilled labour and tax incentives for initial start-up imports and export-related expenditures. While foreign exchange shortages for import of inputs and logistic costs remain high both in actual cost and lead time requirements, most manufacturing companies still identify a cost advantage on the whole due to low power, labour and customs costs. Thus more investments will increase job opportunities for the workers especially women. This will contribute to improved economic growth of the global horticulture chain, increase export income and increase well being of women workers and their families in the country in that the women can send their children to school and improve their food provision.

4.8 Conversion and Transfer Policies

All foreign currency transactions must be approved by Ethiopia's central bank, the National Bank of Ethiopia (NBE). The local currency (Birr) is not freely convertible. A 2004 NBE directive allows non-resident Ethiopians and non-resident foreign nationals of Ethiopian origin to establish and operate foreign currency accounts up to USD 50,000. Ethiopia's Investment Proclamation allows all registered foreign investors, whether or not they receive incentives, to remit freely profits and dividends, principal and interest on foreign loans, and fees related to technology transfer. Foreign investors may also remit proceeds from the sale or liquidation of assets, from the transfer of shares or of partial ownership of an enterprise, and funds required for debt service or other international payments. The right of expatriate employees to remit their salaries is granted in accordance with NBE foreign exchange regulations. This is very positive to the horticulture foreign investment.

According to data from the National Bank of Ethiopia, the birr depreciated approximately 130% against the U.S. Dollar between November 2006 and January 2015, through a series of controlled step-downs, including 20% devaluation in September 2014. As of January 2016, the exchange rate was approximately 21.14 birr per dollar. The stability of currency is also very positive to horticultural global chain in the horticulture industry.

4.9 Dispute Settlement

Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts. According to the Investment Proclamation, disputes arising out of foreign investment that involve a foreign investor or the state may be settled by means agreeable to both parties. A dispute that cannot be settled amicably may be submitted to a competent Ethiopian court or to international arbitration within the framework of any bilateral or multilateral agreement to which the government and the investor's state of origin are contracting parties. Although currently, there is no data to track investment dispute trends or patterns. This is very positive for foreign investment in general and specifically the horticulture sectors production and export but of course this is not positive to the Ethiopian workers or unions as this does not specifically cover workers rights in the dispute.

International Arbitration

While disputes can be resolved in international arbitration forums at the agreement of both parties, enforcement is contingent on the Ethiopian court system. Both foreign and domestic investors involved in disputes have expressed a lack of confidence in the judiciary to objectively assess and resolve disputes. Ethiopia's judicial system is overburdened, poorly-staffed and inexperienced in commercial matters, although efforts are underway to strengthen its capacity. While property and contractual rights are recognized and there are commercial and bankruptcy laws, judges often lack understanding of commercial matters and case scheduling suffers from extended delays. The Addis Ababa Chamber of Commerce has an Arbitration Centre dedicated to assist those with the arbitration process. There is no guarantee that the award of an international arbitral tribunal will be fully accepted and implemented by Ethiopian authorities. Since 1965, Ethiopia has been a member state to the International Centre for Settlement of Disputes (ICSID Convention) but has not ratified the convention on The Recognition and Enforcement of Foreign Arbitral Awards (1958 New York Convention).

4.10 Investment Incentives

The 2003 amendment to the Investment Proclamation outlines investment incentives for investors in specific areas. New investors engaged in horticulture production and export, manufacturing, agro-processing activities, agricultural products, who export at least 50% of their products or supply at least 75% of their product to an exporter as production inputs, are exempt from income tax for five years. An investor who exports less than 50% of his product or supplies his product only to the domestic market is income tax exempt for two years. Investors who expand or upgrade existing enterprises and export at least 50% of their output or increase production by 25% are eligible for income tax exemption for two years. An investor who invests in the developing regions of Gambella, Benishangul Gumuz, South Omo, Afar or Somali Region will be eligible for an additional one-year income tax exemption. Thus Ethiopian economy as it participates effectively in incentivised horticulture Global Value Chains (GVCs) provide opportunities for low income farm workers especially women to link to the global economy earning additional incomes and reduce poverty. To some extent these low wages workers both men and women workers are able to take children to school, pay rentals and improve food and nutrition.

