Economic Innovation of Transnational Migrants and Refugees in Addis Ababa

Case studies based on Ethiopian Diaspora, on Somali, Eritrean and Syrian Businesses

Gülcan Akkaya, Chalachew Getahun Desta, Samuel Tefera Alemu, Lorenzo Fontana and Walter Schmid

Cohésion sociale et pluralisme culturel
Sozialer Zusammenhalt und kultureller Pluralismus
Social Cohesion and Cultural Pluralism

Seismo

Economic Innovation of Transnational Migrants and Refugees in Addis Ababa

Case Studies based on Ethiopian Diaspora, on Somali, Eritrean and Syrian Businesses

Gülcan Akkaya
Chalachew Getahun Desta
Samuel Tefera Alemu
Lorenzo Fontana
Walter Schmid

Series "Social Cohesion and Cultural Pluralism"

The book series "Social Cohesion and Cultural Pluralism" is a publication platform for scientific research on the topic of migration and cultural difference as well as on the societal consequences of transnational migration. On behalf of the Swiss Forum for Migration and Population Studies (SFM), the Scientific Council of the SFM is the publisher of both applied and basic research. With its multilingual and interdisciplinary orientation, this collection aims to build bridges between different research traditions and disciplines.

Economic Innovation of Transnational Migrants and Refugees in Addis Ababa

Case Studies based on Ethiopian Diaspora, on Somali, Eritrean and Syrian Businesses

Gülcan Akkaya
Chalachew Getahun Desta
Samuel Tefera Alemu
Lorenzo Fontana
Walter Schmid

Reihe **Sozialer Zusammenhalt und kultureller Pluralismus**
Collection **Cohésion sociale et pluralisme culturel**
Series **Social Cohesion and Cultural Pluralism**

Seismo

This publication was supported by the Swiss National Science Foundation.

The authors would like to thank the Lucerne University of Applied Sciences and Arts – Lucerne School of Social Work, Institute of Sociocultural Community Development, for its support in the realization of the book.

Seismo Press is supported by the Federal Office of Culture for the years 2021–2024.

books@seismopress.ch
www.seismopress.ch

ISBN 978-3-03777-292-8 (print)
ISBN 978-3-03777-891-3 (PDF)
ISSN 2813-1568 (print)
ISSN 2813-1576 (online)

https://doi.org/10.33058/seismo.30891

Layout: Fabian Elsener, Mediengestaltung Zurich
Cover: Gregg Skermann, Zurich
Cover image: Photo by Claudio Maria Lerario / Ayzoh!

In memory of Yaşar

Content

List of Abbreviations

ARRA	Administration for Refugee and Returnee Affairs
AU	African Union
CSA	Central Statistical Agency [of Ethiopia]
CRRF	Comprehensive Refugee Response Framework
ECA	United Nations Economic Commission for Africa
ECOWAS	Economic Community of West African States
EEBC	Ethiopia-Eritrea Border Commission
EIZ	Eastern Industrial Zone
EOC-DICAC	Ethiopian Orthodox Church Development and Inter-Church Aid Commission
GERD	Great Ethiopian Renaissance Dam
GCR	Global Compact on Refugees
GCM	Global Compact for Safe, Orderly and Regular Migration
GoE	Government of Ethiopia
GTP	Growth and Transformation Plan
HoA	Horn of Africa
ICLS	International Conference of Labour Statisticians
IGAD	Intergovernmental Authority on Development
IOM	International Organization for Migration
JRS	Jesuit Refugee Services
MENA	Middle East and North Africa
MIDROC	Mohammed International Development Research and Organization Companies
NRC	Norwegian Refugee Council
OCP	Out of Camp Policy
OECD	Organization for Economic Co-operation and Development
RHA	Residential Housing Association
SADC	Southern African Development Community
UNDP	United Nations Development Programme
UNHCR	United Nations High Commissioner for Refugees

Acknowledgements

The following study was conducted as part of the research project "Welcoming Neighborhoods: Sustainable Migration in North, East and West African Cities" (WelCit). Without the financial support of Swiss Universities, it would not have been possible to realize this project.

Our special thanks go to the people we have interviewed, the refugees from Eritrea, Somalia and Syria, for their willingness and their trust in us to tell their life stories and to recount their everyday life as refugees in an urban context, reporting on their efforts to secure an existence, on their business ideas, motivations and future perspectives. They all granted us an important and moving view into their lives.

For the valuable discussions about the refugee situation, we particularly would like to thank Malambo Moonga, Head of Migration Program, IOM, Ethiopia; Melawit Weldegergis, Acting Area Manager Addis Ababa, Norwegian Refugee Council; Adelina Gomez, Senior External Relations Officer, UNHCR, Ethiopia; Sergio Daniel Kristensen, Country Director Ethiopia Swiss Church Aid, as well as the Swiss Ambassador in Ethiopia, Daniel Hunn.

We thank Prof. Dr. Eckhard Priller for his review of the quantitative part of this study and Dr. Hector Schmassmann for his review of the complete study, with his comments, additions and valuable exchanges. They both provided us with important content suggestions as well as encouragement.

Additionally, we thank Julia Weingart for her valuable content work and for her support.

We thank Dr. Kiya Gezahegn and Bisrat T/Selassie for their interviews with Somalian and Eritrean refugees. We would especially like to thank Sharon Kroska for her support and encouragement! Our thanks as well to Prof. Dr. Miryam Eser for her substantive discussions and for her motivation. Our hearty thanks to Prof. Dr. Ulrike Sturm for her great support, openness and goodwill. We would also like to thank Meike Müller for her discussions and support.

Last, but not least, we thank the University of Applied Science Luzern, Department of Social Work, which allowed us to conduct this research project and which also provided financial support.

1 Introduction

In this publication, we examine the contribution of transnational migrants, refugees and diaspora to the economic development and innovation in Ethiopia in general and Addis Ababa in particular. We wanted to know how transnational migrants – especially refugees – succeed in establishing their own businesses and securing their existence and livelihood in an urban metropolitan context. Also of interest was the question as to whether, and in what form, they contribute to economic innovation.

We would like to show the impact that transnational migrants have on the urban landscape, especially how they appropriate their new living space. This study is the result of collaboration between representatives of various disciplines – political scientists, population and development experts, architects, social workers, lawyers, social anthropologists from Addis Ababa University and the University of Applied Science of Lucerne, Department of Social Work.

On the one hand, we wanted to know how migrants – including migrants in the diaspora – contribute to the development and innovation in their home country, and on the other hand, how migrants – especially refugees – succeed in establishing their own businesses and securing their existence in an urban context in Addis Ababa, and as to whether and in which way they contribute to economic innovation thereof. The study examines the role diaspora communities and refugees play in this context as refugees can become an aid for self-development through the mobilization of human resources. Ethiopia's government views this as a promising way to transform the frequently lamented *Brain Drain* into a profitable *Brain Gain* for the country.

Our decision to focus on urban refugees is not only justified by the increasing trend of urbanization of refugees, but also by the fact that cities provide refugees with challenges and opportunities that are otherwise not common in refugee camps. They are places in which the full potential of the refugees can be realized, bringing with them the unimagined possibilities for the enrichment of the urban areas which receive them. Cities realize the importance of urban settings to protect and integrate migrants and refugees. These cities are confronted with enormous challenges due to the influx of thousands and thousands of migrants (UNHCR 2001–2021). At the same time, the economic potential of migrants who start to make their own lives, very often in the informal market, is also increasingly recognized. As a result, legal and policy measures are taken (e.g. the 2019 refugee proclamation) to protect the refugees, such as by increasing access to the labour market and services. However, apart from the slow or low implementation of the legisla-

tion, no efforts are observed towards making adequate use of the refugees' potential.

The role of big cities in migration policy initially became an issue in informal platforms like the Hague Process (The Hague Process on Refugees and Migration 2007a). The international community soon started to pay more attention to the contribution cites can make in protecting and integrating refugees. In 2009, the United Nations High Commissioner for Refugees already held a first High Commissioner's Dialogue on Protection Challenges focusing especially on "Persons of Concern", these are persons identified by the UNHCR as refugees, returnees, stateless persons, internally displaced persons and asylum seekers in urban settings (UNHCR, 2013). This dialogue was designed to enable urban areas to provide effective humanitarian aid and to cope with the increasing stress refugees may place on the urban environments. Economic development was not yet an explicit issue though (see Inter-Agency Standing Committee (IASC) Task Force 2009). Only in 2018, at another "High Commissioner's Dialogue on Protection Challenges: Protection and solutions in urban settings: engaging with cities" (UNHCR, 2018b), did the economic dimension became part of the agenda and was given the necessary attention (see UNHCR 2018b). Self-reliance in urban areas, economic inclusion, access to livelihood and the role of the private sector were prominent topics. The Global Compact on Refugees (GCR)[1] gave local authorities and cities, as well as the private sector, visibility for the first time in recognition of their important role in addressing the challenges associated with forced migration (see United Nations 2018b). Though the Compact can be seen as a major milestone, its potential to improve responses to displacement worldwide depend on the concrete engagement of the actors, which include governments, UN agencies, NGOs, local authorities, community-based organizations, businesses, educational institutions, healthcare providers, civil society, and the host community. The Compact agreed that the recognition and use of migrants' potentials and resources will be key to future integration policies in urban settings. Although migration law and governance are primarily the state's prerogative, local governments are essential interlocutors. Municipalities are the first receivers of migrants. They provide access to essential public services, including healthcare and education, often to all

1 The Global Compact on Refugees, adopted in 2018, serves as a framework that promotes fair and predictable sharing of responsibilities. It acknowledges that addressing refugee situations effectively requires global collaboration. The compact outlines guidelines for governments, international organizations, and other stakeholders to ensure that host communities receive necessary support, enabling refugees to lead productive lives. Ultimately, it represents a distinctive chance to revolutionize the world's approach to refugee crises, benefiting both refugees and their host communities (United Nations, 2018a).

residents, regardless of origin or migration status. They possess important operational capabilities, as well as relevant policy knowledge.

Already in preparing the Global Compact for Safe, Orderly and Regular Migration (GCM)[2] and the GCR with the New York Declaration,[3] a plan was laid out for a more predictable and more comprehensive response to the refugee crises[4], known as the Comprehensive Refugee Response Framework, CRRF. This framework put a focus on ensuring self-reliance of refugees and host communities through socio-economic integration. Ethiopia was one of the seven pilot countries for implementing a CRRF which required considering access for migrants and refugees to the labour market and to some extent to public services (Abebe 2018). To this effect, the Government of Ethiopia adopted a new refugee proclamation (Federal Democratic Republic of Ethiopia 2019), however, its implementation is slow.

Ethiopia, a hub for outward and inward migration, is one of the major labour-exporting countries and the largest refugee hosting and refugee generating countries in Africa. The Ethiopian economy, as well as its population, has shown high growth. Presently, Ethiopia's population stands at 112 million according to the UN Population Division (2019). Although historically, Ethiopia had one of the lowest urban population percentages globally, significantly below the Sub-Saharan Africa average of 37 percent in 2012, this trend is rapidly shifting. Currently, Ethiopia boasts one of the most rapidly growing urban populations worldwide, as highlighted by Ozlu et al. (2015). Ethiopian cities play an important role in the economy,

---

2 The Global Compact for Safe, Orderly, and Regular Migration (also simply written as Global Compact for Migration – GCM), adopted in 2018, provides a collaborative structure with 23 objectives, guidelines for implementation, and mechanisms for follow-up and assessment. Each objective includes a commitment, accompanied by a set of actions recognized as effective policy tools and best practices. Member States pledge to utilize these actions to promote safe, orderly, and regular migration throughout the entire migration process (United Nations, 2022).

3 The New York Declaration, unanimously adopted by the United Nations General Assembly on September 19, 2016, is a political statement that underscores the significance of the international refugee system. It encompasses a broad spectrum of commitments by Member States aimed at strengthening and improving mechanisms to protect persons on the move. The declaration includes commitments for both refugees and migrants and laid the groundwork for the subsequent adoption of the GCR and the GCM in 2018.

4 As of mid-2023, there are approximately 110 million forcibly displaced people worldwide due to persecution, conflict, violence, human rights violations, or events seriously disturbing public order. This includes: 62.5 million internally displaced people (IDPs), 36.4 million refugees, 6.1 million asylum-seekers, and 5.3 million other people in need of international protection (UNHCR, n.d. https://www.unhcr.org/refugee-statistics), checked on 24/06/2024.

contributing to 38 percent of the GDP because of the high productivity and low cost associated with sectors located mostly in urban areas (The World Bank 2015a, xii, 1).

Ethiopia has demonstrated a long-term high economic growth over the last fifteen years. However, the economic growth was not accompanied by a considerable reduction in poverty and job creation, particularly for the youth (The World Bank 2018a). The poverty situation is currently further worsened by the COVID-19 pandemic, the Russia-Ukraine war and the internal ethno-political conflict and intra-state war that has ravaging the country over the last five years. There is an interplay of several pull and push factors for outward and inward migration in Ethiopia. These include (1) a large labour force growth which has doubled in the past twenty years and is projected to rise to 82 million by 2030, from 33 million in 2005 (The World Bank 2015a); (2) limited capacity of Ethiopian cities to create jobs despite their ability to offer migrants greater wage employment opportunities than rural economies – they employ only 15 percent of the total workforce (The World Bank 2015a); (3) a strong culture of migration of local communities due to a high rate of unemployment coupled with poverty, family and peer pressure and low public awareness on the positive and negative aspects of migration; (4) recurrent drought and environmental shocks, and inducements by smugglers and traffickers pushing people to migrate to the capital city or abroad in search of better opportunities and to support their family; and (5) advancement of information and communication technology, social networks, better living standards and demand for labour in major destination countries (ILO 2017, 5–6). As of most recent years, this has been worsened by ethno-political violence in Ethiopia leading to widespread internal displacements and intra-state wars forcing local populations to move across borders. According to the most recent data from OCHA (2024) situation report, 4.4 million people have been internally displaced by March 2024. However, although about 60,000 people initially crossed into the Sudan fleeing the civil war in Tigray region in 2020/21, the border was controlled by government forces thereafter, and cross border flow appears minimal or is not clearly known. The recent destruction of residential houses and business premises of target ethnic groups under the disguise of informal and/or squatter settlements has added fuel to the high incidence of poverty. The existing conflict between Al Burhan (leader of Sudan's Armed Forces – SAF) and Dagalo (head of Sudan's paramilitary Rapid Support Forces – RSF) forces will continue to fuel influx of Sudanese refugees into Ethiopia.

As a result, Ethiopia is fast becoming the main country of origin, transit and destination of migrants in the Horn of Africa region involving refugees, internally displaced people (IDP), asylum seekers, victims of trafficking and

smuggled migrants (IOM 2017a, 2). Of interest to the present publication are out-migrants and refugees. Anecdotal sources indicate that by 2018, over 3 million individuals, either Ethiopians or of Ethiopian descent, had settled in various regions across the globe, despite inconsistencies in the numbers provided by different sources (IOM, 2018). These migrants, although spread worldwide, are predominantly located in North America, the Middle East, Europe, and South Africa. Despite a relatively low migration rate compared to other sub-Saharan African nations, Ethiopia, due to its large population, is home to one of the most substantial groups of African immigrants globally (IOM, 2018). These diaspora have strong links to families and/or relatives at home in Ethiopia, and the remittances they send to families and/or relatives and the capital they spend as economic investments is substantial. Likewise, while diaspora of other countries of the African Horn region remit resources to their respective families and/or relatives back home, they also send remittances to refugee family and/or relatives in Addis Ababa. Evidence shows that numerous transnational migrants and refugees established in Addis Ababa were or still are supported partially or entirely by the respective communities – family members or others – abroad. These resources were in many cases crucial for the success of the economic activities of the migrants.

1.1 Purpose of the research

The linkages between outmigration and development have received increasing attention in recent decades, both within policy circles and the academic literature (Kuschminder et al. 2018). However, past research regarding out-migrants' contribution to the economy at the place of origin is constrained by focus on the role of remittances, leaving out other contributions that transnational and return migrants can play. Previous research focused on external economic contributions. Less attention was given to what migrants themselves can contribute, for instance the innovative power of migrants within the country's urban context. The focus of this study lies less on the contributions from the outside but rather on the innovation power that migrants bring along due to their initiatives, their creativity, their skills and their know-how. Our attention, therefore, is directed to the owners of micro-enterprises. What they all have in common is the ability to develop and use new business potential and ideas; they function as drivers/engines of change.

The overall purpose of the publication is to describe the general economic status of Addis Ababa as it relates to migration, unemployment and economic formality/informality on the one hand, and the roles of urban

refugees and Ethiopian migrants (diaspora and return migrants) in contributing to economic development, employment opportunities both for refugees and local populations, and innovation, on the other hand.

While, from a theoretical point of view, cities provide refugees anonymity and access to urban resources, in a country where urban unemployment and underemployment is very high, this may raise concern among the citizens, who may see the refugees as competing with them for publicly subsidized services and scarce jobs, instead of considering them as innovative entrepreneurs who are capable of creating markets and employment opportunities for citizens as well (Constant 2014; Hinrichs and Juzwiak 2017).

In fact, they bring many potentially positive effects to the host community. Their business engagement can take many forms, for example running a restaurant or fashion studio or founding a mobile phone company. In doing so, they first create work for themselves. They can then additionally employ other refugees and/or host country nationals. The case study of Chinese shops in Botswana by Zi (2015) is a good example of transcontinental refugees/migrants supporting local economies. Businesses founded by refugees often develop innovative solutions for local problems and can therefore handle the needs of specific target groups better than large donor-supported programs. *Refugee Entrepreneurs* often manage, with the little means that they have, to make the best of a situation. In the words of Ernest Hemingway "Now is no time to think of what you do not have. Think of what you can do with what there is" (Hemingway, 1952, 111).

Migrants and refugees have diverse socioeconomic, skill and labour market backgrounds which can be exchanged with each other and the host community. While this exchange may require for migrants' skills and labour market backgrounds to be complementary, filling in market gaps and enriching the economy, rather than competitive to the skills and labour market backgrounds of the host communities, potentially displacing local workers, the effect varies based on context and requires careful policy consideration (Chartered Institute of Personnel and Development, 2023; Sultana, 2022). Within a given country, too, African cities have diverse neighborhoods, each benefiting differently from refugee knowledge and skills. Migration research in Europe and North America has focused extensively on integration, cohesion and conviviality in multi-cultural and super-diverse cities. This has been largely absent from contemporary migration research in Africa, though African cities bring different conditions into play. They are often not characterized by strong coherence but rather with heterogeneity and diversity, making it difficult to define which values are important for inclusion in the host society (Bakewell and Jónsson 2011; Bakewell and Landau 2018).

The little existing research merely focuses on labour market implications of refugees for the host population (Khoudour and Andersson 2017), and even then shows no clear patterns, and implies both positive and negative labour market outcomes. Similarly, Brown et al. (2018) note that academics and humanitarian agencies have focused on the role of informal livelihoods in supporting the survival of refugee households themselves, whereas the links with and contributions to host economies of refugees has not been well researched. Innovation appropriation in the informal economy specifically is an under-explored topic (Kraemer-Mbula and Wunsch-Vincent 2016, 8), which is why informality and economic innovation of urban refugees is one of the focuses of our research.

1.2 Why refugees and the diaspora?

Before describing the research setting in the next section, it is instructive to clarify why we opted to examine diaspora and refugees – two seemingly unrelated concepts – in this book. IOM defines a refugee as "A person who qualifies for the protection of the United Nations provided by the High Commissioner for Refugees (UNHCR), in accordance with UNHCR's Statute and, notably, subsequent General Assembly's resolutions clarifying the scope of UNHCR's competency …" (IOM, 2019a, 170). A refugee has a well-founded fear of persecution or fear for reasons of race, religion, nationality, political opinion or membership of a particular social group. On the other hand, IOM defines diaspora as "migrants or descendants of migrants, whose identity and sense of belonging have been shaped by their migration experience and background" (IOM 2019 a, 171). While the term was originally used to describe the forced displacement of the people, it is now generally used to describe those who reside in a destination country but identify with a country of origin. Therefore, the concept includes those migrants residing in a country other than the country of origin where the reason they migrated could be forced (as refugee) or economic.

Refugees differ from economic migrants at least in two respects: (1) they cannot or are not willing to return home, and (2) they have only limited social contacts back home (Cortes 2004) since they may have to await a change of government or political reform in the home country. By contrast, diaspora (sometimes referred to as expatriates or transnational communities) play an active role in assisting their countries of origin through fundraising, development work and, in some instances, political action. This constitutes a basic distinction between refugees and economic migrants as components of diaspora.

Once established in the country of destination, economic diaspora acquire not just financial resources, but knowledge, skills and experience that are to be invested in and contribute to development of the home country. Refugees are often considered as net burdens to the host population and country – they compete with the local people for scarce resources including labor markets, services and infrastructure. However, lacking the option of going back to their homeland, refugees have a longer time horizon in the host country, and hence, may be more inclined to invest in the host country's human capital – improving language skills, becoming naturalized citizens and enrolling in education – which are prerequisites to employment, job creation or earnings (Cortes 2004). Therefore, although refugees appear to be conceptually different, they can contribute economically to the host country as economic migrants (diaspora) contribute to the home country.

The basic reason we are dealing with these seemingly conceptually and characteristically distinct groups is that they both contribute to the economy of Ethiopia – refugees contribute to Ethiopia as the host country and the diaspora contribute to Ethiopia as their country of origin. Existing migration and development literature has focused on the economic development contribution of the diaspora to the country of origin, giving little attention whether and the extent to which refugees also contribute to the host country, or at the very least are not a net burden. The motivation of the book in dealing with these two groups is, therefore, to show how refugees also contribute to a host country.

1.3 Research setting and design

1.3.1 Research setting

According to the 2007 National Population and Housing Census Report, more than 80 percent of the Ethiopian population is rural (CSA 2008). Despite having one of the world's lowest urban populations, Ethiopia's urban growth rate is now among the fastest globally (Ozlu et al., 2015).

Ethiopia features two apparently contradicting characteristics that have significant implications for migration. On the one hand, the country has one of the most poorly developed economies – chronic budget deficit, low input use and technology and poor infrastructure and services – in the world, although good growth figures have been reported over the past decade or so (Geda, 2022; UNDP, 2022b). Coupled with rapid population growth, ideological and ethnic conflicts and violence, corruption and so forth, this compels the people to emigrate whether as economic migrant or as refugees and asylum seekers fleeing conflicts. This is not to mention the huge num-

ber of internally displaced people (IDPs). On the other hand, Ethiopia is one of the countries, if not the only one, with a large number of embassies and diplomatic missions in Africa. It also hosts the African Union and the Economic Commission for Africa among others. Coupled with these is the country's strategic geopolitical location in the Horn region, which draws in refugees mainly from various African countries. The two features combined make Ethiopia a hub for outward and inward migration, being one of the major labour sending countries and the largest refugee hosting and refugee generating countries in Africa (CSA, 2021).

Emigration took on various forms under various governments in the history of Ethiopia. During the communist government (1974–1991), mobility was in general very restricted even within the country for security reasons, and as such economic migration was minimal. However, many people had to fled war and ideological conflict to neighboring countries, and some of them managed to resettle in Europe and North America. During the subsequent government (1991 to date), conflict continued in a different and worse form, however, the restriction on mobility abroad was lifted leading to a huge outflow of the people as economic migrants and asylum seekers. On the other hand, for reasons of ethnically motivated politics, in the new regime, the right for internal mobility remained restricted as before. Following the fall of the communist government, subsequent policy measures were taken to encourage the diaspora to invest in and contribute to the development of their home country.

Ethiopia has become the second largest refugee-hosting country in Africa, with the number of registered refugees and asylum seekers in the country reaching 964,798 in 2019 (0.9 percent of the total population). As of February 2024, this number increased to 972,835 (Operational Data Portal, 2024, 29 February). The country hosts a large number of refugees from about 26 countries, mainly South Sudan, Somalia, Eritrea, the Great Lakes Region, Yemenis, Syrians and Uganda (UNHCR 2019a). There has been a significant increase in the number of urban refugees in Ethiopia. In 2015, the number of urban refugees living in Addis Ababa was 7,890, the majority constituting women (4,395) and people of Eritrean origin. In 2017, there were 20,176 registered urban refugees including 15,435 Eritrean OCPs and 4,741 assisted refugees. The OCP enables refugees to reside outside of refugee camps and interact with local communities. To qualify, refugees must meet specific criteria, including legal registration, documentation, and self-sufficiency. Initially granted to Eritreans in 2010, the Ethiopian government has committed to expanding the OCP to benefit 10 percent of the current refugee population, as outlined in the New York Declaration. Unlike unassisted OCP refugees, assisted refugees receive support from UNHCR, the government and other

NGOs working with refugee protection, allowing them to rebuild their lives. In addition, there were an estimated 11,000 unregistered/unpermitted refugees and asylum seekers who do not receive official assistance in Addis Ababa, though it is likely that this population is much greater (Brown et al. 2018, 25). At the end of the year 2018, UNHCR (UNHCR 2019b) reported the presence of 22,885 registered urban refugees in Addis Ababa. As of November 30, 2021 the number of urban refugees in Addis Ababa were reported to be 71187 (UNHCR, 2021, 30 November). However, taking into consideration the presence of non-permitted and unregistered refugees, ARRA's 2017 report puts the total number of estimated urban refugees in Addis Ababa to be more than 192,000 (Mena 2017).