4.11 Research and Development

The Ethiopian government does encourage technology and knowledge transfer to further develop the Ethiopian workforce via corporate-financed corporate social responsibility programs and/or training programs incorporated into investment proposals. Currently, there are no government financed research and development programs however. The EHPEA has done some research on Labour Condition in The Ethiopian Horticulture Industry in collaboration with National Federation Of Farm, Plantation, Fishery & Agro-Industry Trade Unions Of Ethiopia (Nffpfatu). Further empirical research is needed on three key groups of permanent and seasonal workers: owners of horticultural farms to track enterprises contributing to community economy and social impacts.

4.12 Transparency of the Regulatory System

Ethiopia's regulatory system is generally considered fair, though there are instances in which burdensome regulatory or licensing requirements have prevented the local sale of U.S.

exports, particularly health-related products. Investment decisions can involve multiple government ministries lengthening the registration and investment process. In 2011, the central bank issued a directive for all banks and insurance companies to adhere to International Financial Reporting Standards (IFRS). In September 2009, the government established a new public procurement and property administration agency. This agency is an autonomous government organ, has its own judicial arm, and is accountable to the Ministry of Finance and Economic Development. Ethiopia is also a member of UNCTAD's international network of transparent investment procedures. This is positive for the horticulture industry for Ethiopia for it will compel all producers to be in line with international standards (Global Gap, ETI and MPS) that are inclusive and realises good agricultural practices, suitable facilities, safe working conditions, responsible employment practices and sustainable environment.

4.13 Efficient Capital Markets and Portfolio Investment

Access to finance is an impediment to increased Ethiopian domestic private investment. While credit is available to investors on market terms, a 100% collateral requirement limits the ability of some investors to take advantage of business opportunities. Additionally, an April 2011 measure forcing non-government banks to invest the equivalent of 27% of each loan made in National Bank of Ethiopia (NBE) bonds has contributed to liquidity shortages that have reduced the ability of banks to lend to the private sector. The Ethiopia Commodity Exchange (ECX), launched in 2008, trades commodities such as coffee, sesame seeds, maize, wheat, and haricot beans. The GOE launched ECX to increase transparency in commodity pricing, alleviate food shortages, and encourage the commercialization of agriculture, horticulture in particular. However, critics allege that ECX policies and pricing structures are inefficient compared to direct sales at prevailing international rates. It will be interesting to capture some of the pricing structure gains in research to find out how horticulture export diversification of value chains gives to producers at all levels, buyers, and rising input costs. This is because it has been found out in some studies that social standards are often lower in new emerging economy markets, but product quality remains important¹⁴.

4.14 Money and Banking System, Hostile Takeovers

Ethiopia currently has nineteen banks--three state-owned, and sixteen privately-owned. In September 2011, the NBE raised the minimum paid up capital required to establish a new bank from Birr 75 million to 500 million which effectively stopped the entry of most new banks into the market. Foreign banks are not permitted to provide financial services in Ethiopia.

Based on the most recently available data, the state-owned Commercial Bank of Ethiopia typically mobilizes about two-thirds of total bank deposits and half of total bank loans. Ethiopia does not have a securities market, and sales/purchases of debt are heavily regulated. The GOE is drafting legislation to regulate the over-the-counter market for private share companies. Currently, there are no restrictions for foreigners to own a local bank account. This has a positive implication on foreign investment in the horticulture sector. It is very evident in the rapid growth of the sector in the past 10 years.

¹⁴ Global value chains, Upgrading and Poverty reduction. Joon Koo Lee, Gereffi and Stephanie Barrientos . Capturing the Gains and Economy and Social upgrading. Briefing notes 3.2011.

4.15 Competition from State-Owned Enterprises

State-owned enterprises and ruling party-owned entities dominate major sectors of the economy. There is state monopoly or state dominance in sectors such as telecommunications, power, banking, insurance, air transport, shipping, and sugar. Ruling party-affiliated endowment companies have a strong presence in the ground transport, fertilizer, and textile sectors. State-owned enterprises have considerable advantages over private firms, particularly in the realm of Ethiopia's regulatory and bureaucratic environment, including ease of access to credit and speedier customs clearance.

The Public-Private Dialogue Forum (PPDF), a joint consultative forum between the private sector and the government, has held six workshops to date focusing on various business issues such as company registration, business licensing, legal structures, access to finance, procurement, manufacturing, and protecting property rights. Nearly all tenders issued by the Ethiopian government's Privatization and Public Enterprises Supervising Agency (PPESA) are open to foreign participation. Public-Private-Civil society partnerships like that of PPESA can contribute positively in facilitating economic activities including horticulture global value chains and upgrading of workers and producers.

4.16 OECD Guidelines on Corporate Governance of SOEs

Currently, Ethiopia is not a member to the Organization for Economic Cooperation and Development (OECD). They also do not adhere to the guidelines on corporate governance of SOEs. Corporate governance of state-owned enterprises is structured and monitored by a board of directors composed of senior government officials and politically-affiliated individuals.

The OECD Guidelines are not aimed at introducing differences of treatment between multinational and domestic enterprises; they reflect good practice for all, respect the human rights, encourage local capacity building through close co-operation with the local community, including business interests, foreign markets, consistent with the need for sound commercial practice. Accordingly, multinational and domestic enterprises are subject to the same expectations in respect of their conduct. Although Ethiopia is not a member it must be acknowledged that small- and medium-sized enterprises or horticulture farmers may not have the same capacities as larger enterprises or farms, governments adhering to the Guidelines. However, these guidelines may encourage good practice and build multi-national linkages with protectionist purposes or use them in a way that calls into question a comparative advantage where multinational enterprises invest.

4.17 Corporate Social Responsibility

Some larger international companies have introduced corporate social responsibility (CSR) programs; however, most local companies do not practice CSR. There is a movement to develop CSR programs by the Ministry of Industry in collaboration with the World Bank, U.S. Agency for International Development, and others. CSR programs supporting workforce capacity-building and services, community-building and infrastructure investment programs by foreign corporation can serve to further align company objectives with the government of Ethiopia's overall GTP development goals.

The Ethiopian government does encourage CSR programs for both local and foreign direct investors but does not maintain specific guidelines for these programs. In early 2015, the Ethiopian Chamber of Commerce & Sectorial Associations published a 'Model Code of Ethics for Ethiopian Businesses' that was endorsed by the GOE's President Mulatu Teshomme as the model for the business community. The commercial farms in horticulture should in a collaborative way start in their small ways to contribute to CSR in their communities like child centres, clinics and others that can contribute to the welfare of their workforce especially women workers. This can also provide a possible entry for Hivos and work through EHPEA or EHDA.

4.18 Corruption

Ethiopia ratified the United Nations (UN) Anticorruption Convention in 2007. The UN Investment Guide to Ethiopia (2004) asserted that routine bureaucratic corruption is virtually nonexistent in Ethiopia. The guide added that bureaucratic delays certainly exist, but are not devices by which officials seek bribes. It is a criminal offense to give or receive bribes, and bribes are not tax deductible. Transparency International's 2014 Corruption Perceptions Index, which measures perceived levels of public sector corruption, ranked Ethiopia as 33 (with 0 indicating highly corrupt and 100 indicating very clean). Ethiopia's rank on the corruption perception index was 110 out of 175 countries in 2014. The Ministry of Justice and the Federal Ethics and Anti-Corruption Commission (FEACC) are charged with combating corruption. These measures aim at preventing corruption, including domestic and foreign bribery, embezzlement, trading in influence and money laundering.

In 2003, Ethiopia signed the UN Anticorruption Convention which was later ratified in November 2007. Ethiopia is currently not party to the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. The Ministry of Justice has primary responsibility for combating corruption, largely through the Federal Ethics and Anticorruption Commission (FEACC) that handles reports of corruption. Building international and regional partnerships is key to future upgrading in the all countries global value chains operations. The signing of treaties and conversions keeps Ethiopia in line with the standards.

4.19 Bilateral Investment Agreements

Ethiopia has bilateral investment and protection agreements with China, Denmark, Italy, Kuwait, Malaysia, Netherlands, Russia, Sudan, Switzerland, Tunisia, Turkey, Yemen, Spain, Algeria, Austria, UK, Belgium/Luxemburg, Libya, Egypt, Germany, Finland, India, and Equatorial Guinea and a protection of investment and property acquisition agreement with Djibouti. A Treaty of Amity and Economic Relations, which entered into force in 1953, governs economic and consular relations with the United States. Ethiopia also has avoidance of double taxation treaties with fourteen countries, including Italy, Kuwait, Romania, Russia, Tunisia, Yemen, Israel, South Africa, Sudan and the UK. This is good for the horticulture industry for Ethiopia then will be obligated to be in line with international standards that are inclusive and realises equity and equality of all genders.

Ethiopia like most developing countries, have sought to participate in global horticulture value chains as a diversification strategy to reduce poverty. The global value chain perspective has been used as a poverty alleviation and economic development initiative. It is now very important to research more to explain and understand the trajectories, the role that

global buyers play in determining its income generating outcomes, and the impact of value chain activity on poverty.