With regards to refugee policy, Ethiopia has had an open-door policy, permitting refugees and asylum seekers the right to reside in Ethiopia, even prior to the 2004/05 refugee law. However, given the huge number of refugees, the Ethiopian government decided it needed a formal legal/policy guideline to manage refugees. The country adopted its refugee law for the first time in 2004/05. Despite existence of this law, however, urban refugees were not granted formal access to the formal labour market or to local basic services such as education, water and/or healthcare (Brown et al. 2018, 17). Recognizing the various problems of refugees and in compliance of the international laws and guidelines, the government put forward nine pledges in the Leaders' Summit on Refugees in New York in 2016 (discussed in section 4.2.1). In 2017, the government formally launched the Comprehensive Refugee Response Framework (CRRF), effectively paving the way for the implementation of the pledges. On February 12, 2019, the government enacted a Refugee Proclamation No. 1110/2019 (Federal Democratic Republic of Ethiopia 2019), and this was followed by issuance of various regulations and directives. These legal measures are expected to tackle the problems that the 2004/05 refugee law failed to. However, implementation reports show low performance and several challenges (see e.g., International Rescue Committee 2018; Refugee and Returnee Services and UNHCR 2021).

1.3.2 Research design and method

The study aims to investigate the economic innovation emanating from transnational migrants and refugees in Addis Ababa. In addition, the economic and employment situation of these refugees in general, their motivation to start a business, their contribution to economic development as well as the legal, political, economic, social and cultural framework conditions of their (working) life are the subject of consideration. Further aspects are mobility and urbanity, socio-cultural networks as well as transnational relations and

remittances. In order to explore these aspects, the context of the study is first examined, i.e. the general economic situation in Addis Ababa, the employment structure, the formal and informal employment sector, Ethiopia as a country of emigration and immigration as well as the contribution of diaspora and return migrants to economic development. The study has an exploratory character and does not claim to be representative but aims to capture the complexity of the topic. Qualitative survey and analyses methods are used for the study to determine and explore subjective motives, perspectives and expectations of the people involved. The analysis is based on primary data from own field research in Ethiopia, as well as secondary data obtained from the Central Statistical Agency of Ethiopia and the Addis Ababa Investment Bureau (2019).

We chose Addis Ababa as the place to conduct the research because we wanted to work with the researchers at the Addis Ababa University, who agreed to support and accompany us from the very beginning. Thanks to this research partnership, we got to know the actual living conditions on the ground. This seemed essential for us to understand the importance of networks in Ethiopia in general and in the informal sector in particular, as well as the situation of the refugees. We were able to understand the personal economic network of the people because the people concerned trusted us in personal conversations. We took the experience and creativity of the people we have interviewed seriously and endeavored to include them in the research process in the spirit of participation and co-construction. Consequently, various methodological instruments were used, which are described below.

1.3.3 Data collection

Document analysis

Secondary data (writings and statistics from international agencies and national authorities) from various national labour force surveys (CSA, 1999, 2005, 2013) and urban employment and unemployment surveys (CSA, 2012, 2014, 2016, 2018) from the Central Statistical Agency were reviewed and analysed to describe the general economic status or employment characteristics of the city. The Central Statistical Agency's surveys collected and analysed quantitative data on a range of urban economic indicators, including (but not limited to) labour force participation rate, employment-to-population ratio, unemployment rate, share of formal and informal sector employment, sectoral and occupational composition of employment.

To describe the economic role of the diaspora and remittances, secondary data from the Addis Ababa Investment Bureau (2019) and the Central

Statistical Authority were used, evaluated and analysed. Information on migration and refugees was sourced from review of the reports and statistics of the International Agencies UNHCR (2013, 01 January; 2018a,b,c; 2019a,b; 2021) and IOM (2016; 2017a,b; 2018, 2019a,b). However, accurate data and information on refugee labour market participation and employment is not yet available, as the new law on refugee employment has only recently been passed and has not yet had a significant impact. Therefore, we used descriptive methods to analyse our data. By analysing the secondary data, we were able to situate the questions and the theme of our study in the cultural, political and economic context of Ethiopia.

Discussions with experts

In the run-up to the study, interviews were conducted with five experts from the international organizations IOM, UNHCR, Norwegian Refugee Council, the Swiss Embassy and Swiss Church Aid. They focused on the (economic) situation of the refugees as well as the political, legal and economic framework conditions that promote and hinder integration and served to familiarize us with the topic. The interviews were summarized in a protocol and included in the interpretation.

Ethnographic observations

We undertook various inspections of the settlements, residential quarters and business areas of the refugees. Conversations with residents, observations of public spaces, streets and pavements provided insights into the everyday life of the refugees (Hammersley et al. 2019). We were able to establish contact and trust. The impressions were recorded in observation protocols, which were also included in the analyses.

Interviews with refugees and transnational migrants

It was particularly important for us to have encounters with transnational migrants and refugees, people who have gained a foothold in the informal sector and are engaged in different types of employment. We approached our research questions based on observations and interviews with refugees from Somalia, Eritrea and Syria in Addis Ababa.

Using a semi-structured questionnaire, which was administered as oral interview, we collected mainly quantitative data with 31 Eritrean and Somali refugees who were in some form of employment in Addis Ababa – either in their own businesses or as employees. The data generated was used to numerically describe the economic role of refugees.

In addition, we collected qualitative data conducting 22 in-depth interviews with Somali, Eritrean and Syrian refugees who own businesses in Addis Ababa and recorded their economic activities in more detail, especially on innovative business ideas that were "successfully" implemented. Using semi-standardized interviews (Flick 2022), the interviewees were on the one hand guided towards specific questions, and on the other hand they had the opportunity to respond openly. In addition to gathering information on specific issue-related questions, the focus was on recording the refugees' subjective views, experiences and assessments. With regard to the specific questions, we primarily collected information on the political, social, economic and cultural framework conditions for founding one's own business, on the motivation or motives for founding a business and on personal migration history and networks.

As noted in section 1.3.1, there are four main categories of urban refugees living in Addis Ababa. These include registered and assisted, registered and unassisted (OCP holders), unregistered/non-permitted and unassisted, and asylum seekers. Asylum seekers are individuals awaiting a decision on their refugee status and may not yet have formal recognition. The interviewees belonged to all categories of urban refugees, with the majority of the Eritrean and Somali community being non-permit holders and asylum seekers. Of the two Syrian interviewees, one was a refugee and the other one was an investor without refugee status. This person's biography makes it clear that migration is a multi-faceted phenomenon and that there are different forms of migration. As investor with the necessary financial capital, he has decided not to apply for asylum. In a civil war situation, some people leave earlier than others and under different titles. Thus, the two persons have many points in common and differences too, both started in Damascus and finished, at least for the moment, in Addis Ababa. We are presenting two biographies that, despite punctual and temporary problems, managed to achieve positive results. This choice is meant to maximize the range of deductions that we can make through the interpretation of both positively and negatively affecting elements in the cultural and economic innovation of Addis Ababa.

The 53 interviews were conducted in English. They lasted one to two hours each and were recorded and transcribed afterwards. Finally, all results were validated in discussions with the participants and compared with the results of other studies. Thanks to our qualitative, participatory research approach we were able to build mutual trust between the researchers and the participants and arouse their interest in our research.

Data analysis and presentation

The data collected was analysed using the qualitative content analysis method based on Mayring (2022).[5] The first step in the process was to structure the available material. By extracting and summarizing the available material, it was organized into content blocks on specific topics. The categorization of the material was done deductively from the theory and inductively from the material in order to cover all topics. The interviews are reproduced in this study in the form of quotations and the interviewees were guaranteed anonymity. In order to increase readability, invented names were assigned to the persons quoted.

1.4 Structure of the publication

In the first two chapters we start with the basic theoretical concepts underlying this study. In Chapter 2, we give a brief overview of the concepts of transnationalism, migration and development, social and economic remittances and economic innovation. The theoretical concepts also show which players are involved in the networks we consider in this study. In Chapter 3, we focus on some specific concepts regarding urbanity and innovation in urban contexts. We discuss the political focus on urban migrants, urbanity in Africa and Addis Ababa and on how cities can deal with diversity and foster innovation. With these two chapters we want to lay the conceptual ground for our focus in this study.

Chapters 4 and 5 deal with the specific context of Ethiopia. Chapter 4 presents some facts and figures about in- and out-migration, introduces the drivers of migration and discusses how Ethiopia is affected by it. Furthermore, we look at the migration-related policies, specifically the diaspora policy and the refugee policy. Chapter 5 deals with the economic and infrastructural conditions of Ethiopia and, specifically, Addis Ababa. We give an overview of the economy and explore the relation of migration and unemployment as well as examine the informal sector with a specific focus on how refugees are involved in the informal sector.

In Chapter 6, we deal with the first major question we would like to explore in this study: the impact of the diaspora and return migrants to the Ethiopian economy. We examine economic and social remittances, and financial investments, their impact to the economy and the parameters of success.

Chapter 7 addresses the second major question of this study: the impact of urban refugees on the city's economy and on economic innovations.

5 To support the analysis we used the software programme MAXQDA.

The basis of this chapter are case studies of three different refugee communities in Addis Ababa based on qualitative interviews. We treat the questions of what types of businesses they have, what motivation they had to set up a business and what factors support or hinder such initiatives. We study the role remittances play. At the end of the chapter, we examine how the urban environment affected the success of the refugees and fostered innovation.

Chapter 8 closes the study with a final summary, conclusion and implications.

2 Transnationalism, Development and Economic Innovation

2.1 Transnationalism

Transnationalism and its related terms such as transnational social spaces (Pries 2015) or fields (Glick Schiller et al. 1995) describe the everyday practices of migrants and their involvement in various activities beyond national borders. This includes not only economic but also political and cultural processes. In an increasingly connected world, these transnational movements have strong and far-reaching effects on the affected national societies and their economic and political structures.

Transnationalism arose from the assumption that the intensification of contacts between migrants and societies of origin produced new forms of collective and individual patterns of action. These patterns could no longer be explained by the perspective of the "state as container", which has been the predominant perspective in social sciences, also described as methodological nationalism by Wimmer and Glick Schiller (2002).

Migrants normally maintain transnational networks. Despite living in another country, they maintain ties to their homeland and possible other countries. They include all people who maintain transboundary relationships. Therefore, not only migrants can be part of this field, but also people who have never migrated but keep social ties to relatives or friends who migrated.

Transnational networks are seen today as resources that allow immigrants to organize themselves in the destination country but also to contribute transnational support through the transfer of goods and services (Akkaya and Soland 2009). These transnational networks prove to be important economic, cultural and social resources also for relatives in the home country. In recent years, numerous studies examined the consequences of migration for the home country, transit country and destination country. Current migration research increasingly conceptualizes migration as a circulatory process that is shaped by complex relationships and networks among several places, and transcends national borders (Glick-Schiller et al. 1992). People can maintain a multitude of relationships and interactions at several places, through which transnational social fields and networks arise (Pries 2008).

Transnational relations are not a new phenomenon; only the intensity and quality have changed due to new communication and transport technologies. With the new research focus, however, the perspective on this phenomenon has changed (Akkaya and Soland 2009, 14).

2.2 Migration and Development

The linkages between outmigration and development have long received attention both within policy circles and the academic literature (Kuschminder et al. 2018).

Transnational migrants make substantial contributions to the development of their countries of origin by sending economic remittances such as money, economic assets and investment in businesses, as well as non-economic remittances such as knowledge and skills transfer and social and attitudinal transformation (De Haas 2010). In the scientific discourses in the 1970s and 1980s, migration was viewed as hindering development in the home countries more than promoting development. However, since the 1990s, after decades of pessimism, sometimes describing migration as brain drain, there has been a change in perspective, viewing transnational migration positively as brain gain (De Haas 2010). In recent years, especially emigrants' transfers of money to the home country – called economic remittances – have been recognized for their positive effects on development processes in the home countries.

As a consequence, more attention is being given in recent years to transnational migration by both host and origin countries because both groups are interested in leveraging return migration to their economic advantage (Debnath 2016).

A review of the literature (Debnath 2016; Arif and Irfan 1997; Lima 2010; and others) shows four broad categories or channels of the development contribution of return migrants (transnationals) to their countries of origin. These are (1) bringing in financial capital, entrepreneurship and investment; (2) acting as innovators and change makers; (3) bringing the social capital they acquired from abroad to start and enhance business at home; and (4) bringing with them new skills (human capital) acquired through experience, training or education in destination countries. Migrants can contribute to development through the use of new communication technologies and the transfer of knowledge and know-how not only through a permanent return, but also through a temporary or so-called virtual return.

Migration does not, however, guarantee development *per se*. Instead, proper political, economic and social conditions must be in place in the countries of origin and in the host countries. Unappealing investment environments in the countries of origin and a restrictive migration policy hinder the high development potential of migration from being fully exploited (Akkaya and Soland 2009, 17).

2.3 Remittances: Economic, social, knowledge and professional know-how

Remittances are often looked at in the context of migrants and refugees sending money back to their relatives in the country of origin. However, remittances are often also a vital (or, in some cases, the only) income source for refugees to secure their livelihood (Brown et al. 2018, 30–33; Mena 2017; Betts et al. 2019). In Addis Ababa, around 70 percent of Eritrean refugees and 30 percent of Somali refugees receive remittances. Somali refugees and Eritrean refugees have an average of at least one sibling in another country. For the majority, their family members live in the respective country of origin, but many also have relatives in the US or Europe. Having relatives abroad doesn't guarantee them remittances but provides them with a strong transnational network that makes remittances possible (Betts et al. 2019, 13 ff.). Along with economic remittances exist social remittances, which are, however, not as simple to measure and therefore sometimes neglected in research. Peggy Levitt has significantly shaped and conceptualized the phenomenon of social remittances in her contributions at the end of the 1990s (Levitt 1996, 1998), which opened a new field in migration studies. She describes social remittances as a conceptual tool to understand migration and development, and as migration-driven local forms of cultural diffusion. They can be normative structures, identity, habitual systems and social capital and are remitted by returning, visiting or receiving visitors, through letters, telephone calls, videos, etc. As they are not transferred through elite but ordinary people, the process is described as change from below.

As such, migrants not only bring back money, but also new ideas, knowledge and entrepreneurial attitudes (De Haas 2010). In the context of migrant economies and economic innovation, social remittances could be a significant contributor to innovation as people receive new ideas and social capital which spreads beyond the city, country or even continent and shapes their ideas and possibilities in the local economy. Social remittances do not only have a direct economic effect. We agree with Levitt's analysis, which indicated their potential for change in the cultural and political attitudes of migrants. Based on this realization, it is conceivable that migrants are capable of effecting political change in their country of origin. As a rule, migrants learn new behavioural patterns by living, working and interacting with the institutions of another country, by building relationships, by talking about politics in a structurally unequal society for years, if not decades. All this leads to questioning the principles of the legitimacy of social inequality in their community of origin, and even to emphasizing their distance from these political practices. One rule seems to have prevailed: the more migrants are

exposed to the culture, values and norms of the receiving country, the more they are ready to adopt and transfer these examples to their home country. This has a strong effect on the demand for more political transparency. Migrants exert political influence on their community of origin by disseminating the ideas and political behaviour they have acquired and appropriated during migration and bringing them back to their country of origin. Similarly, due to the feminization of migration, social remittances can lead to a redefinition of the distribution of roles between men and women. It is, however, important to note that such positive influences of the community of origin by migrants is limited to migrants whose destination countries are the developed western countries.

2.4 Economic innovation

Innovation happens everywhere, in the formal and the informal economy, in private or public institutions and in households and communities. It is the product of a discovery or invention which resulted from a (collective) effort of research and development, but which could also arise spontaneously and intuitively. It usually results in an efficient use of resources. It covers a wide range of applications and could relate to a new product, a new source of raw material, a new production process, a new organization, a new means of transportation. Our study concentrates on innovative skills and creative ideas of transnational migrants and refugees. Our research is not about elite, expensive, unaffordable innovation but rather what is known as frugal innovation. It describes the art of introducing innovations within material and natural constraints and finding simple, economical and frugal solutions. Its motto is: "Make more with less!". It is typically conducted by local entrepreneurs, in our case migrants, and aims to satisfy the needs of a population with low purchasing power (at the bottom of the wealth pyramid or below the middle class.)

To better understand innovation and how it can be measured, there has been work undertaken since the 1980s, which led to the Oslo Manual in 1992, initiated by the Organization for Economic Co-operation and Development and which has been regularly revised since then (Charmes et al. 2018, 536f.). Thereby, "an innovation is the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations" (OECD/Eurostat 2005 in Charmes et al. 2018, 537). The measurement methods were, however, designed for the formal economy, leaving out the measurement of innovation in the informal

economy. In the context of developing countries, this is a significant shortcoming in regards to the vast importance of the informal economy (Charmes et al. 2018).

Little is known about innovation systems surrounding the informal economy, although it bears the potential for innovation. Especially in developing countries, the informal economy represents a significant share of output and employment (Kraemer-Mbula and Wunsch-Vincent 2016). While in the formal economy, innovation is measured by engineering and development work, research and development, software, equipment, etc. to increase market shares or reduce costs, in the context of developing countries, innovation is rather measured by how something improves people's lives "by transforming knowledge into new or improved ways of doing things in a place where, or by people for whom, they have not been used before" (Beer et al. 2016, 54). Based on literature and analytical fieldwork in three countries, Beer et al. (2016, 54) were able to define some main characteristics of innovation in the informal economy and reach the following conclusions:

1) Most constrain-based innovations take place under conditions of survival and scarcity and address the needs of less-affluent customers. Only in rare cases is an innovative product redistributed to high-income customers or overseas markets.

2) Innovation is often driven by knowledge gained through adopting, adapting and improving already existing products or ideas to solve customer problems. Research and development is normally not part of the innovation process.

3) Innovation is rarely attained through sophisticated technologies or machinery but rather by adapting imported goods or products from mainstream markets to simple tools and material locally available.

4) A specific innovation is often concentrated in geographically concentrated regions. This helps entrepreneurs to build their collective identity and product brand.

5) Innovations are not only economically but also socially viable.

As we will see in Chapter 7, refugees are often active in the informal sector, which is why this definition of innovation is much more applicable to our study. However, we will also see that refugees have their own definition of what counts as innovative.

3 Cities as a source of hope: opportunities and challenges

3.1 Political focus on urban migrants

Displacement of migrants and refugees toward cities is a worldwide phenomenon which will increase in the future. The ability of cities, local governments and the private sector to cope with these challenges will be crucial to ensure that basic urban services and infrastructure is put in place and that migrants and refugees contribute positively to the development of urban areas. Cities have been places of economic development and have provided people with an opportunity to make a living. At the same time, cities provide an environment for innovation as we will see in section 3.4. The new political focus on urban migrants and refugees following the GCR's initiative opens new perspectives: Politics increasingly focus on self-reliance of displaced people, on inclusion in local markets and economies and on the promotion of initiatives undertaken by migrants themselves. A huge potential of energy and ideas could be released for the benefit of the economic development in the host city (Betts et al. 2015). Conducive conditions can enable migrants to enrich host communities through their human, economic, and social capacities, through their creativity, the use of their networks and often their spirit of innovation. To create an "ecosystem" of welcome requires an interdisciplinary approach and focus on the different aspects hindering or favouring economic activities and innovation (Hinrichs and Juzwiak 2017; Legrain 2016).

As stated in the background paper of the High Commissioner's Dialogue on Protection Challenges (UNHCR 2018a), extensive efforts are underway by cities, local actors, international institutions and the private sector to promote the self-reliance of displaced people and facilitate their inclusions in local markets and economies. Cities are encouraged to engage with the private sector and to make it easier and more appealing for companies to involve displaced populations in the workforce. There is reference made to the role of cities and private sector organizations to provide services and generate opportunities for self-reliance. In particular, displaced populations should be allowed to be economically active as soon as possible in their host area in order to increase their purchasing power, to create a new market for local private companies and to provide new income tax sources.

The political discourse on urban migrants is increasingly taking into account the role of migrants as agents of change. While the access to the labour market and the fight against discrimination is widely recognized, in principle,

there are still many legal and practical barriers hindering self-reliance and economic activities of migrants, be it lack of information, non-recognition of documents, lack of access to financial services or land, not licensing certain economic activities and so forth. Many migrants and refugees in cities of developing countries are driven to the informal labour market and into dependence on members of the host community. The right to work, freedom of movement, access to national services without discrimination, the ability to open a bank account and register businesses are all crucial to facilitate economic integration of migrants into host communities (The World Bank 2015b; Hinrichs and Juzwiak 2017).

Thanks to special know-how, entrepreneurial spirit, wider networks beyond the local context, ethnic diversity and other resources, we will see in our case studies that migrants and refugees are often able to develop income-generating activities in economic niches and to make a living. Cities are the place to encourage such activities and to create an environment where migrants can develop initiatives. In some cases, they succeed in opening their own businesses and becoming employers, thus creating jobs for members of the host community. Positive examples of that kind allow the narrative around refugees and migrants to change. Migrants and refugees would be considered as contributors to the economic development and an asset to the host community, instead of only as a burden to humanitarian assistance and as competitors for the scarce resources of the local services.

3.2 Urbanity in Africa and Addis Ababa

The dynamics of economic innovation have to be put in the context of urbanization as a worldwide phenomenon that is changing the world rapidly and particularly the continent of Africa. Cities concentrate capital, jobs, services, information, culture and political power options. These might be the key elements that will build the cities of tomorrow in Africa. Thus, cities are a significant factor for economic and cultural development and therefore are especially suited for relieving the burdens of traditional society.

According to a report by the United Nations Department of Economic and Social Affairs (2019), the ten fastest growing cities in the world will be in Africa. The urban population of Africa, which was 1.3 billion in 2018, will double by 2040 and is likely to triple by 2050 (United Nations 2018c, 4). Addis Ababa will be among the cities with one of the highest rates of growth. Urbanization is thus a mega-trend with profound implications for Africa's growth and transformation. The rate and scale of urbanization is reshaping not only the demographic profile of the continent but also eco-

nomic, environmental and social outcomes. The main reason for the growing urbanization in Africa is the birth surplus among the young urban population. Another is the migration of people from rural areas to the cities, hoping for better living conditions (UN Population Division in Federal Institute for Population Research 2016).

For the most part, urbanization in Addis Ababa and elsewhere has not been guided by planning and thus does not happen in an organized manner. It just happens, by and large, as an unmanaged process. Although many plans for the city's development have been worked out in the case of Addis Ababa, since the Italian occupation in 1936, only few have been realized. As Woldeamanuel (2020) indicates, there are planning and development potentials but there are shortcomings and weaknesses in plan making and plan implementation. In general, cities are struggling to keep up with the pace of population growth from all point of views: infrastructure, water, housing, labour and social policies, planning as well as economic and ecological aspects.

In order to understand the urban phenomenon, it is first of all necessary to remember that the city is a multi-scalar entity. The city is an organism composed of neighbourhoods, which are composed of building fabrics, which in turn are made of solids (public and private buildings) and voids (streets and squares). Urban analysis thus must include both scale intervals: the one that sees the city as a set of smaller units and the one that instead considers it as the primary element of larger organisms. The afflux of people leads to an expansion of the city to the peripheries and the building of informal settlements, slums and squatters. In short, a city is more than a place where people live; the city is an ecosystem, a society which administers its citizens, its streets and roads and its institutions. The city is little known and little understood. The social landscape of the city seems at first glance confusing. A wide variety of people inhabit it together: the middle classes of civil servants, private sector employees, small business owners in trade and commerce who fear for their business interest and their fragile "small prosperity", and then the vast majority of the poorer classes who live more badly than well from the informal sector: small tradesmen, temporary workers, casual workers, day-labourers, small service providers, itinerant traders, all on a daily effort to reach a survivable income. The city is thus the realm of a dynamic but complicated popular economy that often functions as a protection from survival-threatening life risks, as a means of disguising need, as an art of "improvising" and creative detection characteristic of legally unregulated sectors.

Addis Ababa was founded by Emperor Menelik II in 1886, as the new capital city of Ethiopia. At that time, in the area there were only a few ruins which survived under Ahmad ibn Ibrahim who had conquered much of Ethiopia in the mid-1500s and brought it under the power of the Islamic

Sultanate of Adal. Although our historical knowledge of what happened in the area in terms of a settlement following the defeat and withdrawal of Ahmed's forces is limited, we know that Ahmed's forces, supported by the Ottoman Turks, destroyed almost every institution and infrastructure that was under the Christian state (Chekroun and Hirsch 2020; Whiteway 1902), weakening the latter and giving way to the Oromo expansion who, following the footsteps of Ahmed, pushed against and took over the lands that were under control of the Christian state and inhabited by the predominantly Christian population– central, west central and south central parts of the country (Chekroun and Hirsch 2020; Lewis 1965). History tells us that having origins in Somalia, and later driven out by the Somalis, the Oromos moved north and northwest ward to the then Bale area of Ethiopia (Lewis 1965). The pace of their expansion thereafter was relatively limited until the rise of Ahmed (Lewis 1965; Pankhurst 1997). Despite the defeat and withdrawal of Ahme's forces by the Christian state with support from Portugal[6], the areas overtaken by the expanding Oromos remained predominantly resettled by ethnic Oromos (Hassen 2017; Pankhurst 1997), who transformed the political, demographic and religious fabric of the region within a few decades, although many of whom eventually embraced Christianity in the course of consolidation of the state (Chekroun and Hirsch 2020).