These bilateral agreements are mostly international and are governed by international laws and to a greater extent are inclusive and in line with treaties and are positive to labour laws, and environmental, social and gender sensitive.

However, meeting multiple standards can create complexity to local farmers. Upgrading outcomes to meet codes of conduct may be more favourable for large farmers and regular workers than for small-scale farmers and casual workers. For example, greater worker skills may be required, with more intensive training and rising educational entry levels. For instance, agricultural workers/producers embedded in traditional social relations (gender and ethnic discrimination, paternalism and attitudes to unions) will definitely require a 'mindset shift'. There is a gap and no one is really working with smaller farms and it can be very ideal for Hivos to capacity build them.

4.20 OPIC and Other Investment Insurance Programs

The Overseas Private Investment Corporation (OPIC) has offered risk insurance and loans to U.S. investors in Ethiopia in the past. In past years, it has not originated any investment in Ethiopia however, recently, has begun to initial reviews for qualifying investment opportunities.

4.21 Foreign Trade Zones/Free Ports/Trade Facilitation

There are no areas designated as foreign trade zones and/or free ports in Ethiopia. Because of the 1998-2000 Ethiopian-Eritrean war, Ethiopian exports and imports through the Eritrean port of Assab are prohibited. As a result, Ethiopia conducts almost all of its trade through the port of Djibouti with some trade via the Somaliland port of Berbera and Sudan's Port Sudan. Despite Ethiopia's efforts to clamp down on small-scale trade of contraband, unregulated exports of coffee, live animals, khat (a mildly narcotic amphetamine-like leaf), fruit and vegetables, and imports of cigarettes, alcohol, textiles, electronics and other consumer goods continues.

The Ethiopia Ministry of Trade has recently introduced mandatory testing and verification against 124 Compulsory Ethiopian Standards (CES). Exporters, who ship to Ethiopia any of the regulated products listed below, require a Certificate of Conformity pre-shipment and importers will be required to present the original document to Ethiopian Customs for clearance. An electronic copy will be held by the authority for authentication if and when needed. Intertek is an approved provider of the new certification services imposed by the Ethiopian MoT, and can provide exporters and importers with further information on the new standard requirements as well as delivering the necessary testing and certification.

Intertek works with governments in Africa to support their programmes such as Pre-shipment Inspection, Destination Inspection, Conformity Assessment or Pre-Export Verification (PVoC) to Standards Intertek can issue the mandatory certification to companies exporting to these countries and ensure that their products comply with the importing country's requirements and so clear customs smoothly. These stringent requirements ensure that the horticulture industry for Ethiopia consumers are protected from sub-standard products and goods. And the obligations will be in line with international standards that are inclusive to all gender and realises equity and equality treatment of all.

4.22 Investment Promotion

A 2014 amendment to the investment proclamation restructured the existing regulatory investment body, the Ethiopian Investment Agency (EIA) under the Ministry of Industry, to a separate governmental body, the EIC, with the Ethiopian Prime Minister serving as Chairman of the EIC Board. This amendment provided flexibility for the EIC to decide on appeals submitted to it by foreign and domestic investors on specific projects. In addition, the new EIC Investment Board is empowered to authorize the granting of new or additional incentives other than what is outlined under the existing regulations and authorize foreign investment in areas, otherwise exclusively reserved for domestic investors, if the exception is in the 'national interest.' The EIC is working to establish an expedited one-stop shop service that it hopes will significantly cut the time and cost of acquiring investment and business licenses. If horticulture licence are easy to acquire this is positive for the sector since increased Horticulture value chains provide important opportunities for economic and social upgrading in, with 70% (mostly women) employed in Ethiopia. When women have improved income it is believed that more children can go to school and families may improve food and nutrition. An impact research can be very useful to find out the benefits or stories of change in the horticulture chain at the farm workers level.

4.23 Competition Law

Currently, within the sectors allowing foreign investment, there are no laws restricting competition for foreign companies or foreign-owned subsidiaries. The EIC reviews investment transactions for compliance with FDI requirements and restrictions as outlined by the investment proclamation and amendments.

5. Investment Trends

Ethiopia has been consistent in GDP growth of between 8% - 12 % over the past 10 years, its population of over 90 million and its stable investment climate, Ethiopia is increasingly becoming a priority for foreign investment and foreign companies. Participation of Ethiopian economy in Global Value Chains (GVCs) has provided opportunities for low income workers to link to the global economy to earn additional incomes and reduce poverty although their wages are far below the living wage.

Ethiopia has bilateral investment and protection agreements as mention earlier on and these bilateral agreements are mostly international laws governed and to a greater extend are inclusive and in line with treaties and are positive to labour laws, and environmental, social and gender sensitive/inclusive.

6. Political Environment for Operation

Ethiopia has been relatively stable and secure for investors. Beginning in 2008, the government enacted a series of laws that effectively constrained opposition parties, the media, and civil society. The Ethiopian People's Revolutionary Democratic Front (EPRDF), which is the ruling party coalition, and its allied parties subsequently took close to 90 percent of the popular vote. In 2009, the Ethiopian government passed the Anti-terrorism Proclamation (ATP), granting executive branch-controlled security services virtually

unlimited authority to take unilateral action to disrupt suspected terrorist activities. The campaign season in the run-up to the May 2015 general parliamentary elections has been generally peaceful.

Ethiopia adopted a new constitution that established the Federal Democratic Republic of Ethiopia (FDRE) in 1995. The federal government is responsible for national direction, decision on foreign relations and general policy of common interest and benefits. The federal state comprises nine autonomous states vested with power for self-determination. The FDRE is structured along the lines of bicameral parliament, with the council of Peoples' Representatives being the highest authority of the federal government while the federal council represents the common interests of the nations, nationalities and peoples of the states. Members of both councils are elected by universal suffrage for a five-year term. This is beneficiary to the country's investment ventures including the horticulture industry for Ethiopia then will be obligated to be in line with international standards that are inclusive and realises equity and equality of all genders. A stable political environment does positively impact a country's social and economic growth. Women and men can work freely for their livelihoods and education of their children without fear of their family lives, unlike in a war zone. Therefore, more investors and INGOs like Hivos can come to invest and work with local partners and communities.

7. Implementing and other Collaborating Partners

Ministry of Agriculture and Natural Resources (MoNR) established a self governing Federal Government institution work through the Ethiopian Horticulture Development Agency (EHDA) (Regulation No. 152/2008), which is responsible for promoting and facilitating the involvement of both commercial farmer investors and out growers in horticulture development of the sector.

Another very important stakeholder is the Ministry of Labour and Social affairs (MoLSA) is responsible for the labour and Social concerns of the country according to the Labour Proclamation No. 377/2003. The Ministry of Trade and Industry (MoTI) and Environmental Protection Agency (EPA) are very important and responsible for assessing the environmental, social and economic impact of investment projects. It was realised that the 2002 proclamation had no reference to flowers and in September 2009 an assessment schedule for establishing flower farms was announced and endorsed and is currently being used.

Workers & Employers Organizations like The Confederation of Ethiopian Trade Unions (CETU) was established with a grand objective of safeguarding the rights and interests of Ethiopian workers. The confederation is the only umbrella national centre for nine industrial federations in which the National Federation of Farm, Plantation, and Fishery & Agro-Industry Trade Unions (NFFPFATU) is the largest and perhaps the strongest among the affiliated nine federations. NFFPFATU represents the agriculture and agro-processing sector which includes horticulture sub-sector. So far the Confederation has been involved in tasks of Training, and advocacy works at national and international forums.

The National Federation of Farm Plantation Fishery and Agro Industry Trade Unions (NFFPFAITU) was re-authenticated in 1995. NFFPFAITU is an umbrella organization

consisting of one hundred twenty six (126) basic unions having more than one hundred twelve thousand (112,000) members. The federation has a general objective of working with workers in the Farm, Plantation, Fishery, and Agro industry Sectors advocating for them their rights, benefits, and safety are protected. It has an independent constitution and internal procedures that would help to attain its objectives.

The Ethiopian Horticulture Producers and Exporters Association (*EHPEA*) was established with an objective of representing the interests of the sector in the international market place & nationally, initiating & participating in horticultural projects in a bid to expand size & scope of the sector, lobbying the government and other stakeholders regarding policy, regulatory & other issues.

Six civil society organizations came together and formed the National Flower Alliance (NFA). The NFA Forum for Environment (FfE), Organization for Social Justice, Panos Ethiopia, The Confederation of Ethiopian Trade Unions (CETU), Ethiopian Wildlife & Natural History Society and Ethiopian Women Lawyers Association (EWLA) who work with horticulture stakeholders to contribute to the sustainability, corporate and ecological responsibility of the flower industry. This forum has not been very active as the EHPEA. If there are programmes to be done it is recommended that the Hivos can work with EHPEA members.