Since the Italian occupation in 1936, when the city adopted a modern municipal system, several plans were made for the city. As elsewhere in colonial cities, the plans were designed in a way to ensure a socio-spatial segregation of the inhabitants. Those segregated plans have played a significant role in the creation of the current slum areas due to the disinvestment of the native quarters (Woldeamanuel 2020). This situation has been substantially altered since the 1974 change of government which adopted a communist ideology and brought all land and extra houses under government control and allocated land for self-help home builders on an equal basis. Land remained under public control under the government that came to power in 1991, and although the government adopted land lease and real estate development strategies that made land accessible to richer individuals, the spatial pattern of the allocated lands is not much segregated until today. Further, in the 1990s

6 The Portuguese army was led by Christopher Da Gama, son of the famous navigator Vasco Da Gama. In 1532, Christopher Da Gama went to India, but he was then entrusted with command of a ship in a fleet sent to the Red Sea against the Ottoman naval base at Suez. After victory over the Ottoman Turks in the Suez Canal and Red Sea area, Da Gama Stayed in Massawa, Red Sea port of the present day Eritrea. It was from here that he led about 400 armed Portuguese to support Emperor Gelawdewose of Ethiopia against the forces of the Adal Sultanate, led by Imam Ahmad ibn Ibrahim al-Ghazi.

and early 2000s other mechanisms of access to land were available including self-help home builders and housing cooperatives, while publicly provided condominium housing schemes were available until the change of government in 2018. All these options of access to land are currently not active, and it is not clear what mechanisms are operational. As a result, the spatial pattern of houses in the various schemes in Ethiopian cities are increasingly being inter-mixed with low-cost housing neighbourhoods standing side-by-side to luxurious buildings. However, since these recent housing developments did not aim to redevelop or upgrade the colonial housing slums but instead took place in areas surrounding them, it did not change the basic patterns inherited from the colonial city legacy (although the country was occupied only for five years) in much of the inner parts of the city. Even today the city is composed of large areas of slums where about 80 percent of the population lives. In contrast, there are areas with a concentration of representative political buildings, new business districts and new housing developments, making visible the segregation of rich and poor in the current population. It goes without saying that most of the migrants in Addis Ababa have to find a place to stay in informal settlements, which could be slums or squatters.[7]

Cities are major destinations for migrants, as it is in cities where they hope to find increased livelihood opportunities, safety and access to basic and urban services. This makes migration, rural to urban as well as international migration, one of the main drivers of urbanization, and diversity and multiculturalism a reality.

It is in cities where most of the migrants settle to make their daily lives and start interacting with the local population, which leaves cities with the challenge to effectively integrate migrants. At the same time, migrants have the potential to positively affect the city's economy as they can increase the demand for products and services. They also have the potential to create jobs for themselves, natives or other migrants when becoming entrepreneurs. While capitalizing on the skills of migrants could reduce

7 According to UN Habitat (2021), slums refer to highly congested urban areas characterized by deteriorated, unsanitary buildings, poverty, and social disorganization. Specifically, it consists of housing units or households with lack of access to improved water source, access to improved sanitation facilities, sufficient living area, housing durability and, security of tenure. While urban slums may be legal or illegal, households may occupy land illegally and settle in unpermitted self constructed houses there, constituting squatter settlements. Informal settlements encompass both slums and other self-constructed entities. Specifically, informality encompasses households who have no security of tenure vis-à-vis the land or dwellings they inhabit, with modalities ranging from squatting to informal rental housing; neighbourhoods usually lacking or are being cut off from formal basic services and infrastructure, and housing not complying with current planning and building regulations.

the potential costs they have on the welfare system, migrants and refugees also still constitute a largely untapped pool of talent. Employment is a key driver for inclusion as it gives the migrants the possibility to participate in the host society. It does, however, need appropriate structures and conditions to make this possible (Hinrichs and Juzwiak 2017, 3; Legrain 2016; Bertelsmann Stiftung 2016; Constant 2014; The Hague Process on Refugees and Migration 2007b).

In cities defined by high diversity, a collective form of inclusion thus often exists. The structure of the city is highly important, because distance is not created through individual actions but through spatial segregation. Immigrants tend to search for neighbourhoods where compatriots are already living and can provide them with the necessary support systems and orientations. Häussermann & Siebel (2001) argue that, although segregation tends to be seen as a negative phenomenon in cities, it is actually necessary for successful inclusion. It depends, however, if segregation happens on a voluntary basis. Forced desegregation is not better than forced segregation. Immigrant neighbourhoods or welcoming neighbourhoods are indispensable to stabilize a city and should not be prevented. They offer new arriving immigrants a place to go where the shock of the new environment is tempered and where they have access to a support system and a social network. This provides them with a first access to integration resources, a phenomenon we will also elaborate on in our case studies. It is, however, highly important that access and exit remain open. The neighbourhood should exist as a permanent institution, but the inhabitants should be in constant flow.

3.3 Cities as places of innovation

Cities are places of change and innovation, and they enable people to develop, to start businesses, to live, to realize their own ideas and life plans. For people living there, this means hope for a better life situation and social advancement.

According to Simmel (1903 [1984]), innovative milieus are spaces of indifference and therefore social freedom. As in cities social control is reduced and people dare to be and think differently; cities tend to be innovative spaces. Additionally, cities show high mobility, which, according to Habermas (1981), leads to an exchange of different views and broadening of everyone's mind. Consequently, cities attract people who want to liberate and develop themselves. Florida (Florida et al. 2017) conducted research to define indicators of innovation in cities. His research concluded that social, cultural and ethnic diversity are strong indicators for innovation. Moreover, Häussermann (2006) concludes that a city needs to have a good image, which

means that people and neighbourhoods are not marginalized, and people feel safe in the city.

Based on these views, Cattacin and Naegeli (2014) argue that an innovative environment certainly can be promoted if urban policy abstains from becoming an agent of change itself.

> It would be an illusion for the government of an urban area to believe that it can demand innovations directly, as this unfolds in self-regulated spaces and indeed must freely develop. Urban developmental policy can promote urban innovation by ensuring that neighborhoods are livable, without excluding socio-economically weak groups. Ultimately, urban policy must ensure that residents have the space to realize their goals and to further develop them. An innovative policy system therefore consists not only in fostering urbanity and diversity, but also in building a conscious social policy. (Cattacin and Naegeli 2014, 47, own translation from the original German)

While cities are engines of production, innovation and growth, urbanization can also have a negative impact on local and global pollution, equality and health. Service provision in urban areas has not kept up with rapid urbanization, and, due to lack of affordable and serviced land in locations that offer easy access to income-earning opportunities, increasingly the urban poor have to resort to informal settlement with inadequate services. Access to urban services is one of the Sustainable Development Goals. For example, SDG 11 aims to make cities and human settlements inclusive, safe, resilient, and sustainable. SDG 11.7 targets providing universal access to safe, inclusive and accessible, green public spaces in particular for vulnerable groups including urban refugees, women and children, and persons with disabilities.

Cities are often the cause of social justice tensions and are primarily responsible for degradation of the environment (waste generation, water and energy consumption, air pollution). Due to the uncontrolled growth of cities in many countries of the Global South, an ever more pressing question is how to reconcile environmental issues with development. Urban policy often ignores the poorer or socially disadvantaged neighbourhoods which are predominant in big cities and which are seen as the biggest challenge for future urban growth. In fact, the city is a place of contradictions: on the one hand, it is a place of deculturation, the loss of a reference point for cultural orientation, and on the other hand, of acculturation, which results from local and immigrant residents from diverse cultural backgrounds coming in contact and interacting with one another over a long period of time. Our own observations on the ground show that the informal sector in Addis Ababa sometimes displays a high degree of ambivalence and social conflict.

Legal, political, social and economic conditions must be in place in order for cities to become creative and innovative spaces. In this publication, we show the economic innovation of transnational migrants based on the Ethiopian diaspora and refugees in Addis Ababa, because gainful employment is an important prerequisite for livelihood security and inclusion. In addition to the social aspects, cities are regarded as motors of economic development and provide impulses for economic growth as well as for ecological and political innovation. In our study we take the viewpoint that development should be oriented towards people, their needs and their rights. We make the case for a more inclusive growth. However, this is an ambitious undertaking. The pledge that "no one will be left behind" (UNHCR, 2020), in the United Nations' 2030 Agenda for Sustainable Development, means that development should be all inclusive. Therefore, qualitative growth and resource-conserving growth is the order of the day. In view of this "growth for all" perspective, the focus must be on sectors with the greatest employment and income potential and with the greatest poverty-reducing effect. Subsequently, supporting the urban informal sector, for example, becomes crucial.

In sum, cities are considered to be leaders and catalysts for social change and sources of innovative policies (The Hague Process on Refugees and Migration 2007b). Both empirical and anecdotal evidence indicate that diversity leads to a stronger workforce, enhances global competitiveness and promotes innovation within and among businesses (Cavicchio, 2008; WEF, 2013 in Hinrichs and Juzwiak 2017).

4 People on the move – Ethiopia, a country of emigration, immigration and transit

Recent conflict in the Horn of Africa (HoA) and the Middle East and North Africa (MENA) has resulted in large-scale forced migrations (refugees). The Horn region has been characterized by intense conflicts (Bereketeab 2013; Borchgrevink and Lie 2009; Healy 2008; Kendie 2007; Møller 2009; Laitin 1985). In fact, it has become a commonplace to assert that violent conflict which is disruptive of the state, is endemic in the Horn of Africa, virtually making the regional term historically synonymous with crisis. All countries in the Horn region have experienced complex political conflicts. Civil wars, inter-state wars, proxy wars, incursions of Islamic fundamentalism, assertive sovereignty, clan and/or ethnic conflicts, power struggles, economic competition, bloody revolutions, famine, refugee flows, brutal dictatorships, state collapse, warlordism, and unremitting poverty have all been, one way or the other, the chief images and realities associated with the sub-region (Bereketeab 2013; Borchgrevink and Lie 2009; Healy 2008; Kendie 2007).

The causes that generate conflicts in the HoA and MENA regions are many and complex. In the more recent literature, most of the civil wars and conflicts waged in the HoA region during the past many decades, and the MENA region recently, have been described in terms of ethnic conflict or conflict based on identity or border, both by the adversaries themselves and by external analysts (Bereketeab 2013; Borchgrevink and Lie 2009; Eaton et al. 2019; Kendie 2007). For example, the various civil wars in the Horn region, mainly fought between government forces and rebels/opposition, can be regarded as ethno-ideological wars, the goals of which being independence, self-determination or power. To elaborate, the civil wars in Ethiopia were fought between the communist government and the various secessionist and/or rebel groups organized along ethnic lines, including the Eritrean Peoples' Liberation Front (EPLF), Tigrayan Peoples' Liberation Front (TPLF), Amhara National Democratic Movement (ANDM), Oromo Liberation Front (OLF) and the Ogaden National Liberation Front (ONLF). TPLF, ANDM and OLF together formed Ethiopian People's Revolutionary and Democratic Front – EPRDF – a coalition front against the communist government. Later on, soon after EPRDF took power, the Oromo Peoples' Democratic Organization, – OPDO – joined the EPRDF coalition. Subsequently, Eritrea became independent under EPLF, and EPRDF and other weaker opposition groups formed a transitional government. In the outcome,

both the transitional government and, later, the "elected" governments were ruled by EPRDF which itself was dominated by TPLF. Similar conflicts in Sudan have resulted in the breakup of the country into the Muslim north and Christian south, while continued conflict by a number of ethnic-based groups with divisions along religious, racial, cultural, and linguistic lines is threatening the north Sudan Government. The Somali conflicts too were previously fought between government forces and various clan-based rebel groups including the Maraheens, the Isaaqs, the Darods and the Ogadenis and so on (Bereketeab 2013; Borchgrevink and Lie 2009; Healy 2008; Kendie 2007). A more or less similar narrative is used for the conflict in Yemen (Chatam House Report 2019).

However, while the conflicts in the Horn (especially the recent ones) are increasingly seen as ethnic and are so described, they are not essentially caused by ethnic, identity or border differences per se, or, at least not by these differences alone. Views on the main causes of the conflicts are divided: Olika (2008; 2009) argues that the basic cause of these conflicts is politics; whereas, Berhanu (2013) argues that the cause is mainly economic. According to Berhanu, primordial attributes like ethnicity, religion and value and belief systems are merely invoked to forge common identities and a sense of belonging aimed at bolstering collective bargaining positions with respect to socioeconomic and political questions. It can thus be seen that ethnic differences alone, per se, do not explain the complex conflicts in the region (Borchgrevink and Lie 2009). It is, as well, if not rather, caused by government failings to provide what they were supposed to provide for their citizens (Borchgrevink and Lie 2009; Eaton et al. 2019; Kendie 2007; Møller 2009; Laitin 1985) – resulting in high and rising unemployment, poverty, lack of democracy, corruption, and so on, often complicated by colonial legacy and influence from the ongoing global system (Mengisteab 2011).

In the context of inter-state conflicts, governments who failed to respond to their subjects' socioeconomic plights often divert attention by directly going to war with or instigating civil/ethnic conflicts in the neighboring country, as in the case of Somalia. In the context of intra-state (civil) conflict too, failing governments in power distract from core issues by bringing in an ethnic agenda to one group which raises hostility among a given group, causing the other group to develop fear and thus assert itself ethnically. Some of these civil wars have resulted in the toppling of existing leaders and some in the breakaway of part of their territories, giving rise to the birth of new states such as Eritrea and South Sudan and the unrecognized states of Somaliland dominated by the Isaaq clan and Puntland dominated by the Mijerteen (Bereketeab 2013). However, all of this did not bring peace to the region and civil wars and conflicts continue in many of the countries.

While most such conflicts have support from governments of the respective neighbouring states, the internal conflict can also be buttressed by other non-neighbouring countries on economic, political and ideological grounds. In this regard, the relationship between Egypt and Ethiopia can be a good case to point out. Although Egypt and Ethiopia are religiously related historically (introduction of the Orthodox Christianity), their interactions has been hostile since long ago due to the Nile water question. The recent conflict (2020–2022) between leaders of the TPLF and the new Oromo dominated federal government is no exception. The Great Ethiopian Renaissance Dam (GERD) being constructed on the Blue Nile prompted the post-conflict Egyptian government, which has failed to meet the expectations of the Egyptian people, to divert attention to the Nile water question. Similar economic and political interests also motivate foreign intervention by the great powers which worsen the civil conflicts of Horn countries. A good case in point could be the US and the Soviet Union who intervened in Ethio-Somalia war of the 1970s. The Soviet Union was initially supporting Somalia, and the US was supporting Emperor Haile Selassie of Ethiopia. Soon after the Dergue government took power ousting Emperor Haile Selassie, and declaring socialism as the government ideology, the Soviets shifted alignment to Ethiopia, and the US realigned with Somalia.

Whatever the causes, all conflicts have resulted in massive refugee migrations both within the HoA and MENA regions. Although substantial number of African migrants cross to other regions such as Europe (see e.g. IOM 2017b), Middle East and Americas, two-thirds of the African international migration end up within Africa, whereas the figure specifically for the HoA is 50% (Dick and Schraven 2018). As a result of conflict and violence in the MENA region, about 12.4 million people were living in internal displacement at the end of 2019, making it the second-most affected region globally after sub-Saharan Africa. More than 7.8 million people have sought refuge abroad, either as refugees or asylum seekers (IDMC 2019). It is important to note that in comparison to the West and South African regions Economic Community of West African States – ECOWAS – or Southern African Development Community – SADC – where seasonal labour migration is prevalent, the main reasons for migration in the HoA or Inter Governmental Authority on Development – IGAD – region is conflict and forced migration (Dick and Schraven 2018). UNHCR estimates that there were 3.1 million refugees in the Horn region (Research and Evidence Facility 2017). South Sudan remains the third largest country of origin for refugees currently in the Horn region, with 2.3 million South Sudanese refugees reportedly living outside the country (Reserach and Evidence Facility 2020). While substantial numbers of Ethiopian refugees crossed into the Sudan fleeing the 2020–2022 conflict

between TPLF and the federal government, large numbers of refugees have crossed into Ethiopia fleeing the conflicts in South Sudan, Somalia, Eritrea, the Great Lakes Region, Yemen, Syria and Uganda (UNHCR 2019a).

In sum, ethnic, religious or ideological conflicts still prevail in the Horn of Africa, especially in Somalia, Sudan, Eritrea, and also in Ethiopia. Violence and natural disasters are affecting the region and leading to forced migration and humanitarian crisis among other things. Due to the instability in East Africa and the Horn of Africa, the number of refugees and internally displaced people is not expected to decrease in the near future.

4.1 Country of emigration: Ethiopian migrants and diaspora

Ethiopia is a significant labor-exporting nation in Africa. Informal estimates suggest that over 3 million Ethiopians and individuals of Ethiopian descent were living in various regions across the world by 2018, although the exact figures may vary among different sources. Despite the low emigration rate (0.4 percent) compared to the figure for other sub-Saharan African countries such as 0.8 percent for Nigeria, 1.4 percent for Kenya and 4.5 percent for Ghana (UNDP 2009 in Kuschminder and Siegel 2013), Ethiopia has the second largest number of African immigrants in the United States after Nigeria (IOM 2018).

It can be argued that high level of poverty, Ethiopia's geographical location in the Horn of Africa and its proximity to the Gulf States have shaped Ethiopia's migration landscape. Regional socio-economic disparities in the Horn of Africa, chronic lack of employment and livelihood opportunities, particularly in rural areas, drive many from their homes and into risky migratory ventures, often ending in forced labour and labour exploitation (IOM 2017a, 2), depending on the characteristics of the destination country. These are key factors for outmigration into the three major routes: southward to southern Africa, eastward to the Gulf States and the Middle East and northward and westward into Europe (IOM 2017a, 2) and North America. Migration to the Middle East has a strong gender and age selectivity where the majority of migrants are young and single females migrating as domestic workers (ILO 2017). Of those travelling to the Middle East and Gulf Countries for work, more than 60 percent travel irregularly, including with the help of migrant smugglers and as a result of human trafficking (IOM 2017a, 2). In recent years, the majority of such migrants are forced to leave destination countries either voluntarily or through deportation, and in some

countries such as Saudi Arabia, many are imprisoned in crowded situations in what can be considered as concentration camps.

4.1.1 Diaspora policy

By the turn of the millennium, the Ethiopian government put in place diaspora-enabling institutions and environments, providing legal framework for easy access to institutions, information and the political environment (Chacko and Gebre 2009). In 2002, the government enacted a proclamation (Proclamation No. 270/2002) which lifted legal restrictions imposed upon the diaspora population after migrants had lost their Ethiopian nationality, and provided them more rights (IOM 2018). Specifically, the proclamation provides important rights and privileges, like the waiver of the requirement to have an entry visa or residence permit to live in Ethiopia; the right to be employed (in non-political and non-national security institutions) without a work permit; entitlement to the pension scheme coverage; and the right to be considered as domestic investors to invest in Ethiopia, among others (IOM 2018).

Further, the government encouraged diasporic consciousness by issuing a Person of Ethiopian Origin Identity Card (Yellow Card) and creating Diaspora Engagement Affairs Directorate General within the Ministry of Foreign Affairs (2002).Then, the government allowed Yellow Card holders to open foreign currency bank accounts in Ethiopia, to bring in personal goods free of duty (until 2006) and invest up to US$ 100,000 (which is normally reserved for domestic investors only); encouraged easier movement of capital and goods (100 percent duty exemption on importation of machinery and equipment for investment projects, 100 percent customs exemption on spare parts whose value does not exceed 15 percent of total value of capital goods imported); encouraged the diaspora to form residential housing associations (RHAs) and gave land for development (Chacko and Gebre 2009).

In 2006, the government established twenty diaspora engagement offices at the federal level and diaspora affairs coordination offices at all the nine regional states (IOM 2018). A common forum comprising the regional and federal Diaspora Affairs Offices has been established to coordinate the activities of the diaspora affairs offices at other federal and regional levels in an integrated way by reviewing, monitoring and evaluating their progress (IOM 2018). In 2013, the government launched the Ethiopian Diaspora Policy, which is considered a milestone in engaging the diaspora in development (Tesfaye 2015).

These policy measures, combined with the growing economy, business opportunity and diaspora desire to help the community and country, cre-

ated good opportunities for diaspora investment (Chacko and Gebre 2009). However, land incentives and access are currently restricted or terminated, and many duty exception privileges are suspended. Other challenges include delays, bureaucratic red tape, corruption; poor access to finance in most sectors; frequent policy changes on the various investment incentives; lack of information on how to do business in Ethiopia; the diaspora's political activism as a major concern of Ethiopian government; focus on low-value added sectors; more indiscriminate enterprise support; and weak government capacity (Chacko and Gebre 2009; The World Bank 2018a).

4.2 Country of immigration and transit: asylum-seekers and refugees

With the total count of registered refugees and asylum seekers within Ethiopia reaching 964,798 in 2019, Ethiopia was second-largest host country for refugees in Africa (UNHCR 2019a). As of February 2024, this number increased to 972,835 (Operational Data Portal, 2024). As noted in section 1.3.1, Ethiopia's urban refugee population has seen a notable rise. In 2015, Addis Ababa was home to 7,890 urban refugees, predominantly women and Eritreans. By 2017, the count reached 20,176, including Eritrean OCP holders and assisted refugees. Further, estimates suggest over 11,000 unregistered refugees in Addis Ababa, with actual numbers likely higher (Brown et al. 2018, 25). By the end of 2018, UNHCR (2019b) reported 22,885 registered urban refugees. Of these, 79.8 percent are Eritreans whereas Somali refugees constitute 4.1 percent. Other nationalities include Yemenis (8.2 percent), South Sudanese (2.2 percent), Congolese (2.3 percent), and other nationalities mainly from the Great Lakes Region (5.8 percent). By November 2021, the figure rose to 71,187 of which, 92 percent are Eritreans distantly followed by Yemeni constituting 3 percent. All other nationals together make up 5 percent (UNHCR, 2021).

4.2.1 Refugee policy

While Ethiopia has had an open-door policy for refugees, permitting refugees and asylum seekers the right to reside in Ethiopia, the country put forward its refugee law for the first time in 2004/05 in Proclamation No. 409/2005. The proclamation, which states the conditions or authorized exceptions under which refugees can reside in urban areas, identified four types of urban refugees. The first group include refugees with problems that need urban facilities, such as basic medical treatment and other health reasons, safety concerns,

and access to higher education. This group is eligible for monthly allowance and medical assistance provided from EOC-DICAC (Ethiopian Orthodox Church Development and Inter-Church Aid Commission). Such refugees are classified as assisted urban refugees registered under ARRA, a government body concerned with administering refugees and refugee camps. The second type is the out-of-camp policy (OCP) refugee, a category only applicable to Eritrean refugees. Unlike assisted refugees, OCP holders are not eligible for any economic assistance or support from ARRA or other concerning bodies. The primary condition for requesting OCP is proof of self-sufficiency. Once granted an OCP, their mobility is restricted to the registered urban area unless provided with a specific authorization from ARRA. The third type is the unregistered asylum seekers or non-permit holders yet waiting for their status to be determined. The last type includes refugees who come into Ethiopia without any documentation and recognition from the Ethiopian government (Mena 2017).

Even though the policy has been in place for two decades, it did not grant urban refugees' formal access to local basic services such as education, water and/or healthcare. Further, refugees have not been incorporated in urban development plans at federal or local levels (Brown et al. 2018, 17). Recognizing the various problems of refugees and in compliance of the international laws and guidelines, the government put forward nine pledges in the Leaders' Summit on Refugees in New York in 2016, which include (1) expand its OCP introduced in 2010 for Eritrean refugees; (2) provide work permits to refugees; (3) increase enrolment in education; (4) provide access to irrigable land for crop cultivation; (5) facilitate local integration in instances of protracted displacement; (6) earmark a percentage of jobs within industrial parks to refugees; and (7) provide access to vital events documentation to facilitate increased access to basic and essential social services. In 2017, the government formally launched the Comprehensive Refugee Response Framework (CRRF), effectively paving the way for the implementation of the pledges. On February 12, 2019, the government enacted a Refugee Proclamation No. 1110/2019 (Federal Democratic Republic of Ethiopia 2019), which granted refugees the right to participate in various socioeconomic sectors including the right to work in the formal labour market. As part of this commitment, the government, in its initial road map, reserved 30 percent of the 100,000 economic opportunities to be offered by industrial parks for refugees (The World Bank 2018b). At the heart of this innovative new framework is a more comprehensive response to displacement in which refugees are included in national services like health and education, rather than forced to set up parallel systems (Brown et al. 2018). The new law provides refugees the opportunity

to work and be self-reliant and thereby contribute to local economies and the host population (UNHCR 2019a).

As a major challenge, policy implementation has been slow. Slow policy implementation is likely to continue owing to a number of factors including (but not limited to) lack and mismanagement of resources, poor planning, conflicts and political instability. On top of that, the local residents may consider the refugees as competing against publicly subsidized services and scarce jobs, instead of considering them as innovative entrepreneurs who are capable of creating markets and employment opportunities for themselves and for local residents as well. Although cities provide refugees anonymity and access to urban resources from a theoretical point of view, such a concern is reasonable, especially in a country such as Ethiopia where urban unemployment and underemployment is very high.