It is clear that private-public-civil society partnerships are necessary to facilitate value chain upgrading of producers/suppliers and workers. The rise of quality standards in value chains makes capability-building of suppliers necessary condition. This can contribute positively to improved conditions to employment for the poor. Partnerships between firms, government, trade unions and NGOs are needed in order to meet standards, enhance skills and knowledge, improve labour conditions, and raise incomes.

8. Conclusions and Recommendations

Horticulture industry is labour intensive in nature and both men and women work global in horticulture product chains. In all farms, female workers constitute the majority of the workforce. The women workers are the most vulnerable and constitute 70% of the workers in the industry. The majority of women are not-married or are single parents. In almost all farms majority of technical experts, production specialists and managerial levels are occupied by male workers.

Private-public-civil society partnerships are needed to facilitate global value chain and upgrading of workers and producers conditions. The rise of quality standards in value chains makes capacity -building of producers and suppliers a necessary, but not sufficient, condition to generate better employment for the poor especially women. Partnerships between firms, government, trade unions and NGOs are needed in order to meet standards, enhance skills and knowledge, improve labour conditions, and raise incomes.

Condition of work for women is a collaborative issue, all stakeholders need to work together to raise the employment standards and to ensure that workers' rights are not sacrificed in the face of competitive pressures. Trade unions need to continue to play a critical role in ensuring

workers are aware of these codes of conduct as well as playing a role in auditing compliance. The EHPEA code of conduct and Company codes of conduct hold promises for improving all people including women's conditions but they need to be implemented and brought to the attention of workers. Training sessions of workers council representatives, workers talk shops, and information packs in alternative creative forms -video, audio and print can be produced and distributed to workers for implementation.

The government of Ethiopia has contributed positively in creating a politically stable environment, enacting positive policy changes and directing the horticulture growth through the reviews of the proclamations, economic strategies, and implementation of plans and through building international and regional partnerships that are key to upgrading in the country's operations. The signing of treaties and conventions keeps Ethiopia in line with the required standards of production, handling and export of quality services and goods. **Labour rights education and support to access these rights is crucial if growth in the horticulture sector of Ethiopia is to continue to be realised.** With respect to hired workers on commercial farmers and smallholder farms, policy and activities must focus on educating workers about their legal rights and supporting them to access these rights, and also on supporting all farmers to improve their own awareness of labour rights and to upgrade their health and safety facilities and practices.

The horticultural sector global value chain investment activities in Ethiopia are clear that they have been used as poverty alleviation and economic development initiatives. It is now very important to research more to explain and understand the trajectories, the role that global buyers play in determining its income generating outcomes, and the impact of value chain activity on poverty. **Furthermore, there is need for more empirical research on three key groups of formal/informal/seasonal workers: owners of formal and informal horticulture farms and track how the farms are contributing family well being and understand the changing conditions of the working mothers and the impact of their wages on the family and society at large. .**

The GOE launched ECX to increase transparency in commodity pricing, alleviate food shortages, and encourage the commercialization of agriculture, horticulture in particular. However, critics allege that ECX policies and pricing structures are inefficient compared to direct sales at prevailing international rates. **It will be interesting to capture some of the pricing structure and the gains in research to find out how horticulture export diversification in the country's global of value chains are contributing to poverty reduction at producer's levels, buyers, and rising input costs.**

Partnership opportunities for implementing "Decent work for Women" will be multi levelled Public- Private- -civil society. The Ministry of Agriculture and Natural Resources (MoNR)-EHDA is the government in charge. With collaborating ministry of Ministry of labour and Social -MoLSA, trade- MoTI) and Environmental Protection Agency (EPA) who can be very instrumental in the policy changes. The civil society organisation like producer and exporters association-EHPEA, Workers & Employers Organizations like, The Confederation of Ethiopian Trade Unions (CETU) and NFFPFATU can be very important in contributing positively in safeguarding the rights and interests of Ethiopian workers.

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10. Appendices (See Attachments)

Appendix 1: List of the farms/companies producing flowers

Appendix 2: Key question Check list for the baseline

Appendix 3: EHPEA Members and Certified Companies t.pdf

Appendix 4: Employees Data on Vegetable and Fruit Farms (Ethiopia) 2016

Appendix 5 FDG and Key Informant farm workers cluster of flower and vegetable farms.docx

Appendix 6: Stakeholder Log