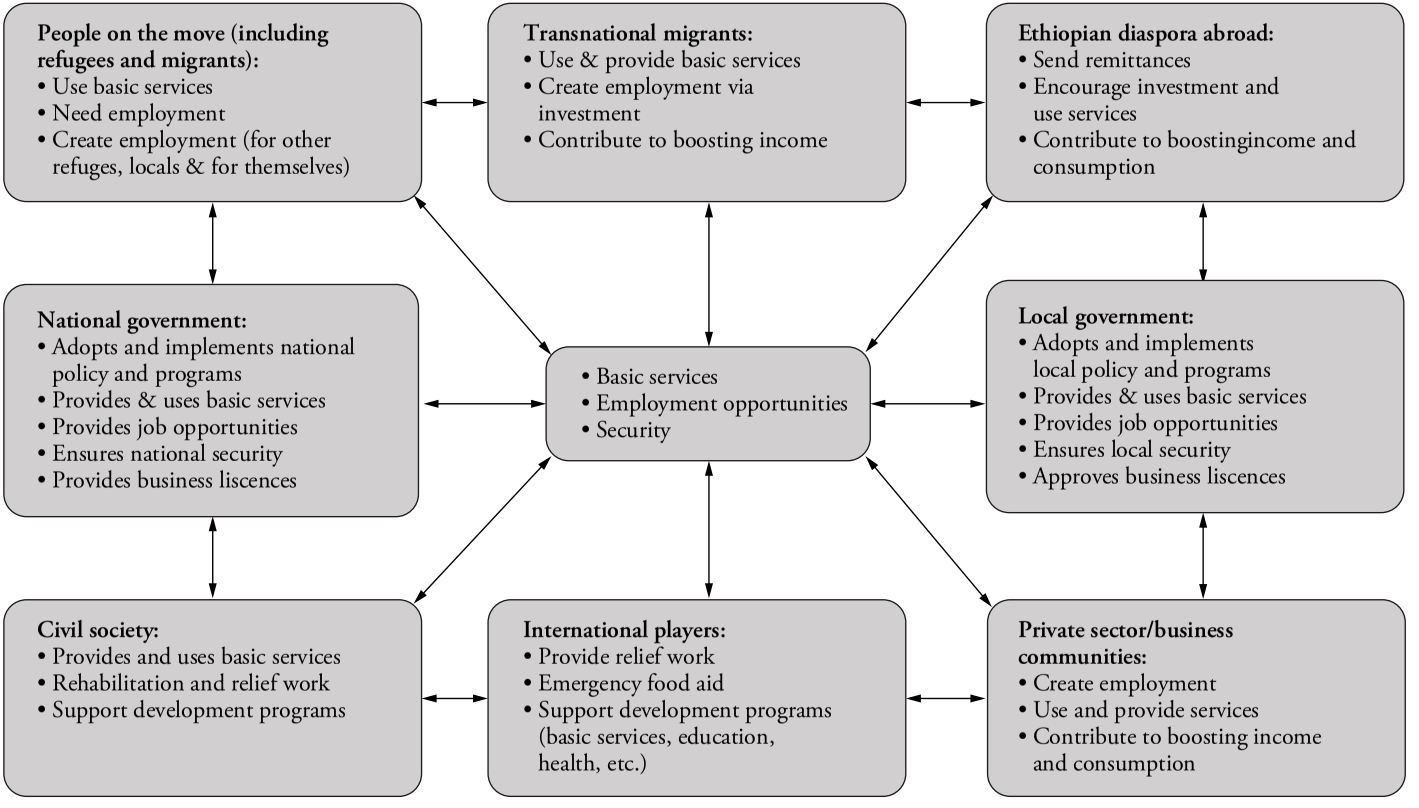
The refugees in Addis Ababa have differing levels and characteristics of integration into the host city depending on several factors, including knowledge of Amharic, social networks, assets, cultural affiliation, physical traits, length of time in host country, inter-marriage with Ethiopians, religion, employment, skills and knowledge (Feinstein International Centre 2010 in Brown et al. 2018, 15).

Though there are initiatives taken by development organizations and humanitarian groups to address these integration problems of refugees, the majority of urban refugees continue to engage in the informal sector. Past legal restrictions and current slow performance, including the lack of clarity in ways to create livelihood opportunities, have constrained urban refugees' involvement in the formal labour economy. However, the already existing economic opportunities mainly in the informal economy continue to make urban refugees self-reliant. It is such existing innovations, particularly self-owned businesses, which are a focus of this research.

4.3 Ethnic conflicts and internally displaced people (IDPs) in Ethiopia

In addition to hosting a large refugee population as already noted elsewhere, Ethiopia faces a significant number of internally displaced people, mostly due to conflict and violence. In 2018, ethnic conflict and inter-communal disputes across many regions caused 2.9 million new displacements (IDMC 2019, 14 ff.; UNHCR n.d.b). In 2021, the conflict in the northern regions of Ethiopia including Amhara, Tigray and Afar led to a displacement of 5.1 million people (IDMC 2023). This conflict brought substantial international attention. In 2022, the figure dropped following the peace agreement signed

Figure 1: A multi-faceted relationship among various players



between the federal government and Tigray regional government, and the total number of persons displaced by conflict and violence was 3.9 million (IDMC 2023). Although we don't include IDPs in our study, we want to give a short overview in order to give a complete picture regarding the migration context in Ethiopia.

Beside intra-state conflicts in surrounding countries leading to internally displaced people as described in a preceding section, Ethiopia itself was and still is the scene of several civil wars. Ethnic tensions have been an important issue in Ethiopia (Taye 2017; Erk 2017) and nation-building has always been a top priority on the political agenda (Aalen 2002, 3; Habtu, 2003, 9). Following the collapse of the communist government, the rebel groups that came to power took advantage of the ethnic question to easily consolidate power. Since 1991, Ethiopia has been organized as ethnic federal state, a model that tried to meet the challenges of a very diverse state with almost 80 ethnicities. Along ethnic borders, nine regional states were built (currently there are eleven with the 2019 elevation of the former Sidama Zone and southwestern Ethiopian zones to regional states status), with relatively extensive autonomous powers (Jacquin-Berdal and Mengistu 2006, 84, 87; Aalen 2002, 1). From the outset, concerns were expressed that ethnic federalism could reinforce already existing ethnic tensions instead of contributing to a pan-Ethiopian national identity (Abbink 2011; Habtu, 2003), but the ruling party was not willing to listen to such concerns. As was feared, there have been ethnic conflicts throughout the post 1991 regime, but as of 2018 when a new leadership took political power, they became common placed. While most conflicts were related to regional state border and ethnic disputes (IOM 2019), most were allegedly carried out in cahoots with officials within the regional government structure to dispossess those allegedly considered as settlers. That is, following the institutionalization of ethnic federalism in 1991, ethnic groups who claim to be original owners of the land or native to the given region consider those who resided there for several generations or even centuries as illegitimate, in-migrants from other parts of the country. This led to conflict and violence resulting in massive displacement of the so-called settlers. Many concur that the conflicts that have been ravaging the country are the fruits of the type of federalism implemented in the past thirty years.

Most recent reforms put in place by the Prime Minister Abiy Ahmed, such as signing the peace agreement with Eritrea, opening up to a multi-party system and releasing political prisoners (Cok 2019), were initially regarded as commendable initiatives to advance democratic values although still much was necessary to calm ethnic conflicts and address their root causes. Later on, however, conflicts continued even in a worse form as many strongly allege that authorities within the regime structure worked in cahoots with ethnic conflict

perpetuators. As several authors argued, ethnic federalism led to a politicization of ethnicity, thus making ethnicity a core category in the political sphere and linking ethnicity to territory (Fessha 2017). Although many initially viewed the conflicts and the civil war between the federal government and TPLF as a manifestation of a fundamental contradiction between attempts to open up the political sphere and grant autonomy to federal entities on the one hand and to protect political and economic interest of ethnically based TPLF on the other hand, continuing political developments show that the incumbent is also following the same path as the former regime in a similar way if not in a worse form. The conflict that involved the two parties thus can be simply seen as one of a struggle to taking power to protect their own ethnic interest against each other and against the rest of the people/ethnic groups.

4.4 The players in a multifaceted transnational network

The figure 1 provides a conceptual framework regarding how the refugees and migrants can be seen in terms of their contributions and burdens to resources and host communities. It depicts key services demanded and/or offered at the centre, the actors utilizing and/or offering these services, the key roles each actor plays and the interrelationships existing among the actors and the services. First, one important insight is that, although some may be more users or providers than others, all of the actors including refugees and migrants contribute to the services at the centre in some way or another, and none of them is a net user or a net provider of the services. Second, the contribution or the cost of an actor can be influenced by the activity of other actors. For example, actors involved in infrastructural services provision and employment opportunities could lead to a more positive contribution of refugees and migrants, by easing infrastructural shortages and increasing employment opportunities, two important challenges facing urban refugees. Thus, there is a synergy in the activities and operations of the actors, and the task of policy and management is to maximize the positive contributions emanating from this synergistic relationship.

5 Ethiopian economy and infrastructure

5.1 General country profile

With a population currently of 112 million (UN Population Division 2019), Ethiopia is the second most populous country in Africa next to Nigeria. Population is quite unevenly distributed in the various parts of the country, 81 percent of which is concentrated over 50 percent of the total landmass (Tegenu 2010, 9). Ethiopia is a highly diverse nation, with about eighty different ethnic groups and languages and a high topographic and climatic variation. Since 1994, Ethiopia has been organized on an ethnic federalist system, dividing the country into eleven regional states and two multi-ethnic chartered city administrations.

In Ethiopia, the demographic transition (falling mortality and fertility rates) and the urban transition have coincided in time. The demographic transition began in the 1950s, and rapid urbanization began in the 1960s, which led to high urban growth rates (Tegenu 2010, 8,16). Both natural increase and rural-urban migration are the driving forces of the rapid urbanization rate in Ethiopia (Tegenu 2010, 8,16). Nevertheless, since the urban population remained low over the decades well into the early 1990s, Ethiopia is one of the least urbanized countries in Africa albeit the recent rapid rate of urbanization. The 2007 National Population and Housing Census, the most recently available, shows it to be 16.2 percent (CSA 2007). This apparent contradiction is due to its traditional, subsistent agricultural heritage (Tigabu and Semu 2008, 3).

Table 1: Country profile: some basic indicators

Key indicators		**Source**
Estimated population	112 million	(UN Population Division, 2019)
Population under the age of 15	43.71%	(CIA 2017; 2016 est.)
Urban population	19.5%	(CIA 2017; 2015 data)
Annual urbanisation rate	4.89%	(CIA 2017; 2010-15 data)
Human Development Index	174 (of 188)	(UNDP 2017; 2015 data)
Gender Inequality Index	116 (of 159)	(CIA 2017; 2015 data)
Poverty Rate (below $1.90 per day)	33.5%	(World Bank 2017; 2010 data)
Adult Literacy rate	49.0%	(UNDP 2017; 2015 data)
Life expectancy at birth (male/female)	65 (63/67)	(World Bank 2017; 2015 data)
Child mortality rate (under 5, per 1000 live births)	59.2	(World Bank 2017; 2015 data)
Mean years of schooling	2.6	(UNDP 2017; 2015 data)

Source: Sørensen (2018, 4) UN Population Division (2019).

5.2 Overview of the economy

5.2.1 Ethiopia – The country's economy

Ethiopia is predominantly an agricultural country, based on smallholder farming. Although the role of agriculture in the national economy is declining (The World Bank 2015a), exports still rely on agricultural commodities, coffee being the largest earner of foreign exchange. Other agricultural products include oil seeds, dried pulses, hides and skins, as well as live animals and, more recently, flowers (Sørensen 2018, 12). The public sector is the largest employer (The World Bank 2015a). At a policy level, more emphasis is given to the private sector development, but the sector has only recently experienced substantial growth within three major economic sectors: agriculture, manufacturing industry and services. The sector is still constrained by unskilled labour, high transport costs, limited availability of financial and telecommunication services, and land tenure insecurity (USAID 2017a cited in Sørensen 2018, 14).

The government has been engaged in a major effort to transform the Ethiopian economy and place the country on a trajectory to become a middle-income economy by the year 2025. Over the last several years, the economy grew by nearly 10 percent per annum, one of the fastest growth rates registered in the world. During this time, significant attention has been given to upgrading economic and social infrastructure and promoting pro-poor spending on education, health and other services that benefit the poor and marginalized (The World Bank 2015a; UNDP 2015). The poverty rate fell from 38.7 percent in 2004/05 to 26.0 percent in 2012/13 (UNDP 2015, i).

Despite the major economic and social improvements over the last decade, some 25 million Ethiopians currently remain trapped in poverty and vulnerability. With a Human Development Index (HDI) of 0.435 in 2013, the country is still classified as a "low human development" country, based on the United Nations Development Programme (UNDP)'s Human Development Index (UNDP 2015, i). In addition, despite the considerable decline in the economic role of agriculture as a factor of structural change in the economy, the main growth, in terms of employment, GDP and foreign exchange earnings is coming from the service sector instead of the manufacturing industry (The World Bank 2015a). The preponderance of the service sector is a particular challenge for economic development since it creates fewer jobs, generates lower value-added income and transforms the economy at a lower speed (The World Bank 2018a, 6).

According to UNDP (UNDP 2015, i), the most worrying factors from the standpoint of inclusive growth are the high rates of un-and-underemployment in both urban and rural areas. Economic growth over the past decade has been accompanied with an increasing severity of poverty. In Ethiopia, wages in urban areas are much higher than in rural areas; in 2000 they were twice as high, both in formal and informal employment (Atnafu et al. 2014, 5). This aspect will be treated in more detail in chapter 5.2.3

5.2.2 Addis Ababa – a diverse city and the country's main industrial hub

Established in 1886 under Emperor Menelik II, Addis Ababa is one of the oldest and largest cities in Africa. As the capital city, Addis Ababa is the political, administrative, economic and cultural centre of the country. Addis Ababa has been a melting pot to people of diverse ethnic backgrounds coming from all corners of the country in search of better employment opportunities and services. According to Tigabu and Semu (2008, 4), being the capital of a non-colonized country in Africa, Addis Ababa has been playing a historic role in hosting the regional organizations such as the Organisation of African Unity (now African Union) and the Economic Commission for Africa, which contributed to the decolonisation of African countries, and later to bringing Africa together.

Addis Ababa is one of the fastest growing cities on the continent. Although the 2007 National Population and Housing Census report puts the city's population at 2,738,248, which accounts for 3.7 percent of the national total population and 22.9 percent of the national urban population (CSA 2007), this is highly debated, and there is consensus among the majority of academics, parliamentarians, politicians and the general public that the figure is actually much higher than what is officially reported. The two major contributors to the growth of Addis Ababa are natural increase and rural-urban migration. The other contributor is urban reclassification/transformation of rural settlements as the city expands outward. The rapid urban population growth is posing critical challenges, including high rates of unemployment, housing shortages, widening income disparity, deepening poverty, poorly developed physical and social infrastructure, the proliferation of slum and squatter settlements and environmental deterioration (UN-HABITAT 2007, 1).

The government in power since 1991 has implemented several consecutive national development plans of which the Second Growth and Transformation Plan (GTPII 2015–2020) promoted industrialization as a main national policy objective, with urban areas playing a major role. The

proactive management of urban centres was recognized as an important goal and contained measures to increase job opportunities in cities (mainly through supporting micro and small enterprises (MSE) development), addressing housing problems and other urban service provisions (The World Bank 2018a).

The Addis Ababa City Administration's GTP II Strategy aimed to promote its role as an industrial centre. A main objective is to improve productivity and competitiveness. Addis Ababa has been the country's primary city in housing more than its due share of the total urban labour force employed in the leading sectors of the economy (UN-HABITAT 2007, 24). Currently, the city is the country's main industrial hub, dominating the great majority of industrial capacity in almost all the branches of light manufacturing that Ethiopia prioritizes. The World Bank report (The World Bank 2018a, 7) for instance shows that:

1) the city accounts for almost a third of manufacturing gross domestic product in Ethiopia and completely dominates production in subsectors such as textiles and leather (contributing 66.3 percent), wood and paper (89.5 percent), metals (79.9 percent), machinery (51.6 percent), and other manufacturing (81.5 percent);

2) has a comparative advantage in the medium value-added industries prioritized by the Second Growth and Transformation Plan (GTP II) (including agro-processing, publishing, textiles and clothing, leather and footwear, furniture, metals, and plastics); and

3) houses a major share of higher value-added services such as finance (20 percent) and business services (34 percent).

However, Addis Ababa's primacy is declining relative to the growing economic contribution of major regional cities. Thus, with the exception of metals, the city seems to be registering a declining share of employment in all these sectors compared with an increasing share of employment in other major regional cities of the country. One likely reason for this is the restrictions on access to land for manufacturing activities in Addis Ababa since March 2015.

A vivid feature of the city's economy is the preponderance of the service sector. Nevertheless, the city has quite a diversified economy – commerce, manufacturing, finance, real estate and insurance being the main ones. With the view to increasing the role of the manufacturing industry in relation to the dominant service sector, Ethiopian government has, as part of its Growth and Transformation Plan (GTP), established (and is establishing) industrial parks, in a phased process, in Addis Ababa and other major urban areas in the country. In Addis Ababa, two notable districts of industrial parks are the Bole-Lemi Industrial Park (IP) and the Eastern Industrial Zone (EIZ). These facilities are intended to provide investors with ready-made factory sites, basic utility services, and are particularly attractive for foreign firms who may not

be familiar with the local bureaucracy and business practices (Shiferaw 2017). However, at a national level, the development of such industrial parks is not based on adequate feasibility study and careful planning, but instead seems to be politically motivated as similar industrial parks are being built almost everywhere without due consideration of each region's comparative advantage.

While Addis Ababa has the potential and to a large extent financial resources to promote economic development (The World Bank 2018a), there are also some challenging factors. Institutional barriers like the lack of computerized systems, corruption, high staff turnover (The World Bank 2018a, 49), combined with challenges like poverty, escalating price (inflation), unemployment, low private sector participation and a preponderance of the service sector (UN-HABITAT 2007, 30; The World Bank 2015a; Tigabu and Semu 2008, 3; Shiferaw 2017) make it difficult to cope with the rapid growth. On top of that, the existing inter-ethnic conflicts and the civil war between the federal government and armed opposition forces in various regions in the country is severely eroding any financial resources available to support economic development. Further, the most recent appropriation of the outer parts of Addis Ababa by the Oromia Region may threaten property rights and discourage investment, while the demolition of residential houses in several towns of Oromia Region surrounding Addis Ababa in the name of "illegal constructions" will merely add to and complicate the already rampant poverty condition of residents.

5.2.3 Migration and unemployment

The link between rural-urban migration, unemployment and informality has long been acknowledged. In the under-developed countries today, rural-urban migration is caused by both push and pull factors, and, once in the city, migrants are believed to be eventually integrating into and benefitting from the modern urban industrial sector. Alternative classical theoretical works have been put forward to explain the mechanism of how this transformation occurs. For example, Lewis (1954) argues that initially unemployment will be high among migrants because the labour market will be unable to absorb them and so migrants will be engaged in informal activities. Eventually, however, they will be fully absorbed by the modern urban industrial sector which adjusts itself. In their dual sector model, Harris-Todaro (1970), on the other hand, argue that, no matter what it adjusts itself, migrant unemployment is inevitable because the modern industrial sector is not able to employ all the migrant populations who migrate in expectation of higher income or employment, forcing them to opt for the informal sector. So, both models consider the urban informal sector as an involuntary solution to urban formal unemploy-

ment resulting from rural-urban migration. A full-length discussion of the informal sector in the context of Ethiopia and Addis Ababa is presented as a separate topic in the next sections of the chapter (sections 5.2.4. and 5.2.5).

Unemployment and poverty are becoming more and more an urban phenomena in Africa due to rapid urbanization (Shimeles 2015 in Simatele 2018, 437). Especially among youths, underemployment is also a widespread phenomenon. With the aging and expansion of this generation, greater pressure will be exerted on the labour markets of struggling economies (Assan et al. 2018, 71). Contrary to what was postulated by Lewis (1954), and probably in line with the Harris-Todaro model, the lack of formal employment in urban Africa, especially among the youth, has forced many of the youth to look for alternative sources of employment and income-generating activities in the informal sector (see chapter 5.2.4). Scholars observed that African countries have continued rapid urbanization not only without concomitant industrialization to absorb migrant labour but also even during periods of negative growth, a situation described as *urbanization without growth* (Fay and Opal 1999; Fox 2011; Henderson 2003; Jedwab 2010; Mellor 1995).

To get a picture of the situation in Ethiopia as a country versus the city of Addis Ababa, we compare data obtained from the Ethiopian Central Statistical Agency. The Ethiopian Central Statistical Agency defines a migrant as a person who was not born within the study *woreda*, where *woreda* is a local equivalent to the term "county" (see CSA 2014, 31). In this arrangement, in the survey the respondents were asked to declare whether or not they were born in the *woreda* of the interview was held in or outside of it. Table 2 shows a cross-tabulation of migration status of sample respondents by their sociodemographic and labour market characteristics. It shows 37.9 percent of the respondents to be migrants, the majority of which are females. It is shown that migrants are more concentrated within the adult and youth age groups compared to non-migrants which tended to distribute relatively evenly. This may demonstrate the well-known age and sex selectivity of rural-urban migration. Socially, as measured in terms of education, the table shows relatively lower educational achievement among migrants than non-migrants. In situations where there are no rural economic opportunities as in the case of Ethiopia, many young people will drop out of school and migrate to urban areas. This contrasts with the situation in more developed countries where good economic opportunities in the modern urban industrial sector attracts more educated young people. In terms of a labour market, despite their lower educational achievement, the proportion of unemployed is lower among migrants compared to non-migrants, perhaps showing that they are engaged in the informal sector (see 5.2.4).

Table 2: Sociodemographic and labour market characteristics of respondents by migration status

Characteristics		Migration Status					
		Migrant No	%	Non-migrant No	(%)	Total No	(%)
Sex	Male	4518	(44.7)	8863	(49.3)	13,381	(46.2)
	Female	6447	(11.3)	9125	(50.7)	15,572	(53.8)
	Total	10,965	(100.0)	17,988	(100.0)	28,953	(100.0)
Broad Age Category	Children (<10)	214	(2.0)	3792	(21.1)	4006	(13.8)
	Adolescents (10-14)	465	(4.2)	1985	(11.0)	2450	(8.5)
	Youth (15-29)	4143	(37.8)	6892	(38.3)	11035	(38.1)
	Adults (30-60)	4903	(44.7)	4879	(27.1)	9782	(33.8)
	Elderly (>60)	1240	(11.3)	440	(2.4)	1680	(5.8)
	Total	10,965	(100.0)	17,988	(100.0)	28,953	(100.0)
Formal Education	Yes, attended/ attending	8663	(79.3)	15 278	(95.8)	23,941	(89.1)
	Never attended	2255	(20.7)	665	(4.2)	2920	(10.9)
	Total	10,918	(100.0)	15,943	(100.0)	26,861	(100.0)
Received any Certificate, Diploma or above?	Yes	2561	(23.8)	4327	(30.5)	6888	(27.6)
	No	8190	(76.2)	9869	(69.5)	18 059	(72.4)
	Total	10,751	(100.0)	14,196	(100.0)	24,947	(100.0)
Employment status (standard)	Employed	5691	(88.0)	5961	(81.9)	11,652	(50.2)
	Unemployed	779	(12.0)	1316	(18.1)	2095	(9.0)
	Total	6470	(100.0)	7277	(100.0)	13,747	(100.0)

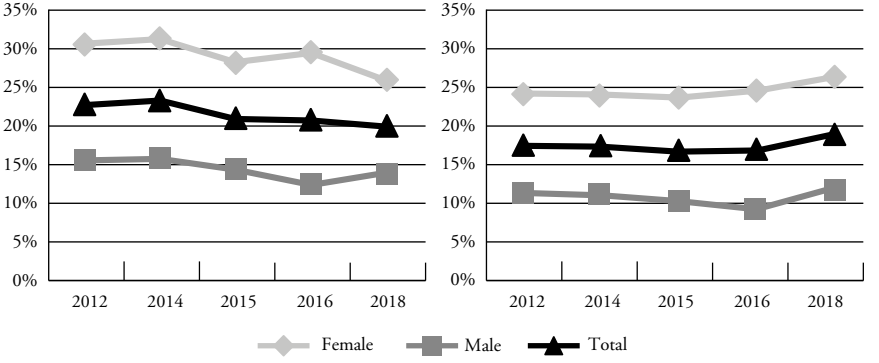
Source: Computed using data from CSA (2013, labour force survey).
The data was obtained upon request from the Central Statistical Agency of Ethiopia.

When employment status is cross-tabulated with sociodemographic characteristics of respondents (see Table 3) it is shown that the proportion of unemployed was higher among females compared to males (57.6 percent vs 42.4 percent) and youth compared to adults (57.9 percent vs 40.8 percent). In terms of education, the table shows that majority of both employed and unemployed have some degree of formal education, but the proportion having a certificate/diploma/degree is low, especially for the unemployed.

Most importantly, the proportion of unemployed was higher among non-migrants compared to migrants (62.8 percent vs 37.2 percent). It is not possible to confirm if this pattern is consistent since migration status questions were not asked in subsequent surveys. At a glance, this pattern appears to be contrary to expectation, but this can well be explained by the widespread prevalence of the informal sector that might have absorbed migrant labour. In the face of high urban costs of living, most migrants compared to non-migrants cannot afford to be unemployed. In other words, most migrants

may be engaged in the informal sector, thus unemployment rates are lower among them. Given higher unemployment among the youth, non-migrants may rely on support from their family and may not be willing to be underemployed or involved in the informal sector.

Figure 2: Urban unemployment level in Addis Ababa relative to national total



Source: Computed from CSA (Analytical Report 2018, 7–8).

Further looking at the trend of unemployment, Figure 2 compares the level of unemployment for Addis Ababa against the national total for five periods. The figure shows that, despite a trend of decline compared to the national situation, in general, unemployment is higher for Addis Ababa compared to the national total for all the periods considered. This result is consistent with the finding by the World Bank (see e.g. The World Bank 2015a). According to UN-Habitat (2017), although the city government has taken significant steps to enhance local economic development through, for example, micro and small enterprise (MSE) development, it has yet to demonstrate the potential of MSEs in producing broad-based inclusive economic growth for an urban economy sufficient to offer a broad spread of job opportunities for different skill levels. The city, therefore, registers persistently higher unemployment rates than the national average. The figure also depicts the obvious situation of unemployment being higher among women compared to men for all the periods considered. It should be noted that the data we use represent a cross-section, and therefore do not allow for detailed analysis, and there was no more recent data available by the time this publication was written. However, they give an overview even without current data and statistics.

5.2.4 Economic informality in Addis Ababa and among refugees

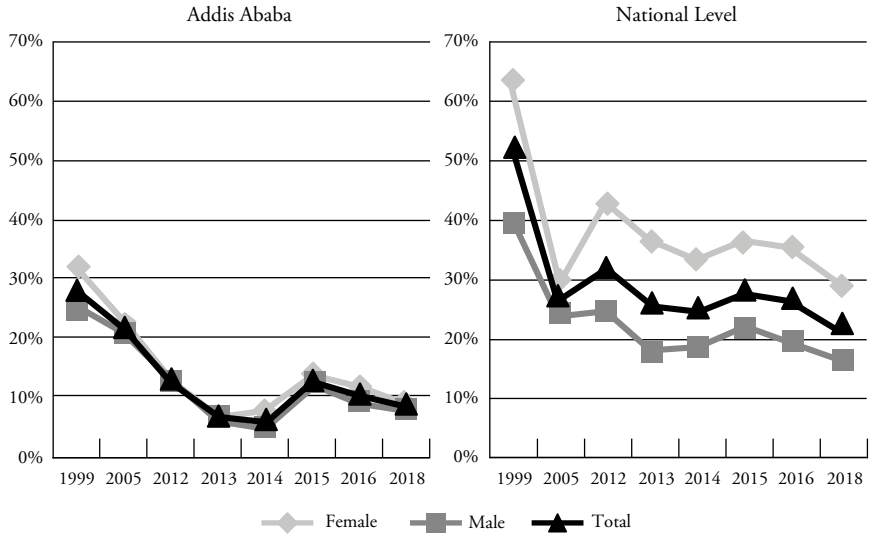
Although the informal sector was initially seen as a sign of poverty and a weak economy, its contribution on many dimensions of the economy was subsequently understood. There is increasing recognition that the economic benefit of this sector, which contributes directly to urban employment and output, far outweighs its costs (for a literature review, see Oviedo, Thomas & Karakurum-Özdemir 2009; Perry et al. 2007; Blanchflower and Oswald 1998). Consequently, the sector began to be seen favourably, and governments adopted support programs to strengthen the abilities of small enterprises to negotiate for access to better inputs, markets and prices. Our study therefore emphasizes the varied reality of the informal sector. According to our research, it cannot be analysed simply through the viewpoint of survival and ability to improvise. That view would only take into account a fraction of the urban popular economy which is characterized by precariousness. There is also another perspective on the informal sector that focusses on "small market production" (Hugon 2014), an area often characterized by a genuine entrepreneurial spirit, flexible and adaptable enough to meet market demands. This urban popular economy fills the streets and sidewalks, it lives from and in the cities. It penetrates all the spaces of this urban fabric, which serves as a central hub for every day spontaneous activities. The players in this sector develop strategies to minimize risk: they produce targeted goods for consumers with low purchasing power; and they take advantage of opportunities which arise from multiple activities. Personal and social relationships usually prevail over contractual agreements, as mutual trust is of great importance in market transactions and the settlement of disputes.

As in other countries, the government too in its development policies and plans, started to encourage small enterprises and the informal sector activity, recognizing them as important providers of urban employment (Desta 2018). The government supports the sector by attempting to align sectoral policies and development plans to the widespread informal activity. For example, the Growth and Transformation Plan I and II have emphasized cheap labour-oriented and pro-poor growth strategy (see e.g. Ethiopian Ministry of Finance and Economic Development – MoFED 2010; National Planning Commission – NPC 2016). In line with this, the government has attempted to arrange access to credit and other support services to SMEs, formerly widely known as informal sectors (before being reorganized as SMEs). With the aim to increase their access to markets, the government also allows "Sunday Markets" (every Saturdays & Sundays) to operate on selected streets of the city, by restricting vehicular flow.

A World Bank study reported the informal sector in Ethiopia to be the fastest growing segment of the private sector. For example, according to the 2005 national labour force survey, the sector accounted for 71 percent of the employment, in large part due to substantial flows of labour from rural to urban areas and the absence of alternative ways to absorb the labour in urban areas (The World Bank 2009). Similarly, Ferede and Kebede (2015) show that, of the 4.0 million employed people living in urban areas in 2005, 1.32 million (33 percent) were employed in the informal sector, which increased to 1.33 million in 2013. They attribute the preponderance of informality to the service sector which dominated the economy, accounting for 65.8 percent of total urban employment in 2012. However, evidence (e.g. The World Bank 2015a; see also The World Bank 2018a) shows that informality in Ethiopia is declining and this is substantially low compared to average rates of about 61percent of urban employment, 78 percent of non-agricultural employment and 93 percent of all new jobs created for sub-Saharan Africa.

In confirming this, data analysis for the present study based on national surveys show a trend of decline in the sector (see Figure 3), apart from being comparatively low. The figure compares the proportion of informal sector employment for Addis Ababa and the total national urban level and highlights two key patterns. First, it shows that while employment in the informal sector is lower in general, it is also lower for Addis Ababa compared to the national urban level for all the periods considered. As in the case of unemployment (see Figure 2), Figure 3 also illustrates higher informal sector employment among women compared to men for all the periods considered. It is not clear why the proportion employed in the informal sector is lower than what one would expect given the context. It is also not clear why it is lower for Addis Ababa where unemployment is higher (to which informal employment is seen to be an involuntary solution) compared to the national urban level. Second, the figure in general shows a trend of decline in informal sector employment over those periods. For Addis Ababa, the slope gradient is steeper up to 2013, reverses thereafter up to 2015, and then tends slightly downward. For the national level, the slope gradient is generally weak, except between 1999 and 2005. According to the survey reports, the reported number of persons employed in the informal sector does not include persons employed in subsistence farming and private/domestic household workers such as housemaids and guards, consistent to the 15th ICLS definition.

Figure 3: Urban informal sector employment in Addis Ababa relative to national total



Source: Computed from CSA (1999; 2005; 2012; 2013; 2014; 2015; 2016; 2018, Statistical Reports).

The question one would like to ask is why is informality in Addis Ababa (Ethiopia) so low and declining? We argue that, while informality can decrease due to economic growth and transformation, the Ethiopian case is rather a result of two non-economic reasons: (1) a response to administrative and legal measures taken by the government, and (2) conceptual changes in what constitutes informality. In the case of the first, authorities appear to have compelled job seekers/applicants to step up to the so-called formal sector by (1) issuing Commercial Registration and Business Licensing Proclamation; and (2) applying stiff tax rules and enforcement measures; and supporting their transition to a formal sector through skills training, provision of business premises and access to finance, albeit most of them being rather tokenistic. In the case of the second explanation, authorities defined informality from a sectoral or enterprise point of view instead of as economy wide informal employment (whether formal or informal sector), and additionally, when considering the sectoral definition of informality only, the government agents took very few and often inappropriately measured informal sector indicators into account.

5.2.5 Informality among refugees in Addis Ababa

In this sub-section, we present the characteristics of informality among refugees in Addis Ababa, based on data collected through our own survey among refugees, and drawing on the ILO concept of employment in the informal sector, and informal employment. In its Fifteenth International Conference of Labour Statisticians (15th ICLS) in 1993, ILO's definition of the informal sector encompasses the following key criteria among others (ILO, 2013, 22): enterprise not constituted as a legal entity separate from its owners (e.g., in management, place of work etc.); enterprise owned and controlled by member(s) of household(s); lack of complete set of accounts, including balance sheets; and unincorporated (number of employs fewer than 5, unregistered enterprise, unregistered employees). However, this enterprise based definition has its own problems and was found to be inadequate. As a result, in its Seventieth ICLS in 2003 (ILO, 2013), ILO also offered a broader, job-based concept of informal employment, to complement informal sector employment concept. Informal employment was defined as: "the total number of informal jobs, whether carried out in formal sector enterprises, informal sector enterprises or households, during a given reference period." (ILO, 2013, 38). It comprises: own-account workers and employers employed in their own informal sector enterprises; own-account workers engaged in the production of goods exclusively for own final use by their household; contributing family workers, regardless of whether they work in formal or informal sector enterprises; employees holding informal jobs, whether employed by formal sector enterprises, informal sector enterprises, or as domestic workers employed by households; and members of informal producers' cooperatives (ILO, 2013).

Therefore, first, using employment in the informal sector concept as defined, we find:

- In terms of place of work, most refugees are engaged in informal sectors since they work in places that are not formally designated as workplace, such as homes, places inside or attached to homes, open markets, on the street. Many also have no fixed location and work where it is convenient for example both at home and everywhere as available.
- In terms of choice of enterprise type, the majority of the refugees that have their own business can be considered informal as they chose their specific enterprise type due to the ease with which they could started such a business as an informal sector enterprise on one hand, versus the legal and/or administrative red tape to start formal enterprise, such as inability to register or get a license or the desire to avoid the

complexity on the other hand. It is important to note here that, in 2015, Ethiopia was 168th out of 189 countries with severe business entry barriers (The World Bank 2015a), implying greater likelihood for job seekers to revert to informal employment.

– In terms of number of paid workers employed, all of the refugee employers are informal, because they either have less than the minimum of paid employees required by government regulations in the formal sector (i. e. five) or rely on the contribution of family labour.

– In terms of enterprise registration, license or tax payment, first, the largest majority of those having their own business are informal since their enterprises are not registered, do not keep account books and do not pay tax. Interestingly, some of the refugees with their own business have their enterprises registered, pay tax and keep account books, however, this formalization process was not done in their own names, but they worked under the licenses of Ethiopians or others with legal/formal work permits. In this sense, they could be considered formal, and this is consistent with the Central Statistical Agency's concept of formality. Second, there are refugees who have registered their businesses as unincorporated enterprises (and paid lump sum tax). According to the 15th ICLS of 1993 (ILO, 1993) definition, unincorporated enterprises are typically small-scale operations, often family-owned or individual businesses that are not registered as separate legal entities independent of their owner, which are, as a result, informal sectors. So, considering this criterion, all the refugee activities or employment can be considered informal instead. The Ethiopian Central Statistical Agency, which ignores this criterion (of being unincorporated), would classify them as formal.

Second, using employment in the informal economy (whether informal or formal sectors) the 17th ICLS of 2003 (ILO, 1993) concept, all of the refuges that were in the position of employees are informal since they reported that their employer does not pay social security contributions on their behalf and they are not entitled to any employment benefits.

5.3 Infrastructure

5.3.1 Physical infrastructure

Ethiopia has registered rapid economic growth especially since 2000. However, many broadly agree that this growth is largely driven by public investment in

infrastructure such as road networks, hydroelectric power plants and transmission lines, airports, telecommunication systems, health and education facilities and most recently railways (Shiferaw 2017).

Compared to other cities in the country, Addis Ababa has better telecom, energy, water supply and transport infrastructural facilities. In the case of telecommunications, there were 39.5 million mobile phone subscribers and 19.5 million data and Internet users in the country in 2019 (Addis Ababa Investment Bureau, 2019). This is about 35.3 percent and 17.4 percent respectively of the total population of the country projected to be 112 million (UN Population Division, 2019) for the same year. While the telecom sector is currently mainly publicly owned, it is facing various problems, the major ones being low network capacity and poor-quality service (Addis Ababa Investment Bureau 2019).

In terms of energy, the country gets its energy supply from different sources including hydropower, wind, solar, geothermal, fuel (regular gasoline, diesel oil, kerosene) and traditional solid fuels (firewood, charcoal and dung cake). Hydropower, accounting for about 98 percent of the energy mix, is the major source of energy for the country (The World Bank 2015a). However, currently, there is a significant unmet demand for electric power in the country. As an example, in Addis Ababa and especially in other urban areas of some regions it is common that people have to wait several months or even years without electric power connection after building their homes. While currently unmet need for power supply coverage is the major problem, other significant problems include frequent power interruptions, power leakage and weak/low voltage available per household or production/service unit. As a result, some people also rely on traditional fuel such as wood. Some 87 percent to 95 percent of households in rural regions and 73 percent in other large urban areas consume traditional solid fuels, Addis Ababa's share being 47 percent (The World Bank 2015a). According to Addis Ababa Investment Bureau (2019), the government has put in place and has begun implementation of short- and long-term strategies to address these problems.

With regards to water supply, the country gets its water from different sources including dams and wells. As is the case for other infrastructural facilities, there is a high demand and supply disparity for water. As a result, a lot of people also get water from unprotected sources. Additional significant problems include frequent water interruptions and leakage, as is the case for electric energy. According to Addis Ababa Investment Bureau (2019), the government has implemented several projects to alleviate the problem, including capacity expansion of existing dams, new water well drills in areas not covered by existing lines and implementation of other new water

development projects in four well fields identified in the city (Addis Ababa Investment Bureau 2019).

In terms of transport, the proportion of roads in good conditions increased from 22 percent to 57 percent between 1997 and 2011, while road density doubled from 24km to 49km per thousand square kilometers (Shiferaw 2017). Addis Ababa being one of the cities hosting a relatively fewer number of vehicles, the city faces challenges with congestion and pollution, comparable to other cities worldwide in terms of major air pollutants like PM2.5, NOx, and SO2 (World Bank Group, 2021). The main reason is that the city does not have adequate roads in all respects (length, width, density). Among the major road transport problems facing the city include long queues, traffic congestion and low access to transport vehicles especially at peak hours. Although the city has light electric rail transport services, it has a limited coverage, and even the vehicles in the existing limited coverage are going out of service due to poor maintenance and shortage of spare parts. To address these problems, the government has implemented several road projects including maintenance and upgrading of existing roads and construction of new ones. From a vehicle side, the government also takes different incentivizing measures to encourage private investment in mass transit transport.

Addis Ababa is connected to the rest of the world both by road and by air. Inland, the city is connected to (1) the Sudan by the Addis Ababa-Gojam-Gondar-Metema road in the northwest, (2) Kenya by the Addis Ababa-Awassa-Moyale road in the south, and (3) Djibouti by the Addis Ababa-Djibouti railway, the country's major gateway to marine transport. While the city is already connected to Eritrea (as the latter was part of the former), work is also underway to use existing roads reconnecting the city to Eritrean ports. From the point of view of air transport, the city is the location of Bole International Airport which serves several local, regional and international airlines. With more than 130 international destinations currently around the world, including (but not limited to) Europe, USA and Canada, *Ethiopian,* the country's only international airline, is a pioneer airline in Africa and remains leading in the field with an excellent reputation. The airline and all its technical and training activities provide an opportunity for building Addis Ababa as a regional hub for air transport.

5.3.2 Financial services

According to the National Bank of Ethiopia (cited in Addis Ababa Investment Bureau 2019), Addis Ababa houses one central bank, eighteen commercial banks (two are publicly owned – Commercial Bank of Ethiopia and Development Bank of Ethiopia – and sixteen are private), seventeen

insurance companies (one public – Ethiopian Insurance Company – and sixteen private), and nineteen micro-financial institutions. Currently, all the eighteen commercial banks have 5115 branches all over the country, about 35 percent of which are located in Addis Ababa. All of the banks are permitted to run savings and cheque accounts, short term loans, forex, money transfers including cable transfer, collateral and other services. Credit services are also permitted for foreign nationals who have legal investments and/or operations. The Development Bank of Ethiopia gives short, medium and long-term loans to finance manufacturing and agricultural projects. Access to the banking sector is currently not permitted for foreign nationals. The major problem facing the banks is low credit coverage. For example, Shiferaw (2017) reported that about 60 percent of private manufacturing firms do not have ties with commercial banks, implying that they may be potentially credit constrained. The problem is especially severe when it comes to the poor who do not have the required collateral. The need to bridge this gap is the main motivation for the introduction of micro-financial institutions, which have become a common feature of poor and emerging economies. Overall, there are eighty-two branches of micro-finance institutions in Addis Ababa providing credit services to low-income people, mainly in informal activities, who are engaged in producing consumables and as well as input goods for other manufacturing firms. In terms of insurance, of the 542 insurance branches all over the country, 54 percent are located in Addis Ababa (National Bank of Ethiopia 2019, cited in Addis Ababa Investment Bureau 2019). In general, the insurance sector remains underdeveloped. For example, (1) about 90 percent of the population does not have any type of formal insurance since most insurance is focused on general insurance and is targeted at the corporate market; (2) insurance premiums represent about 0.47 percent of the GDP for non-life insurance and 0.03 percent of the GDP for life insurance; and (3) the market retail premiums are dominated by motor insurance and compulsory insurance includes only third-party policies (The World Bank 2015a).

5.3.3 Housing and related services

Ethiopia has no comprehensive national urban housing policy or strategy to date (UN-HABITAT 2007, 15). Today, city authorities are the sole suppliers of land and the government retains sole control over land use and design (UN-HABITAT 2007, 15). According to Tigabu and Semu (2008, 4), the overwhelming majority of the houses in the current slums of Addis Ababa were built by feudal land lords of the Haile Selassie era, overthrown in 1974 by a Marxist military coup. The new regime nationalized all land and private rental/extra houses in decree number 47/1975. Rental houses were given to

kebeles (urban dweller associations which later became the smallest units in the administrative structure of the country) for management. The government that overthrew the Marxist government has not changed this policy; it still owns all land and rather grants usufruct. Measured against generic and internationally known standards such as sanitation, density, availability of potable water, the situation of the *kebele* houses in Addis Ababa is critical (Tigabu and Semu 2008, 4). Housing shortage is a serious problem in Addis Ababa. Formerly, the government supplied land for home construction through real estate development, land lease (auction) and housing cooperatives. Since the last decade, however, the housing cooperatives scheme has been abandoned, and the government has put in place low-cost condominium housing schemes designed to meet the needs of the poor. However, the low-cost housing project turned out to be too expensive, and the majority of the poor simply transferred it to the rich.

As a result, according to the Ministry of Urban Development, Housing and Construction (2014), the majority (60 percent) of the poor residents are destined to live in slum dwellings with sub-standard housing conditions and deteriorated environments in the absence of basic service infrastructure, while the middle class are obliged to occupy land illegally (squatting) in peripheral areas of the city. However, unlike the case in other country's cities where squatters live in marginal lands and are characterized by ethnic and social segregation, (1) the poor, the middle-income and the rich in Addis Ababa, in most cases, live side by side in apparent harmony (UN-HABITAT 2007, 27) and (2) most squatters occupy prime lands.

The rapid population growth of Addis Ababa has been putting tremendous pressure not just on the city's economic and social infrastructural resources, but also is causing environmental degradation including river, soil, air and water pollution due to industrial wastes (Tigabu and Semu 2008, 4) and the use of old cars, charcoal as well as the lack of proper sewage and dry waste management (UN-HABITAT 2017). Only 7 percent of the houses have connection to the municipal sewer line, and 25 percent of the residents have no access to any kind of sanitation facility (Tigabu and Semu 2008, 16). Poor maintenance and lack of new facilities combined with rapidly rising demands has also been causing water shortages (Tigabu and Semu 2008, 9).

As a capital, Addis Ababa is the country's major education and research center. In fact, one of the major reasons why people migrate to Addis Ababa is its preponderance in educational and research facilities. In terms of health, the city is the location of the country's largest and best health institutions and is the country's major healthcare center.

6 The Impact of Diaspora and Return Migrants

As noted in Chapter 4.1, Ethiopia is one of the major labour-exporting countries in Africa, with large Ethiopian communities especially in North America, the Middle East and Europe. The economic characteristics of Ethiopian migrants at the place of destination differ according to the destination country. Housemaid is a common occupation for most Ethiopian migrant workers in the Gulf countries and the Middle East (e.g. 100 percent of migrants in Oman, 81.8 percent in Lebanon and 75.5 percent in Kuwait are employed as housemaids), whereas in South Africa, most Ethiopian migrants own businesses (86.5 percent) (ILO 2017). Ethiopian migrants in Europe and North America are engaged in a rather diverse range of economic activities. The majority of them work in low status jobs like daily or hourly-based works, gas stations, parking lots, supermarkets, as hotel guards and receptionists, taxi drivers, and so on. However, especially in North America, they also work, albeit in a limited number, in high-status professional and technical jobs in colleges and universities, government offices, private organizations and multinational companies. As such, Ethiopian migrants also bring labour, skills, and know-how to the developed countries. Quite a good number of migrants also run their own business, such as restaurants, cafes, or business with traditional/cultural crafts, articles or garments, with the large Ethiopian diaspora community creating a solid market.

In this chapter we would like to explore how these migrants impact the Ethiopian economy through remittances (social and economic) and investments and how and why they are successful.

6.1 The role of economic remittances in Ethiopia

Investment and remittance sending are the most common features of migrant contribution for development. In the Ethiopian case, remittance inflows have been increasing in the past several years, albeit with some inconsistencies, with average annual growth of 27.7 percent registered between 2004/05 and 2012/13 (Table 3). For example in 2012/13, US$2.5 billion was received from remittances compared to US$2 billion 2011/2012 (UNDP 2015, 19). Other estimates also show USD 1.8 billion for 2007/08 (Chacko and Gebre 2009), 1.4 billion for 2010/11, 2.4 billion for 2012/13, 2.9 billion for 2013/14, 3 billion for 2014/15 and an estimated 4.6 billion for 2016/17 (IOM 2018). Some, however, attribute this fast growth to an outdated estimation

of remittances (for example, to account for informal remittance transfers) instead of a real increase in remittance. According to UNDP (2015, 19), the main source of remittances is the United States, followed by Israel and the Sudan. As to remittances coming from the Middle East, a study conducted by the ILO shows that on average, a migrant domestic worker from the Arab States sends remittances of around 66,238.60 ETB (3,335.30 USD) per year (ILO 2017, 11). Whereas, IOM's study of returnees' families or relatives from Saudi Arabia reports an annual receipt of as low as 21,696 ETB (ILO, 2018). It is not clear to the authors what the cause of this huge difference is. It also shows 56 percent of migrants' families received remittances on a regular basis, while the remaining 44 percent received them sporadically for holidays and other events.

Table 3: Variations in remittances received

Year	Amount remitted (USD)	Source
2007/08	1.8 billion	(Chacko and Gebre 2009)
	43.71%	(CIA 2017; 2016 est.)
2010/11	1.4 billion	IOM (2018)
2011/12	2 billion	(UNDP 2015, p. 19)
	174 (of 188)	(UNDP 2017; 2015 data)
2012/13	2.4 billion – 2.5 billion	IOM (2018); (UNDP 2015, p. 19)
	33.5%	(World Bank 2017; 2010 data)
2013/14	2.9 billion	IOM (2018)
2014/15	3.0 billion	IOM (2018)
2016/17	4.6 billion	IOM (2018)

Economic remittances play various important roles. They (1) support inclusive growth through boosting household consumption; (2) help narrow the gap between domestic savings and investment; (3) contribute to family level poverty reduction; (4) develop human capital; and (5) ease balance of payments deficits and reduce foreign exchange constraints (UNDP 2015; Tesfaye 2015; IOM 2018). Migrant remittances create multiplier effects in rural economies and can thus contribute to economic development. Studies have shown that remittances can reduce the depth and severity of poverty in developing countries, and that they are associated with increased household spending on livelihoods, education and small business (Tesfaye 2015). Remittances play a positive role in development and contribute to the accelerated spatial diffusion of modernization in developing countries (De Haas 2010). Remittances are reliable sources of capital, compared to foreign direct investment (FDI) and official development assistance (ODA) which are more prone to global economic cycles (Tesfaye 2015), and are often believed to be a more effec-

tive instrument for income redistribution, poverty reduction and economic growth than large, bureaucratic development programs or development aid (De Haas 2010). However, it should be noted that remittances can also create social inequality between those individuals and households who receive remittances and those who do not, as is documented by a study of Liberian refugees in Ghana (Trapp 2013 and references cited therein).

World Migration Fact Book puts Ethiopia 8th among the top remittance receiving countries in Sub-Saharan Africa (The World Bank 2011). According to data from the National Bank of Ethiopia (cited in Kifle 2014), recently private individual remittance transfers have grown tenfold from USD 177 million in 2000/01 to USD 1.8 billion in 2008/09. The government recognized the potential of financial and social remittances and has put in place a diaspora policy (as discussed in section 4.1.1) and made commendable efforts to mobilize this untapped resource (IOM 2017a, 2).

6.2 Knowledge and professional know-how remittances

Discussions on diaspora investment have been dominated by economic remittances as a form of capital flow, but diaspora investment stretches beyond economic remittances (Elo and Riddle 2016). Migrants obtain substantial knowledge, technical know-how, exchange of experience and innovative business ideas and social networks in countries of destination (Debnath 2016; Arif and Irfan 1997; Ionescu 2006) depending on which destination country they are residing in. Apart from using such knowledge and technical know-how to exert a positive impact by challenging and changing existing relations within societies upon returning to the place of origin, they also pass these to their family members or relatives in country of origin. One of the reasons for returning to one's place of origin is innovation, entrepreneurship and change. Migrants return because they believe that the skills they acquired abroad will help them better act as entrepreneurs and innovators (Debnath 2016). Research (see e.g. Debnath 2016; Arif and Irfan 1997; Lima 2010) shows that one changed approach to business remitted by migrants is the tendency to have privately owned businesses. Specifically, return migrants opt to run their own business even if they have access to white collar public jobs. For Ethiopia, where the public sector is the largest employer (The World Bank 2015a), the implication of such innovative business ideas and changes in employment attitude is critical since it eases the burden on the former. In addition, migrants' human capital contribution – returning with new and enhanced skills, technology, or norms (brain gain vs. brain drain) – acquired through the migration experience and training or education abroad allows

return migrants to secure a more highly skilled job than they would have if they had not migrated (Debnath 2016).

6.3 Financial investment by the Ethiopian diaspora

Bringing financial capital in the form of savings from abroad allows the diaspora population to participate as entrepreneurs or investors in their home countries. They invest in local economies with the remittances they have sent and wealth accumulated while abroad. Existing research evidence in developing nations suggests that a considerable number of returning migrants choose to establish their own enterprises or seek self-employment (see e.g. Debnath 2016; Arif and Irfan 1997 for more details). This is particularly true among those who went abroad in hopes of accumulating capital and those who see the option of creating their own businesses as the best way to overcome labour market problems in their countries of origin (Debnath 2016).

According to Chacko and Gebre (2009), Ethiopian Investment Agency issued 1805 investment licenses between 1992 and mid-2009. 40 percent of the investments were made by Ethiopian diaspora from the USA and about half that number by diaspora from Canada. Diaspora investment in the last decade has been about 10 percent of total domestic investment in Ethiopia. The number of investments licensed appears to have increased to some 2872 between 1994 and 2013. The combined capital value of the projects from 1994 to 2013 was 22.5 billion ETB (then equivalent to $1.15 billion), and the licensed diaspora investments were expected to generate 59,079 permanent and 65,924 temporary jobs. By 2013 alone, over 3000 diaspora members had invested over $1 billion mainly in the expanding real estate, hotel and tourism sectors (Tesfaye 2015). According to Chacko and Gebre (2009), investments were mostly in small business ventures, while some return migrants did put ther money into big businesses: Mohammed International Development Research and Organization Companies (MIDROC) being the biggest after the government sector. Regarding the sectoral, real estate took the largest diaspora investment capital (68 percent) followed by manufacturing (12 percent). As with other investments, hotels and restaurants accounted for 4 percent, construction and health/social work for 3 percent each, and education and agriculture for 2 percent each. Regionally, Addis Ababa received 90.2 percent of all diaspora investments (Chacko and Gebre 2009; Tesfaye 2015).

6.3.1 Diaspora investment in Addis Ababa

In this section, we describe diaspora investment made in Addis Ababa using data from 2002 to 2013 and 2018/19. The data were obtained from the Addis Ababa Investment Bureau (2019). The bureau is responsible for managing investment by various groups in Addis Ababa including Ethiopians, the diaspora, foreigners and others. It provides investment permits for applicants, monitors implementation and compiles reports on the progress and the challenges. It also provides data for relevant users including academia upon request.[8]

Table 4: Number of investors by year and category of investment

Investment issue date*	Investor Category							
	Diaspora No	(%)	Ethiopian No	(%)	Others No	(%)	Total No	(%)
2002	2	(0.1)	98	(0.5)	28	(0.4)	128	(0.4)
2003	14	(0.5)	363	(1.8)	147	(2.1)	524	(1.8)
2004	70	(2.7)	753	(3.7)	413	(5.9)	1236	(4.1)
2005	66	(2.6)	866	(4.3)	360	(5.1)	1292	(4.3)
2006	117	(4.5)	2336	(11.6)	790	(11.2)	3243	(10.9)
2007	201	(7.8)	1588	(7.9)	700	(9.9)	2489	(8.4)
2008	225	(8.7)	1351	(6.7)	634	(9.0)	2210	(7.4)
2009	210	(8.1)	1225	(6.1)	558	(7.9)	1993	(6.7)
2010	263	(10.2)	1396	(6.9)	626	(8.1)	2285	(7.7)
2011	248	(9.6)	2048	(10.2)	699	(9.9)	2995	(10.0)
2012	506	(19.6)	4434	(22.0)	837	(11.9)	5777	(19.4)
2013	406	(15.7)	1937	(9.6)	526	(7.5)	2869	(9.6)
2018	90	(3.5)	511	(2.5)	229	(3.3)	830	(2.8)
2019	169	(6.5)	1267	(6.3)	498	(7.1)	1934	(6.5)
Total	2587	(100.0)	20,173	(100.0)	7045	(100.0)	29,805	(100.0)

* Sept. 2002–Dec. 2013 and Sept. 2018–Aug. 2019.

Source: Computed using data from Addis Ababa Investment Bureau (2019).

In this section, we provide a discussion of nationality, category of investors, number of investors by sector, diaspora countries of destination, status of investment projects, investment capital and number of jobs created. The data allows comparison of investments made by diaspora members against Ethiopians using various parameters. Table 4 shows that, overall, 29,805 persons have invested from mid-2002 to 2013 and from mid-2018 to mid-2019. Investors

8 As an administrative data, much may be demanded on its quality, but upon consultation with the data management section, utmost effort has been made to clean it. For example, data validation checks which could identify inconsistencies (e.g., totals vs. individual values, implementation vs. licenses), missing values, inaccuracies, dupli-cations, or outliers were implemented during data entry. When necessary, clarifications were asked from the data management section.

are composed of three main groups: Non-diaspora, Ethiopians, diaspora and others. The "others" group consists of the different business organizations of various forms such as share companies, business associations, unions, etc. that are leveled as "registered in Ethiopia". The table shows that the largest (67.7 percent) of all investments for the years considered is made by Ethiopians, followed by those in the "others" category (23.6 percent). The diaspora accounted for only 8.7 percent of the investment. For Ethiopian investors and for investors in the "others" group, there is substantial fluctuation in the number of people who invested over the years, the highest being in 2006 and 2012. Whereas for the diaspora community there is no noticeable fluctuation. Instead, there was a steady though slow increase in the number of investors, the highest figure registered being in 2012, followed by 2013. The lowest figure was registered in 2018 across all groups, perhaps due to the protracted ethnic conflict that plagued the country, reaching its climax in 2018.

Table 5: Average number of investors by sector, from 2007/8 to 2018/19

Sectors of investment	**No. of Investors**			
	Diaspora No	**(%)**	**Ethiopian No**	**(%)**
Agriculture, hunting, forestry and fishing	4.9	(1.2)	15.9	(0.6)
Mining and quarrying	0.1	(0.0)	0.64	(0.0)
Manufacturing	99.2	(24.8)	407.8	(15.6)
Electric, gas and water	0.2	(0.0)	0.2	(0.0)
Construction	33.8	(8.5)	560.3	(21.4)
Trade (wholesale, retail); vehicle repair; household, hotel and restaurant furniture import and export	13.4	(3.4)	55.6	(2.1)
Transport, warehouse & communications	1.6	(0.4)	3.5	(0.1)
Finance, insurance, real estate and related trade	225.6	(56.4)	1500.6	(57.4)
Community, social and personal services	21.4	(5.4)	71.1	(2.7)
Total	400.2	(100.0)	2615.6	(100.0)

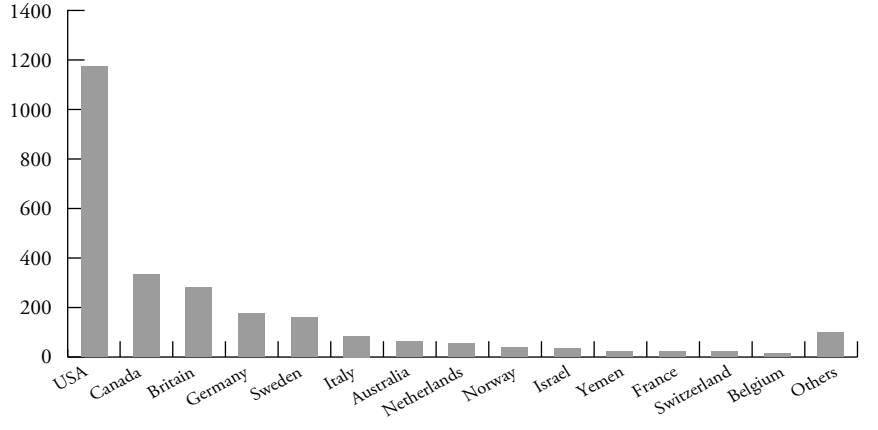
Source: Computed using data from Addis Ababa Investment Bureau (2019).

Table 5 shows the sectoral distribution of the number of investors. It shows that the largest proportion of investors is engaged in the finance, insurance, real estate and related sector, both for the diaspora community and for Ethiopians. This is in line with the Chacko and Gebre's (2009) and Tesfaye's (2015) reports. For the diaspora community, this is followed by manufacturing and then construction, whereas for Ethiopians, this is followed by construction and then manufacturing. The fact that the proportion engaged in manufacturing is higher for the diaspora population compared to Ethiopians highlights the importance of diaspora investment in the country's development effort because manufacturing, compared to all other sectors, is known for creating more jobs,

adding more values and thus generating more returns, increasing incomes and transforming an economy (The World Bank 2018a, 6). Countries that are economically advanced are the ones that invested more in the manufacturing industry. It is important to note that while the Ethiopian economy is reported to have grown significantly over the last decade, the main source of growth, nevertheless, is the service sector, not the manufacturing sector. It may be thus concerning that, if this trend continues, the plan to transform the country's economy may be slowed since the service sector's contribution to value-added goods or services is comparatively smaller than that of the manufacturing sector.

From a policy point of view, it may be useful to look at the relative importance of the diaspora country of residence. This is because the development potential of diaspora depends on the economic ranking of the host country (Ionescu 2006) – a diaspora population coming from a more highly developed country is expected to invest and contribute more than the one coming from a less developed host country. This is also one reason why most migration and development literature often focus on more developed regions. Figure 4 shows that the largest diaspora investment comes from Western Europe and North America. Close to half of the total diaspora investment comes from the US followed by Canada and the UK. More than 82 percent of the total diaspora investment comes from just five countries: USA, Canada, UK, Germany and Sweden. The preponderance of investors coming from these countries is also partly explained by the relative size of diaspora in those countries. As is noted in the preceding sections, Ethiopia has the second largest population of African immigrants in the USA after Nigeria (IOM 2018), likely resulting in the largest proportion of diaspora investors coming from there.

Figure 4: Number of Diaspora investors in Addis Ababa by country of residence/nationality



Note: Sept. 2002–Dec. 2013 and Sept. 2018–Aug. 2019.

Source: Computed using data from Addis Ababa Investment Bureau (2019).

6.3.2 Investment success parameters

Several parameters of investment success can be identified. These include (but are not limited to) investment project status, amount of capital invested (average, per investor, per worker, etc.), jobs created (permanent, temporary), and sectoral distribution of capital investment and jobs created.

(1) **Status of investment projects** – Table 6 depicts the status of investment projects across three investor groups. It shows that while nearly 71 percent of all investments by Ethiopians have become fully operational, the figure is slightly higher for the diaspora sector. In addition, diaspora investors have a slightly lower level of investment projects being inactive compared to their Ethiopian counter parts. These imply that the diaspora community is in a better position in terms of implementing their investment projects.

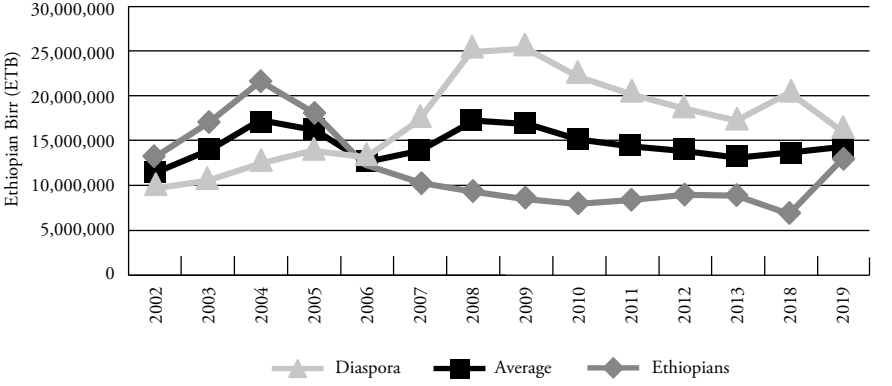
Table 6: Status of investment projects by investor category

Investment Project Status	Investor Category							
	Diaspora No	(%)	Ethiopian No	(%)	Others No	(%)	Total No	(%)
Pre-implementation	83	(3.2)	537	(2.7)	274	(3.9)	894	(3.0)
Cancelled	133	(5.1)	733	(3.6)	306	(4.3)	1172	(3.9)
Implementation	75	(2.9)	689	(3.4)	261	(3.7)	1025	(3.4)
Inactive	442	(17.1)	3972	(19.7)	1272	(18.1)	5686	(19.1)
Injuncted/stopped by court order	1	(0.0)	4	(0.0)	2	(0.0)	7	(0.0)
Operational	1852	(71.6)	14,237	(70.6)	4929	(70.0)	21,018	(70.5)
Transferred	1	(0.0)	1	(0.0)	1	(0.0)	3	(0.0)
Total	2587	(100.0)	20,173	(100.0)	7045	(100.0)	29,805	(100.0)

Note: Sept. 2002–Dec. 2013 and Sept. 2018–Aug. 2019.
Source: Computed Using data from Addis Ababa Investment Bureau (2019).

(2) **Capital invested** – In terms of capital, Figure 5 shows that average annual capital invested by Ethiopians sharply increased up to 2004/05 and then started declining, initially sharply and then slowly, before it tends to rise again in recent years. For the diaspora population, the increase continued well up to 2009 but declines thereafter. So, seen in terms of overall annual average investment, the decrease in the amount of diaspora investment capital in recent years may be of policy concern. However, it is important to note that despite the decline in recent years, the amount of diaspora investment remains higher than the amount by Ethiopians, except before 2005 (inclusive).

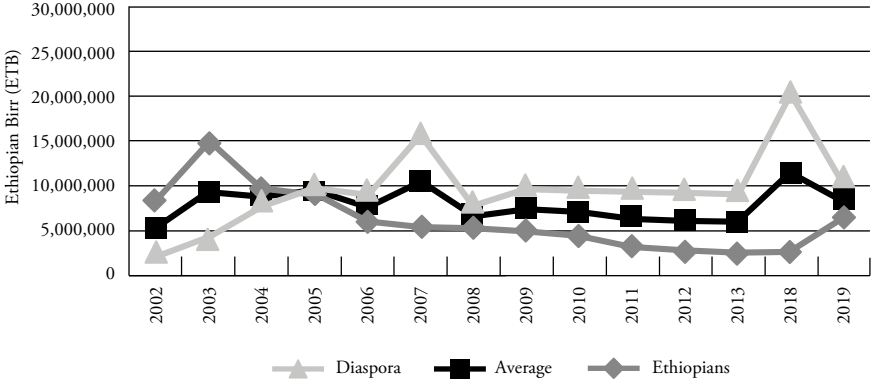
Figure 5: Average capital invested annually by investor category



Note: Sept. 2002–Dec. 2013 and Sept. 2018–Aug. 2019.
Source: Computed using data from Addis Ababa Investment Bureau (2019).

(a) Capital per worker – Another way of assessing the importance of size of capital invested is to look at capital per worker. In this regard, Figure 6 shows that, as is the case for average annual capital invested (Figure 5), diaspora capital invested per worker was rising steadily (up to 2006/07) although the amount invested was lower than the corresponding figure by Ethiopians up to 2005/06. Thereafter, as is the case for average annual capital invested, the amount of diaspora capital invested per worker remains higher than the amount by Ethiopians. However, unlike what is shown for average annual capital invested, there is no trend of decline in the amount of diaspora capital invested per worker here.

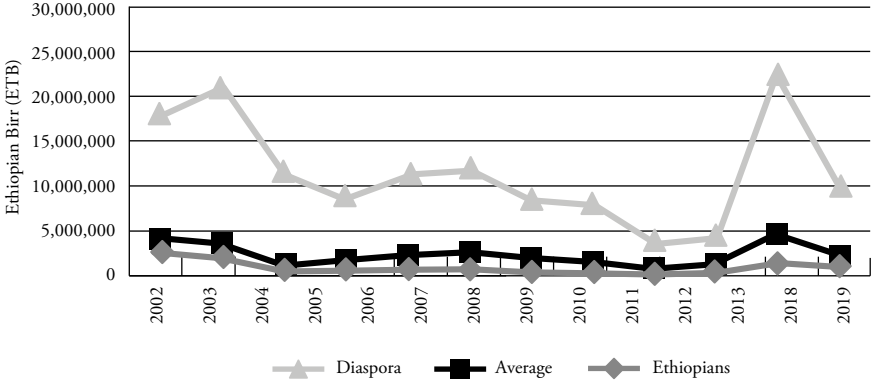
Figure 6: Average capital invested annually per worker by investor category



Note: Sept. 2002–Dec. 2013 and Sept. 2018–Aug. 2019.
Source: Computed using data from Addis Ababa Investment Bureau (2019).

(b) Capital invested per investor – Further, an interesting picture emerges when capital invested is considered per investor instead of per worker. Thus Figure 7 depicts that, despite a decline up to 2013 and a substantial fluctuation, the amount of diaspora investment has remained significantly higher than investment by Ethiopians for all of the years considered. The declining trend in the amount of diaspora capital invested per investor may be more due to the increase in the number of diaspora investors over time as noted above, which is also a good thing, instead of an actual decrease in the amount of capital invested by the given investor.

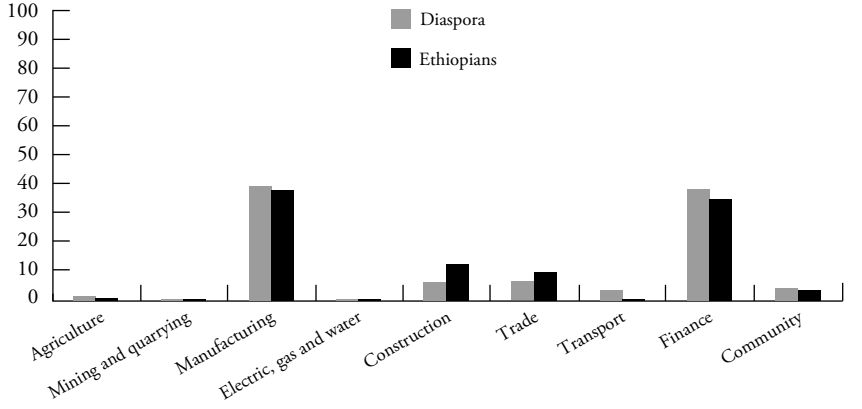
Figure 7: Average capital invested annually per investor by investor category



Note: Sept. 2002–Dec. 2013 and Sept. 2018–Aug. 2019.
Source: Computed using data from Addis Ababa Investment Bureau (2019).

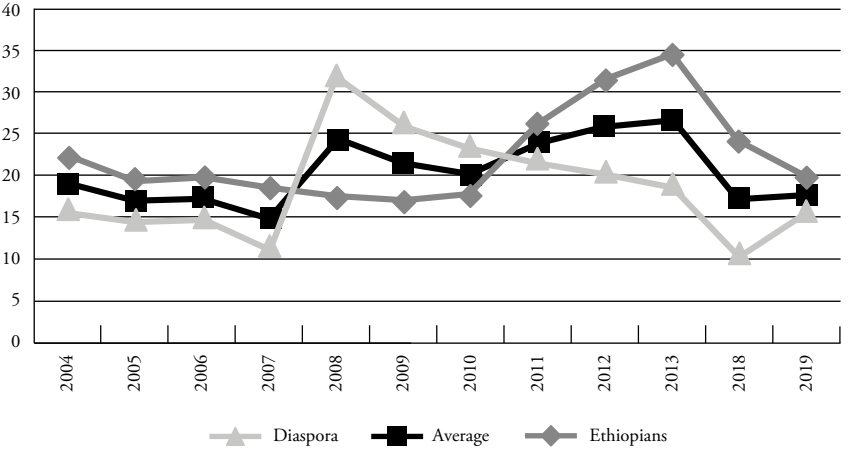
(c) Sectoral composition of capital invested – Another issue in assessing diaspora capital investment is its sectoral distribution. Figure 8 shows that the largest proportion of diaspora capital is invested in manufacturing (39.5 percent) followed by finance, insurance, real estate and related sectors (38.4 percent). The same pattern is also true for capital invested by Ethiopians, but the proportion invested is lower than that of the diaspora community though not substantially. While the higher proportion of capital invested in manufacturing is an indication of good attention given to this sector, the preponderance of investment in this regard is encouraging from a policy perspective given a shortage of local capital required for industrialization.

Figure 8: Percentage of average capital invested by sector, from 2007/8 to 2018/19



3. Employment – Job creation is another important parameter that can be used to assess investment success. At a glance, Figure 9 shows that annual average number of jobs created by the diaspora are less than those jobs created by Ethiopians except for the years 2008 to 2010. However, looking at the total average number of jobs created over the periods 2004 to 2013 and 2018 to 2019, employment created by the diaspora is as high as half of the total employment created by both groups over the period. This is a very significant contribution, especially given that the diaspora community accounts for only 8.7 percent of the total investment over the period considered.

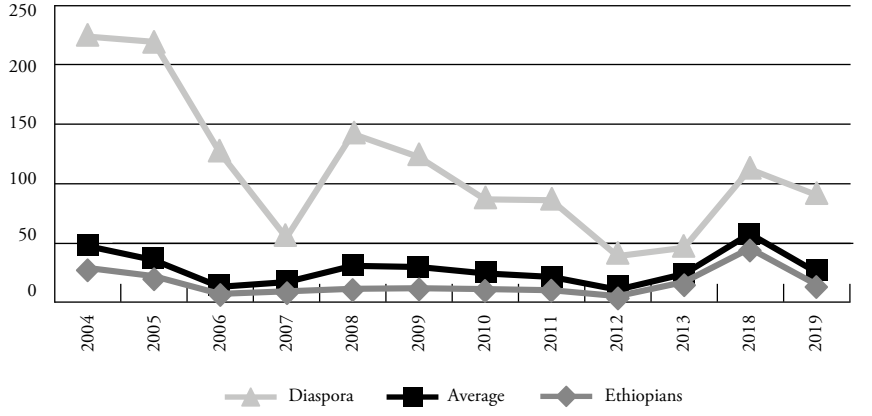
Figure 9: Average number of employment created by investor category



Note: Sept. 2002–Dec. 2013 and Sept. 2018–Aug. 2019.
Source: Computed using data from Addis Ababa Investment Bureau (2019).

(a) **Employment per investor** – A more revealing figure, however, emerges when jobs created are considered per investor instead of as annual average (see Figure 10). This is calculated by dividing the annual average number of jobs created to the annual average number of investors, for each investor group. The table shows that, despite a decreasing trend over time, the annual average number of jobs created by the diaspora are substantially larger than those jobs created by Ethiopians.

Figure 10: Average number of jobs created per investor

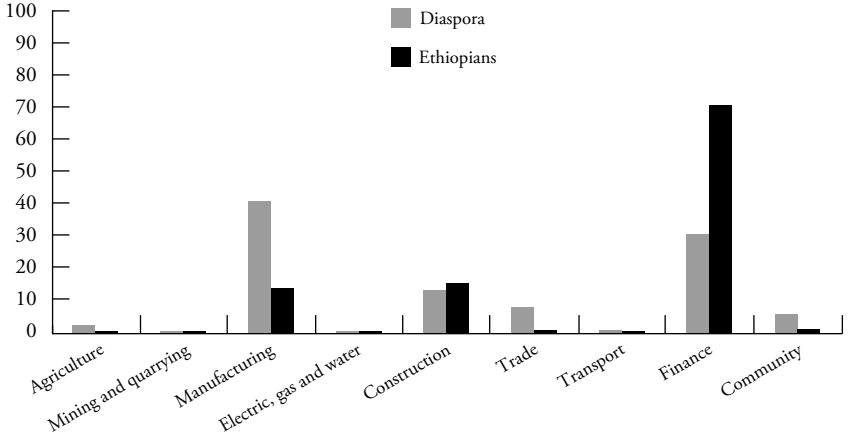


Note: Jan. 2004–Dec. 2013 and Sept. 2018–Aug. 2019.
Source: Computed using data from Addis Ababa Investment Bureau (2019).

Note: It is important to note that because the numerator is less than the denominator (not all investors create jobs for others), the numerator was multiplied by 1000 for both groups so as to enhance visualization of the graph.

(b) **Sectoral composition of employment** – Another issue to be considered in assessing employment creation is its sectoral composition. Figure 11 shows that, for Ethiopian investors, the largest proportion of jobs were created in the finance, insurance and real estate sectors, followed by construction and then manufacturing. For the diaspora community, the largest proportion of jobs is created in the manufacturing sector, followed by finance, insurance and real estate, and then construction. As is the case for the distribution of investors and of capital, the preponderance of diaspora-created jobs in the manufacturing sector is encouraging.

Figure 11: Percentage of average number of jobs created by sector, from 2007/8 to 2018/19



In sum, while the number of diaspora investors accounted for a smaller percentage of the total number of investors considered, there was a steady though slow increase in the number of investors up until 2012. By sector, the majority of both the diaspora investors and Ethiopian investors participated in finance, insurance and real estate, followed by manufacturing for the diaspora investors but rather construction for Ethiopian investors. In terms of implementation, close to three-fourth of all investments have become fully operational for both, but inactive investment projects were lower among the diaspora investors compared to Ethiopians. Amount of capital invested for both generally decreased in recent years (more so for the diaspora), but the level of capital invested by the diaspora remains higher than that of Ethiopians. Finally, the diaspora provided more employment opportunities on a per-investor basis (though a declining trend) relative to that of Ethiopians. In general, diaspora investments compared to investments by Ethiopians and other categories seem to be doing well in almost all parameters considered, especially industrialization, employment creation and investment capital.

7 Addis Ababa as a Place of Innovation and Hope

7.1 Opportunities and challenges in Addis Ababa: Refugees' perspectives

A range of social, cultural, political and economic considerations influenced refugees' choice of Addis Ababa. The relative availability of economic opportunities, the mix of different cultures, and better social and infrastructural services in the city allows refugees to easily fit into the urban community. The social fabric, which is inclusive of people with different backgrounds, is appealing to urban refugees (Florida et al. 2017). An Eritrean refugee describes life in Addis Ababa as follows:

> Addis Ababa provided me with friends. I learned social life. Even if my stomach is empty, I get to spend time with people. There is no social life in Eritrea. [Daniel, Eritrean, male]

The existence of large refugee settlements in Addis Ababa also provides social networks that can assist with their residence in the city. In addition, once refugees settled in the city, the existence of large refugee communities strengthens the network making the city more attractive for newcomers who seek social networks. What has emerged, in fact, in most interviews, was the importance of social networks and social capital among urban refugees, for both Eritreans and Somalis, confirming the theory of Häussermann and Siebel (2001) discussed in chapter 3.3. Residing in the same neighborhoods, urban refugees from the same country support each other in many ways, including financially. By living together in groups, refugees cut rent costs and share the small amount of remittances sent by relatives abroad. The extended time it takes to process asylum cases, the increasing living cost in Addis Ababa, and additional family members who need to be supported, reduce the amount of remittances sent to urban refugees. The amount sent is then shared among refugees living in the city and among relatives; a distribution assisted by living in common residence areas. Common residence patterns can further be of assistance with establishing a business. Preceding settlements assist refugees in starting their own businesses. Clan-based networks, both imagined and actual, enable refugees to self-maintain and stay in the economy. With Somali refugees, individuals provide shops for their businesses. However, services such as health and education are not available in the localities in which urban refugees are located. Private institutions are expensive for urban refugees, and

public health centres and schools do not provide quality services. Access is, however, not a problem for health care and primary and secondary education. Eritrean refugees were allowed to enroll in higher institutions after taking entrance examinations by ARRA; the government covers 75 percent of the cost while the rest is paid by UNHCR.

Public spaces and the transportation system in Addis Ababa are open and accessible to urban refugees, in similar ways as to the host community members. The interviewed persons from Syria were also able to establish themselves very quickly in the city of Addis Ababa. The model of business with Syrian restaurants wouldn't have been possible if Addis Ababa did not have some specific characteristics. First of all, the Arabic community is present and active in the city, especially in the Bole Michael area. Christians and Muslims coexist in peace, and this is another crucial point. In Addis Ababa, services are good (healthcare, schools, etc.), while infrastructure represents a problem, especially roads and electricity. The cultural and religious diversity in the city allows the life of the refugees to unfold.

For OCP holders, ARRA is located in Addis Ababa, where they must continuously present themselves in order to renew their refugee IDs and receive documents to access services provided by the government in the city, such as health, for free.

The city hosts many embassies and international organizations, which refugees can access while residing in close proximity. Addis Ababa is primarily used as a transit for secondary migration of urban refugees to developed countries. Because of the prolonged asylum process in the embassies, urban refugees seek the service of brokers who are easily accessible in the city. Among other countries, Sudan, Uganda and Kenya have been major transit countries, where Eritrean and Somali refugees "irregularly" migrate to. From there, the movement continues until they reach the developed countries such as Canada, Western European countries and the United States of America. A recent trend, according to informants, is to process visas through brokers, thus avoiding risky inland journeys. One interviewee describes the situation as follows:

> I tried to leave the country [Ethiopia] but it has not worked so far. Many Eritreans are leaving to Canada through a sponsorship program. You can get this through a broker. They will ask for 12,000 USD. The downside to it is they want down payment before they start processing the visa. But there is no guarantee if you can get the visa. You might lose your money if that happens. You need a relative in Canada to make sure you get the visa. The brokers are mainly Eritreans who live in Canada and Addis Ababa. To go to Europe, you need

> to go through marriage process. Libya is no longer an option. The only way to reach Europe is to go to Sudan illegally and then move to Uganda with an Eritrean passport. From there you can travel to Turkey, paying 3000 USD. From Turkey, you get to Greece. But it is few who get this opportunity. [Abraha, Eritrean, male]

However, the city brings challenges as well. Living costs are, for example, disproportionately higher in Addis Ababa than in other parts of the country. Furthermore, unemployment and underemployment are already very high, which can lead to a more hostile attitude of the host community towards refugees. Some Somalis and Eritreans complained, for example, that they pay more rent than Ethiopians, because they cannot ask for their rights or because the landlords ask for more money when they rent in groups and they think they receive money from abroad. The main concern for urban refugees is, therefore, affordable residential and business space. High-priced rent demanded by locals, together with the inflation in the city, contribute to the struggle urban refugees go through to make a living and stay in the city.

Cities reflect the inequality of living conditions and opportunities for action. The unequal distribution of goods and unequal access to services, infrastructure, water supply, housing and electricity are immense challenges for Addis Ababa. Access to the services described above is difficult in some of the districts where refugees live. Living in a city can therefore make it easier to find a social environment, to access the market and even to receive financial support. Living costs are, however, very expensive as well, which makes it more difficult to become self-reliant.

7.2 Innovation in Addis Ababa generated by refugees

Another important issue to be raised in connection with refugee economies is whether refugees do indeed contribute to the production of innovative goods and services and the extent of their contribution (Beer et al. 2016,). Some of the interviewees reported that they have been involved in innovative activities. In verifying that, they were presented with standard indicators of innovation (Table 9 in Appendix). One Somali refugee recounted that he produced new/improved products or provided new/improved services to customers; two Somali refugees recounted that they have adopted, adapted or improved available good ideas, best practices and technologies; and one Somali refugee said that he merely copied good ideas, best practices and technologies. None of the sample refugees reported having had a research and development budget for innovation, or purchased/paid for adopting, adapting or improving available good ideas, best practices and technologies. This is not

surprising given their low-income level and their lack of work permits and slow implementation of the refuge law. In fact, refugees' innovation practice is in conformity with the business innovation practices of the host community in general. In responding to the "others" question option to the standard indicators, refugees rather mentioned other indicators which are difficult to determine as to whether the mentioned activities are really elements of innovation in the standard sense of the term. These included activities such as offering goods and services at discount prices, helping with packing and loading commodities to vehicles free of charge for customers who bought commodities, being fair and establishing trust with customers, doing unique jobs, giving filtered water to customers in restaurants instead of constraining them to buy bottled water, etc. In this regard, Somali refugee women appear to be doing well. As an example of the exchange of cultural goods and services, they sell *frankincense* (*unsi*) – produced by mixing perfumes, sugar and other ingredients from the local natural resources. This product is commonly used during Somali traditional weddings and is widely sold to the large Somali community in Addis Ababa. The production and selling of frankincense (unsi) created good markets for Somali cultural goods and services. It also created new marketing methods whereby the Somali women succeeded in selling their goods and services without the need to rent shops or land, thus easing the problem of lack of workplace. A variety of other innovative businesses can also be found. For example, Syrian refugee-owned family restaurants for middle-class families in the centre of Addis Ababa, drywalling businesses, export of spices and traditional clothes, refugee hotels, and travel agencies, all are run innovatively. As elements of innovation, these practices have allowed refugee businesses to create new markets in Addis Ababa.

As we can see, some refugees succeed in realizing innovative business ideas in the city despite several challenges. With their activities, they contribute to economic development. As noted earlier, some refugees employ Ethiopian staff and contribute to the livelihood of the local population. They are innovative and creative in setting up their own businesses and in some cases find appropriate niches. Innovation is also a part of some business establishments (Beer et al. 2016). The idea of innovation, however, is taken to be a novel business idea among urban refugees rather than a novelty within the community. In addition, the creativity in it lies within the process of acquiring documents of ownership or the system of running the businesses regardless of legal factors.

8 The Impact of Refugees: Case studies of economic innovation based on Somali, Eritrean and Syrian refugees in Addis Ababa

8.1 The sample of the study

In urban areas such as Addis Ababa, the high level of refugees is likely to have a wide arc of social, economic, cultural and political impact across different actors including the host community. The involvement of urban refugees in businesses has an effect that goes far beyond the direct economic benefit that refugees gain. The transnational linkages and social capital, or the lack of it thereof, all interplay. Hence, it is also important to consider the transnational links and the relation with the host community, which this research has also focused on.

This study, therefore, sets out to examine case studies on economic innovations of Somali, Eritrean and Syrian communities, particularly on individual innovative business ideas that have been "successfully" implemented. It inquired on the motivations to start a business among refugees and the different business ideas found to be successful for refugees. It also asked about the target group of the business, the importance of social, economic and cultural conditions, obstacles faced and opportunities available when setting up a business, and access to the labor market. The study further explored the transnational networks that affect refugees' livelihood choice.

8.2 Historical Background on Somali, Eritrean and Syrian refugees

In the following, the context of the study will be described and a reference to the refugee groups in Ethiopia will be established. But before that, a brief description of the historical background of Ethiopia's spatio-political evolution relative to other Horn countries is needed.

8.2.1 Ethiopia in the Horn: Brief review of the region's history

The Ethiopian region is one of the homelands of the Horn of Africa's various Afro-Asiatic populations (Levine 2000). Relations between Ethiopia and the

peoples of Somalia stretch back to antiquity to a common origin (CIA 1983). The land and the people that now constitute Somalia was part of the Ethiopian empire state (also true for Eritrea and Djibouti) which used to stretch from the northern part of the Red Sea all the way to the Indian Ocean that now surrounds the Horn region. That is, the area now known as the Horn region refers to the area that was once part of the Ethiopian empire state. Throughout its history as an empire state, and until the advent of European colonial powers in the nineteenth century into the scene, Ethiopia had all this long coastline under its control, and had important ports such as Massawa, Asseb and Zeila (now Berbera). Although our knowledge of the geographic extent of ancient Ethiopia is very limited, existing anecdotal sources (e.g. National Geographic, and the references cited therein) show that the Kingdom of Aksum, one of the major empires in the world, arose in the first century C.E. (Common Era, an alternative to *Anno Domini*-A.D.). Several centuries before the Kingdom of Aksum was also the Kingdom of Di'amat. A description of the Kingdom of Aksum runs as follows:

> The city of Aksum grew in population, size, and the complexity of its development, while smaller towns and rural villages sprang up in surrounding areas. The kingdom exercised administrative and economic control over a swath of territory encompassing Tigray and northern Eritrea, the desert, coastal plains to the south and east, and much of the Red Sea coast (in present-day Djibouti and Somalia). Aksum also enlarged its territory through warfare. Led by King Ezana I, Aksumites conquered the city-state of Meroe (part of present-day Sudan) in the early fourth century C.E. In the sixth century, the Aksumite King Kaleb sent a force across the Red Sea to subdue the Yemenites, subjugating them as vassals for several decades. The Roman emperor at Byzantium supported Aksum in this venture, largely in retaliation for Yemen's persecution of Christians. [National Geographic: https://education.nationalgeographic.org/resource/kingdom-aksum]

Although there were Arabized trading city-states in the form of mini sultanates from the 14th to the 19th centuries, in most cases, they were tributaries to the Ethiopian empire state, and in other times, they were controlled by Ottoman Turks, Egyptians and the Omani Sultanate of Zanzibar (Kendie 2007). The very idea of a state is thus totally alien to Somalia, and was unknown to them before the colonial period, since the Somali population was essentially unsettled/nomadic and anarchic (see e.g. Grubeck 2011; Kendie 2007 and the references cited therein).

The Italians, following their unification, took what is now Eritrea and the southern part of what is now Somalia (forming Italian Somaliland), the British took the north central part of it (now Somaliland or formerly British Somaliland), and the French took the northern-most part of Issa Somali lands and part of Afar (now Djibouti, or formerly French Somaliland). Following the 1896 Adwa victory of Ethiopia over the Italians, the European colonial powers hastened to establish boundary demarcation with Ethiopia in 1897 to 1908 (Kendie 2007), which resulted in most of Ethiopia's current map. One can argue that the demarcation made the country lose its legitimate territories, coastline and ports it had developed and maintained throughout its history. Following the end of colonialism, the British and Italian Somalilands formed the Somalia Republic in 1960; the French Somaliland became Djibouti; whereas Eritrea was first federated with Ethiopia in 1952 and then fully reunited in 1962, only to secede during Meles Zenawi's Ethiopia, first as a de facto Eritrean State in 1991, and then formally through the 1993 controversial referendum.

A common aspect of colonial boarders is that the borders are not necessarily following a logic regarding ethnic belonging. It is therefore noteworthy in this context that there are ethnic similarities between the Eritrean and Somali refugees and Ethiopians. For example, some Eritreans share ethnicity with some Ethiopians (Tigrians), and Somalis share the Somali ethnicity with Ethiopian Somalis. As we will see in the case studies, this is an important factor for inclusion and access to different aspects in Addis Ababa.

8.2.2 Historical relationship between Somalia and Ethiopia

The relationship between Ethiopian and the Somali governments has been hostile for the most part. The hostility dates to the medieval and pre-medieval times and it reached its climax during the 1977–78 full scale war between the two countries. As noted earlier, the various Somali sultanates were tributaries to the Ethiopian Empire State at various points in time. However, when the Ethiopian empire state was weakened by internal or other problems, or under support obtained from foreign Muslim countries/empires, the Somali sultanates revolt against the Ethiopian Christian Empire State, sometimes led open armed confrontation over the centuries. These hostile relations between Ethiopia and its Somalia region continued well into the 19th century, until it halted following the region's conquest by the European colonial powers.

In the period of decolonization, the Horn of Africa underwent significant changes. As is noted above, in the 1960s, Italian and British Somalilands gained independence, and the two regions formed the Republic of Somalia, a new independent state in the region. One of the issues following

the end of colonial rule was that of national boundaries. While the international community recognizes the legitimacy of colonial boundaries, the conflicts and wars Somalia had and still has with its neighbours, especially with Ethiopia, is the result of Somalis' futile military exercise to achieve its notion of Greater Somalia, a notion that, following colonial independence, Somali nationalist leaders used to raise a sense of national unity among the various clans. During the Cold War, the Ogaden Region, comprising the extensive southeastern lowland of Ethiopia bordering Somalia, was for years an important theater of war: Somalia and Ethiopia acting as proxies of the then two superpowers, the Soviet Union and the United States. In 1974, Somali forces occupied the Ogaden region, but they were defeated not long afterward by the Ethiopian forces and had to retreat to Somalia. Later, Somalia again launched an offensive in 1977, controlling up to 90 percent of the Ogaden and advancing to other areas of Ethiopia, but the territories were again recaptured by Ethiopia in 1978.

The changes in the global political alignments following the disintegration of Socialism and the end of the cold war brought significant changes to the HoA region, which resulted in the toppling of many governments. In Ethiopia, the overthrow of the Marxist government was followed by the establishment of a Tigrian People's Liberation Front (TPLF)-led coalition government with the Ethiopian People's Revolutionary Democratic Front (EPRDF), which institutionalized a federal government based on ethnic lines under Meles Zenawi. Whereas in Somalia, the fall of Siad Barre's government was followed by protracted civil wars and statelessness that lasted for over 20 years. Meanwhile, the SNM led by Ahmed Mohamed Mohamood occupied the former British Somaliland and declared secession from the rest of Somalia in 1991.

8.2.3 Historical relationship between Eritrea and Ethiopia

Ethiopia and Eritrea have a long, complicated relationship. Throughout history, Eritrea was part of the Ethiopian empire state, except from the 1880s to 1952, during which it remained an Italian colony. Following the defeat of Fascist Italy by the British during the Second World War (1941), the British took over Eritrea until it was returned to Ethiopia in 1952. However, the federation encountered a protest from some young Eritreans resulting in a civil war that lasted for almost thirty years and led to independence in 1993 following a controversial referendum.

After independence, the new governments of Ethiopia and Eritrea managed to establish a good relationship for a few years. However, due to several issues concerning their problematic political and economic relation-

ship, the tone became more hostile until an open war over a land strip in the border area broke out in 1998. In 2000, the fighting was brought to an end with the signing of the Algiers Peace Agreement, which put in place the Ethiopia-Eritrea Border Commission (EEBC), and which developed a new border demarcation line. However, PM Meles Zenawi of Ethiopia refused to accept the ruling of the Commission, while President Isaias Afeworki of Eritrea refused to negotiate the ruling, which brought the two countries into a situation of "no peace-no war", a phrase describing the situation of demonizing the other country and using the confrontation to justify foreign and domestic policy orientations, most notably the indefinite national service in Eritrea (Kaleab 2019; Ylönen 2019).

This seemingly unsolvable stalemate situation came to an end when Abiy Ahmed was appointed as the new Ethiopian Prime Minister in April 2018 to succeed Hailemariam Desalegn, who unexpectedly resigned due to ongoing ethnic and politically motivated protests in the country. Abiy Ahmed quickly pushed forward several reforms, one of them being the announcement that Ethiopia would accept the EEBC ruling regarding the demarcation of the border, which paved the way for a peace agreement between the two countries, just two months after his election. After reciprocal visits of the two state leaders, Eritrea and Ethiopia signed a declaration to open a new era of peace, friendship, development and cooperation. In September 2018, the borders were finally reopened (Ylönen 2019, 343 ff.).

The sudden change in the relationship of the two states raised high hopes and even brought the Nobel Peace Prize for Abiy Ahmed in 2019 (The Nobel Prize Organization 2019). At the same time, it led to fears and uncertainty in the Eritrean refugee community. After the opening of the borders, refugee inflow to Ethiopia increased fourfold and it was feared that Ethiopia would change its refugee policy and, for example, stop accepting Eritrean refugees *prima facia* or start sending them back without granting amnesty for people who fled illegally (Riggan and Poole 2018; Jeffrey 2018).

8.2.4 Historical relationship between Syria and Ethiopia

Links between Ethiopia and Syria go back to ancient times. There are different legends about Jewish immigration from the Holy Land to Ethiopia in biblical times. The first documented immigrants were Christians who brought their religion to the region around 300 AC. Soon after, King Ezana was converted to Christianity along with his kingdom. Churches and monasteries were built, the holy book translated, the first priests consecrated and an episcopal structure introduced (Shaw 1993; Faber 2019; Demeke 2001; Phillipson 2009; Gebre Selassie et al. 2009; Felder 1996; Uhlig and Bausi

2003). Centuries later, around 600 AC, Ja'far ibn Ali Talib, a cousin of the Prophet Muhammad, came to Ethiopia as the first Muslim. Persecuted in Mekka, he sought temporary protection in the ancient kingdom of Axum, called Abyssinia.

In modern times, investors and refugees, not sailors and warriors anymore, came from Syria to Ethiopia. Starting with the fall of the communist government in Ethiopia (1991), the flux of immigration from Syria along the commercial routes through the Red Sea has been little but constant (UNHCR 2019a). In the last decades, the main reasons for this migratory movement have been dramatically transformed due to the civil war in Syria: from Syrian or Ethio-Syrian owned business establishment to uncontrolled asylum seekers' arrivals (Gebreselassie 2019). Nowadays, in Addis Ababa it's possible to find many shops, restaurants, beauty salons and other kinds of businesses which have been established in the past twenty years by Syrian investors. These businesses started, together with the participation of other Arab-speaking communities with Yemenite and Turkish investors, in the Muslim neighbourhoods of Addis Ababa, like Merkato or Bole Michael. Then, in the past ten years, they moved also to very central areas, like Piazza or Bole Medhanealem area.

In 2018, the small Syrian community of Addis Ababa saw something they never expected on the streets outside their shops and restaurants. A caravan of countrymen marched into the capital, exhausted, on foot. They had walked all the way from Syria to Ethiopia, picking up people in the middle from Jordan, Egypt and Sudan. They travelled the same route that 1600 years before had been walked by the Prophet's companions. Small groups of people were continuously arriving. Some for a family reunion, others as refugees, thanks to UNHCR and IOM humanitarian corridors. But this was not a small group, they were in the hundreds and hundreds, in an endless procession, asking for help and food. Before coming to Ethiopia, most of them had spent years as formal or informal refugees in Lebanon, Egypt or Sudan, others came straight from Syria (VOA 2019; Fraze 2019).

Once they arrived in Addis, they were begging on the roads during the day and sleeping in the mosques of the city at night. Ethiopian society was initially shocked by the presence of this group: Syria is distant, they arrived on foot, and the presence of white-skinned beggars in Ethiopia initially sparked great solidarity. This is also because Syria was one of the Middle Eastern countries from which significant amounts of money were earned from remittances by Ethiopians working as housemaids in Syria. After a while, when Ethiopians realized that these people were not just passing through, but came to stay, the general orientation radically changed: the government

decreed a ban on street begging and religious authorities started to restrict access to the Mosques (Ridler 2019).

8.3 Economic innovations and niches by refugees in Addis Ababa

In this section, we describe the economic characteristics of Eritrean, Somali and Syrian refugees in Addis Ababa who have some kind of job, whether their own business or as an employee. While the revised refugee law permits refugees access to the formal labour market, as of January 2019, implementation is very low. In addition, like many developing cities in sub-Saharan Africa, Addis Ababa has high levels of unemployment and budget and resource constraints (European Commission 2016 in Brown et al. 2018, 8). As a result, the majority of refugees in Addis Ababa have to rely on support from UNHCR and other donor agencies for their livelihood. An exception are the Eritrean and Somali refugees, quite a good number of whom are also able to generate additional income by working, owing to their religious affinity, physical traits, social networks and cultural affiliation with the large Eritrean and Somali communities living in the city. Even if refugees from the remaining countries may have better personal attributes like skills, knowledge, experience and assets, the group-based attributes just mentioned may be more important. As a result, employment among the remaining group of refugees is generally rare, if it occurs at all, according to our interviews.

In the paragraphs that follow, first we describe the general economic characteristics of the job creation and enterprise characteristics of refugee employees. Next, we investigate the question of which reasons were decisive for the refugees to start their own businesses and in which niches they were able to establish them. Which factors were supportive and which were hindering? How important are remittances in the establishment of their own business idea? What hopes do the refugees associate with a life in the city and what goals do they pursue? To what extent do the refugees contribute to economic innovation with their business niches? How did the urban environment impact the success of the economic innovation?

8.3.1 Refugee employers and their enterprise characteristics

The characterization of the employment and enterprises of the refugees interviewed is very heterogeneous. Some of the interviewed refugees were employed by non-profit organizations such as public/government, NGOs or associations, others set up their own businesses and, again, others live off support of their families or international organizations. Some work as hotel

guards, in a beauty salon, as barbers, office/workshop cleaner, taxi drivers, cafe waitress and shopkeepers. Still others earn their living as day labourers and craftsmen (e.g. repairing electrical appliances), offering their labour and goods in roadside food preparation shops and so forth.

Types of businesses

For Somali refugees, the most common businesses to engage in are on street or mobile trade and service sectors, travel agents, hotels, broker services, minimarkets, retail trade, tailoring, boutiques, cosmetic shops, restaurants and cafés, hairdressing and beauty parlours. Similar options are also open for Eritrean urban refugees including Internet cafés, bars, export trade and foreign currency black-market exchange services. Though not interviewed in this research, there are reports of female Eritrean refugees engaging in commercial sex work in the city.

An important finding is the heterogeneity among Somali, Eritrean and Syrian refugees in terms of the type of enterprise. Whereas on-street or mobile trade and restaurant owners are the dominant sector of engagement for the majority of Somali refugees, Eritrean refugees are much more distributed across a range of enterprises including restaurants or bars, on-street trade, translation, tutoring, daily labour, electric appliance repair, hair dressing and road-side food preparation. In this regard, two Eritrean refugees deserve special mention: One male Eritrean refugee, who previously served in the Eritrean Foreign Affairs Ministry, brings egg and milk products from the Selale area of North Shewa and distributes them to both immediate consumers and retailers in Addis Ababa. Another Eritrean refugee, who was the wife of one of the fifteen Eritrean high-ranking officials (also known as Group 15) later put in jail, is very versatile. She runs a poultry business within the compound she has rented as a residential home. She also works as a volleyball referee and as a sports coach for diabetics, making her one of the refugees earning the highest monthly income. Eritrean and Somali refugees also differ in terms of education, the former generally being more educated compared to the latter. In comparison, the businesses of the Syrian refugees interviewed are drywall construction and owning a restaurant with a pastry shop. Many Syrian refugees are engaged in trade and services.

Reasons for choosing the type of business

As regards to the reasons for choosing the type of enterprise, the majority of the sample refugees reported their enterprise as being the only feasible business open to them due to lack of capital; the impossibility of getting a license issued in their names due to their refugee status; or the type of enterprise they

owned is not required to be licensed and pay tax. Somali refugees additionally mentioned more freedom and a flexible work schedule as factors associated with having their own type of business. Another motive in engaging in some of these businesses is the ease in operating from one's own residence, without the need to have a workplace. Workspaces are difficult to attain in Addis Ababa and in most cases, expensive when found. The issue of workspace and the scarcity thereof have, in fact, caused disquiet among unemployed Ethiopian citizens as well. Hence, as is widely observed among refugees, businesses are run from residential houses or do not require a permanent workspace. Women often braid hair in their houses and changed their residential area home into a beauty parlour. Those engaged in export trade and black-market foreign currency also don't need to have a permanent office.

Another aspect of enterprise which must be confronted and constrains the refugees' choice of business, is legal status. Despite the delayed and slow implementation of the refugee law resulting in low formal labour market participation, nevertheless, and, as noted in section 5.2.5, some of the respondents operate using the licenses of Ethiopians or of other legal businessmen, have their enterprises registered, pay tax and keep books of accounts, while some others have their businesses registered as an unincorporated enterprise, and thus they pay a lump sum tax.

Job creation

Job creation is an important issue in hosting urban refugees. While both local and foreign enterprises provide jobs for refugees, about half of the employment for Eritrean and Somali refugees was offered by Eritrean and Somali-owned enterprises respectively operating in Ethiopia. Interestingly, there is a reciprocity as refugee enterprises also employ not just refugees but local community members as well. For example, in our case sample from the refugee interview, three jobs were created by Somali and three jobs by Syrian refugee enterprises. Additionally, the Syrian investor created a total of thirty-seven jobs. This is interesting given the lack of job opportunities and the higher prevalence of unemployment in the city. It is also important to note, since refugees are perceived as mere users of national resources that do not contribute to the economy.

In the following chapter we discuss the motivation of refugees, the decisive factors in setting up their own businesses as well as the niches they have successfully carved out in Addis Ababa. This issue is dealt with in more detail in the implications section.

8.3.2 Motivation for setting up own businesses

What are the refugees' motives for setting up their own businesses and what are the main triggers? Which factors are supportive and which ones hinder the creation of their own businesses?

Existing needs and survival as motivation for starting a business

Until recently, refugees have not been allowed to get work permits. Refugees, except for assisted urban refugees, are not provided with living allowances and have to depend upon their own source of livelihood, which in most cases are remittances. In January 2019, Ethiopia's parliament adopted revisions in its existing refugee law, making it one of the most progressive refugee policies in Africa. The new law has a focus on ensuring that refugees have the opportunity to be self-reliant and can contribute to local economies in a way that also benefits their hosts (UNHCR 2019). The revised refugee proclamation no 1110/2019, article 26, provides "registered" and "recognized" refugees the right to work in sectors that are open to foreign nationals such as agriculture, industry, small and micro enterprises, handicraft and commerce. It further provides access to the agricultural land lease system, renewable every seven years. Those with academic credentials can also work once their documents are authenticated by the government. An Eritrean refugee describes the changes as follows:

> Things have changed after Dr Abiy[9] came to power. They have allowed us to get a driving license if we want. If you have money, you can also have a business license with the refugee ID. [Mebrhatom, Eritrean, male]

Although the 2019 refugee proclamation was adopted and various regulations and directives were issued to allow refugees to work in the formal labour market and provide more access to social services, implementation is generally slow, and several challenges are reported (see e.g., International Rescue Committee 2018; Refugee and Returnee Services and UNHCR 2021). Thus, though refugees are experienced and have the skills and training, for the most part, they live off remittances sent by the diaspora community and other social support systems. Many, however, reported that the amount of remittances sent by the diaspora community is insufficient to make a living in Addis Ababa. The increasing cost of living in the capital city and the struggle to make payments for rent and food require many refugees to find other sources of income. Some, at first, resorted to employment in factories and other enterprises. However, low wages, a sense of insecurity and mistreat-

9 Dr Abiy Ahmed is Prime Minister of the Federal Democratic Republic of Ethiopia.

ment forced them to set up their own businesses. In addition, competition for available jobs even for citizens, language barriers and the need for a guarantor, kept them from getting employed in local businesses.

> I worked in a leather company when I first came to Addis Ababa. I worked there for two months. My salary was 1200 Ethiopian Birr (ETB) per month, including overtime payments[10]. […] It is not rewarding to be working as an employee. It is always better if you can own your own business as you will have a better income. It took me time to start my own business. That is why I was working in the company for a while. I started working thinking it will be a transition to have my own business. But there was transportation cost and the salary I got was not enough to cover all my expenses let alone make additional money to save. I preferred not to work at all than continue working in a company. I left after I worked only for two months. [Samson, Eritrean, male]

The low wages as well as the existential hardships force the interviewed refugees to set up their own businesses to secure their own and their family's existence and to enable the children to receive education.

> I had no one to help me. I have children to feed and family to take care of. If I do not work, there is no way I can pay for my children education and put food on the table. I have no relatives like others who can send me money. I am all I have for myself and my family. [Rifat, Somali, female]

Become independent of remittances and financial dependencies

A frequently mentioned motivation for doing business is to want to free oneself from financial dependence on family members. This especially applies to Eritrean refugees. Quarrels or tension among family members force urban refugees in Addis Ababa to cut ties and seek financial independence. Others set up their own businesses to get themselves out of dependence on remittances sent by the Diaspora community. In the scientific discussions about the effects of remittances, the question of dependencies that arise in this way is becoming increasingly important (De Haas 2005). Nonetheless, many of the refugees in the city depend upon remittances sent from relatives abroad. A 2017 NRC report shows the source of income for Eritrean refugees to be remittance (43 percent), employment (informal) wages (20 percent), self-employment and casual labour (11 percent each), and 9 percent of Eritrean refugees had no source of income by the assessment time. It also shows that

10 Additional payments made for off regularly scheduled hours.

for 54 percent of the Eritrean refugees, their household income is very low to cover their basic needs (NRC 2017, 48–49). The irregular and insufficient remittances thus affect the lives of urban refugees and drive them to seek their own sources of income.

> My brother used to send me some money from the States but at some point, it gets tiring; it feels like I am becoming a kid once again. That is why I decided to work. I am used to working when I was in Eritrea. I do not know and cannot even imagine life without work. [Hanna, Eritrean, female]

Others prefer to accept remittances and a corresponding life, rather than low wages.

> The salary is low. I prefer to wait for their process and live on remittance than work as an employee. [Haylay, Eritrean, male]

Insufficient financial support from institutions

Insufficient financial support from institutions is also mentioned among the factors for engaging in their own business. Though there is skill training and financial support by development organizations and humanitarian groups, it is reported that the amount of money or level of support provided is not adequate. Nala, woman from Somalia, describes: "I can't survive and feed my family with the amount I receive, so I started my own business." It is claimed that Somali refugees receive monthly subsistence of around 2000 ETB. NGOs such as NRC (Norwegian Refugee Council) and JRS (Jesuit Refugee Services) assist Eritrean urban refugees by providing training and provisions. JRS gives out mileage but mainly to Somali refugees living in the city. NRC also used to provide financial support to Eritrean refugees, though few in amount. Due to protracted conditions in camps, living there with state support often is not an alternative, therefore becoming self-reliant by starting a self-owned business seems to be the only solution. It is also often hard to find a job because employers are afraid that the refugees will leave their work abruptly and move on.

Travelling on as motivation for starting one's own business

Another factor mentioned for starting their own business is the fact that most refugees want to migrate to Europe and North America to obtain better living conditions and opportunities. Migration is planned in several stages (Faist et al. 2019). The onward journey and obtaining documents can take several years. This forces many of them to secure their livelihood. They start their own businesses and hope that they can migrate later. Some of the

interviewees had been travelling for several years before settling in Addis Ababa. Therefore, Addis Ababa is seen as a transit area to reach the migration destination and to accumulate the corresponding economic capital for further travel. Actually, many or most of the interviewed migrants perceive Addis Ababa as a transit destination. The goal is often Europe or Canada. Strategically, Addis Ababa is therefore a good place, as embassies, organizations or brokers are easily accessible. The dream of leaving Addis Ababa for the better is, however, not possible for everyone. Some keep trying even after failing many times, some start to think about their future in Ethiopia and the possibility to build a business.

Other refugees interviewed have already tried several times to continue their journey and have not succeeded. Hiluf, a male Eritrean refugee, describes this as the trigger for starting his own business:

> I wanted to go to Canada to be with my brother. It failed many times. […] I then had to think about my life here. You cannot always live with the hope to leave and not do anything. That is why I have decided to open the bar I work in now.

Some of the interviewees came to terms with the failed onward journey and started their own businesses. They then settle down in Addis Ababa and try to make the best of their lives. Some of the interviewed entrepreneurs, who have successfully realized their business ideas and are in a good economic position, still want to give their children better educational opportunities and a better life in a politically, economically and socially stable country by continuing their journey to Europe or North America.

Identification of niches and needs as motivation for starting a business

Imani, a 19-year-old Somali refugee, opened a travel agency in Bole Michael area after observing the number of urban refugees in the area processing their travel overseas. Finally, based on his own market analysis and the high demand for travel tickets, he came to the conclusion that he should open a travel agency in the Bole Michael quarter, where a large number of refugees from Somalia live.

> These refugees come to Addis Ababa because it is easy to make visits to the different embassies. The process is time taking and these refugees start living in Bole Michael area until their visa issue is sorted. After that, they are required to get air ticket. That is where we come in. We work in partnership with Ethiopian airlines. [Imani, Somali, male]

The owner of the travel agency has found a niche and is successful. One of the two interviewed Syrians, Frumentius, also had the necessary start-up capital, know-how and professional experience. Frumentius decided to migrate to Addis Ababa with three Syrian colleagues as investors to open his own restaurant. He arrived in Ethiopia five years ago, in 2015, with three of his friends. In Syria, the civil war had been going on since 2011. At that time, he was working as a chef in a famous restaurant in Damascus, earning a respectable salary. With the civil war, everything became difficult and unsafe. His life, though, was deeply rooted in Damascus, where his family lived. The situation dramatically worsened in 2014–15, when first Russia and then America started to intervene with airstrikes and other military operations.

Frumentius sold his goods, received a small help from the family, created a society with his three friends and, at the age of 28, entered Ethiopia as an investor. There were various reasons for his migration to Ethiopia, including religion. The majority of Ethiopians are Orthodox like him, but at the same time he pointed out that the choice was very practical too: Ethiopians like Middle Eastern culture and food. With his partners, he heard about other Syrian and Yemenite restaurants in the capital, they found the right conditions and they decided to pursue the idea of opening a restaurant.

Frumentius opened a family restaurant in the central neighborhood of the Bole area. Family restaurants are regarded by middle-class families as an oasis of peace where they can spend a few hours relaxing and enjoying. A small playground is in the centre of the restaurant, all the children are free to go there. This is the dream that brought Frumentius and his partners to Addis Ababa, the image of happy and carefree families, safe and joyful, eating lunch or refreshing with an ice-cream. Something that in Syria was simply not possible. The selection of the area was crucial, because it was a neighborhood with a relatively high number of Arabic people and a lot of traffic. Additionally, for many it was difficult to go home for lunch. The restaurant could offer reasonable prices and reach diverse clients, which made it a popular restaurant. He now has thirty-seven employees.

The second interviewed Syrian person, Ja'far, is a carpenter with highly artistic skills and knowledge. Ja'far learned the craft from his father in Syria and took over the business after his father's death. After a few years, once the war started, customers decreased in number and in expenditure capacity: it was hard even to fulfill his mother's and his own basic needs with the scarce income that he was earning. In 2018, the situation was extremely tense in Damascus: military operations were taking place almost every day, 90 percent of the commercial activities were closed, it was difficult even to find food and drinkable water. He heard about a group of people who were going to escape the country on foot, directed to Egypt. He joined them without knowing

that his final destination would be Ethiopia. He did not have any money, had nobody to trust and had nothing but his hands and experience. Unfortunately, woodworkers are not highly appreciated in Ethiopia: people prefer cheaper and safer doors, made of steel, PVC or aluminium, they don't care about handmade wooden decorations. There was no market for his specific know-how. This pushed him to find something different, more embedded in the local reality. How could he recycle his manual skills and his knowledge, in a country where quality woodwork is not in demand? After a while, he realized: drywalling was a realistic answer.

Drywalling is a cheap way to make ceilings, but – if you know how to use it – it adapts to any kind of geometry and shape, from the easy ones to the most sophisticated and luxurious, for either a classical or modern design. The material was relatively new in Ethiopia, so that it was not easy to find skilled people to work with it. When compared with other available materials, such as chipboard, drywall is just a bit more expensive but much more durable and aesthetically valuable. Initially, he started to work with three Syrian assistants, but eventually, they all departed to other countries. During the time of our interview, he had three Ethiopian helpers informally employed.

The motivation for starting one's own business is very diverse. Refugees can use their educational background, economic capital, knowledge and know-how and social networks in different ways to realize their business ideas and discover economic niches (Kloosterman 2019).

For some, Ethiopia is seen as a transit area where the refugees settle for some time, set up their own businesses and then migrate on to Europe or North America. Some wish to give their children a better life and therefore intend to migrate further. The refugees' perspectives are not only focused on Ethiopia but are transnational. Migration is not seen in a linear manner, but as a multi-layered phenomenon that shapes the refugees' perspectives for action and everyday life (Glick Schiller et al. 1995; Pries 2015; Faist et al. 2019). Some companies accordingly purchase and sell their goods across borders.

8.3.3 Conducive and obstructive factors

Refugees face obstacles when setting up their own businesses. Legal, political, economic, social and cultural conditions play an important role in this respect. What are the promoting and hindering factors?

Openness and the hospitality of the Ethiopian people

It is encouraging that the Ethiopian population is open towards the refugees, despite poverty and sometimes precarious living conditions. The Ethiopian welcome, hospitality and openness represent indispensable elements, neces-

sary to the reciprocal benefit that comes from the meeting of different and distant cultures.

Yosef [an Eritrean, male] describes life in Addis Ababa as follows:

> All the youth from my neighborhood back in Eritrea have left the country. There is no one to spend time with. It is that social life I found in Addis Ababa. I have good relationship with Ethiopians.

Social and cultural networks enable inclusion in society

In the interviews, it is mentioned that it is not very easy for urban refugees to interact with the host community. The reasons most mentioned are language differences and the lack of networks within the host community. This can be observed on a relationship basis as well as on the choice of business. Because networks of the host community often cannot be accessed, refugees rely heavily on the networks within their own community. This somehow limits the choice or possibilities of businesses. Without networks within the host community, it is also not easy to gain the trust of local customers. Therefore, clients of refugee businesses are often found within their own community.

In this regard, Eritreans and Somalis do have an advantage as they participate in Ethiopian host communities. Ethiopian Somalis are considered to have the same descent as Somali refugees and they share the same culture and language. Through the clan system, Somali refugees have easier access to the Ethiopian Somali community, which is often turned to for joint ventures. For Eritrean refugees, who for the most part share similar language and ethnicity with the Tigriyan community in the northern part of Ethiopia (Tigray region), it is easier to disguise themselves as Ethiopians and integrate with the host community. Moreover, some of them still have relatives or family in Ethiopia, dating from before the separation of Ethiopia and Eritrea. Ties like these are used to get business licenses, which could not be requested as non-Ethiopians.

Social networks as a form of social capital

Social networks play an important role in the establishment of one's own business (Kloosterman 2019). Networks enable access to the market and establish contact with agents and suppliers. Transnational networks of the various communities also play an important role. One interviewee says that he takes orders for clothes from people in the diaspora community and gets them made by tailors in workshops. He says that he earns his living from this and can live well from it. This is a very good example of how transnational networks and ties can influence the systems or people in different places and illustrates the theories of Pries (2008, 2015) and Glick-Schiller (Wimmer

and Glick Schiller 2002; Glick Schiller et al. 1995; Glick-Schiller et al. 1992) as discussed in chapter 2.1.

With the help of new communication technologies, the refugees in Ethiopia maintain contacts not only in their country of origin, but also in Europe and North America. These transnational networks make it possible to open new niches because the diaspora population could represent an additional group of clients.

Missing language skills and skin colour as impeding factors

For Syrian refugees who do not have these kind of already existing communities and ties to the host community, it is more difficult to interact. Furthermore, they can be distinguished by their skin colour, which makes their difference obvious. The interviewed Syrian, however, still managed to open and successfully run his restaurant in Addis Ababa. He managed to get a mixed clientele, consisting of Ethiopians and non-Ethiopians, which gave the place a friendly international charm.

Resources for starting business (knowledge, know-how and economic capital)

Factors promoting the establishment of a business are knowledge and know-how, experience and own capital. However, very few refugees can afford investment licenses; according to Ethiopian law (Proclamation n. 769/2012)[11], a minimum investment of a hundred thousand (100,000.00) USD is needed: far beyond the average refugee's economic capacity.

Some of the refugees interviewed already have experience, know-how and the necessary economic capital to set up their own businesses. Others start in small-scale businesses and accumulate capital. They then either expand the business or move into another venture. This, however, requires long-term commitment in Addis Ababa or additional support from the diaspora community. Starting your own business can be easier if you already have the required capital. One Somali businessman, Abdullahi who lived in Jigjiga for a long time and settled in Addis Ababa fifteen years ago, used to work as a smuggler. He explains his motivation to start another business as follows:

> I started bringing contraband goods to Addis Ababa after seeing my friend in the business. I used to bring cosmetics and clothes and sold it to retailers in Bole Michael.[12] It was a good business and I had good customers. The business was not as common as it is now and so we

11 See https://investmentpolicy.unctad.org/investment-laws/laws/180/ethiopia-proclamation-on-investment, checked on 23/04/2024.

12 It is a neighborhood in Addis Ababa where many Somalis live.

> used to get profit. It was a good business at the time. But I had to commute from Addis Ababa to Jigjiga and that was tiring. As I get older, I realized this is not a job you do for a long time. The custom officers on the road also become stricter on contraband goods. That is when I knew I needed to start a new business. [Abdullahi]

The necessary capital was available, and he wanted to open a profitable business in Addis Ababa. He decided to look at the hotel sector because of the great demand of the Somali population in Bole Michael area. Due to his own experience with accommodation in this quarter, this idea was born. Abdullahi now rents fifteen hotel rooms and employs four Ethiopians. He describes his success story:

> I started small with contraband goods and ended up owning such a hotel. I am grateful. [Abdullahi]

This motivated him to support other people in the community.

As shown in this case, most of the interviews included discussion on the necessity of startup capital for opening a business, as in most cases, it is expected to be raised by urban refugees themselves. It is, in fact, according to the interviewed person, one of the restraining factors for urban refugees in starting their own business. In addition, the lack of diversified livelihood options is found to be restrictive for urban refugees. In most cases, they follow the business paths and innovations already in place among refugees. To be successful with founding a business, people needed to find a niche for their business.

Difficulties obtaining business licenses

In some cases, urban refugees use licenses of Ethiopians, mainly relatives, to establish a business, while some get their own business licenses after illegally acquiring Ethiopian residence IDs. Bribes to officials also allow refugees to continue their businesses without registration. Joint ventures are common among urban refugees, mainly with relatives, and such business partnerships are informally established to work under legal business licenses.

Kiros [an Eritrean, male] tells us the following:

> […] I needed a license to open my bar. I just did what other refugees do. I got my license under my relative's name. There was no other option. I am not an Ethiopian and do not have a passport. This is what most people do. I am the owner but on paper it is him who owns the bar.

However, there is no legally binding agreement in these joint ventures except for oral arrangements. Though such agreements are precarious and full of uncertainties, the kinship ties, particularly among the Somalis, keep the venture going without a problem. Trust is established based on the kinship system and conflict between partners is resolved by the social network. The informality of these joint ventures restricts refugees from taking legal measures during times of injustice, either by business partners or law enforcement bodies. There are reports from Eritrean refugees of exploitation by local administrators and police officers when they own a business without a permit. These administrators and police officers, who are aware of the arrangement ask for bribe, using this as a source of income.

Barriers to market access

Most of the businesses target their own community as clients, mainly because it is more difficult to get access to the local business networks. Therefore, clients of the businesses are either other refugees in Addis Ababa or people of the diaspora. Some successful businesses manage to break through the market access barrier. The travel agency described above now also has some Ethiopian customers who buy their tickets there because the service is faster than with Ethiopia Airlines ticket sales. On the other hand, the majority of the guests of the Syrian restaurant are Ethiopians, from Arab countries, but also Americans and Europeans. The services of the Syrian carpenter are used by Ethiopians.

Legal restrictions

For many years, refugees were not allowed to work formally, which is of course an important hindering factor. A new refugee law has replaced this; but implementation is minimal to date and substantial unclarities remain abound. High taxation was also mentioned as a hindering factor for certain businesses or, on the other hand, the government has put in place investment incentives such as tax reliefs for some types of business for the first 18 months from the opening. This was stressed by the Syrian restaurant owner as one of the key elements that brought him and his partners to choose Ethiopia. However, he reported that no such tax relief was given to his business.

Lack of or weak access to traditional social capitals

Two self-help social systems provide assistance to low-income households in Ethiopia, they are called *iddir* and *equb*. The *iddir* is a neighborhood reciprocal helping system: everyone contributes weekly or monthly with a small amount of money (usually 50 ETB or more), and the accumulated money is used

to help the members that have experienced some bad events such as when a house burns, a family member dies, a calamity affects someone or in similar cases, the neighbourhood council decides and quantifies the help to be given.

The *equb* is a self-help system by which members meet in a fixed location and contribute a fixed amount of money weekly or monthly, and give the money to a member on a rotating basis as determined by drawing lots. The contribution is much higher than *iddir*, it can vary from a few hundreds up to some thousand ETB per week in most cases. The collected amount is given every week or month to a different member who did not receive the money yet and is chosen by drawing lot. Essentially, *iddir* is a kind of local traditional insurance, while *equb* serves as a lending bank since it gives out money to people often with the objective of helping them augment their capital to start or expand business. Unfortunately, refugees do not have access to such traditional financial institutions, and without these two services, life would have been harder for some them.

Kebele support system

Other services by the government, such as the *kebele* offices, are not open to refugees. Locally called Kebele Shemachoch mahber, which literally translates into Kebele Consumers Association, provides food items and other goods to citizens for discounted prices. However, the need for Ethiopian residence IDs to access these services is inhibiting to urban refugees. Refugee IDs provided by ARRA to OCP holders enable free movement within the country and serve as identification in cases of emergency. Other than that, according to refugees, there is no purpose for the ID. The services in *kebeles* are not provided to refugees.

> They deny us the simplest things such as buying food and other goods from the kebele. If I cannot get such services, do you think the government will allow us to have other privileges? [Ibrahim, Somali, male]

Although the legal framework is already in place, challenges still prevail as related to difficulty access to the formal labour market, absence of credit or microcredit dedicated institutions, language barriers and, as well, the cultural gap, all presenting significant obstacles for refugees.

8.3.4 Remittances and its role

As mentioned, Somali and Eritrean refugees receive financial support from their relatives in Europe and North America, which enables them to secure their livelihood. In addition to economic resources, social remittances, educa-

tion and knowledge play an important role in setting up their own businesses (Levitt 1996, 1998). Some of the refugees report that they receive economic remittances, both as gifts in assets and as money. A UNHCR report shows urban refugees in the country as earning an average of 2,000 ETB a month either from informal work or remittances (UNHCR 2019a). However, communication with organizations working with refugees (e.g. EOTC-DICAC and NRC) reveals that refugees deliberately conceal information on their earnings for fear that the support they get from these organizations would be stopped.

Remittance receipts are especially higher among Eritrean refugees, echoing the finding that access to remittances varied across and within different nationalities (Brown et al. 2018, 30–33). One person interviewed describes the situation:

> I have siblings in Europe and Canada. They used to send me money since I came to Addis Ababa. Eritreans help each other when you live in the city. Even in the camps, relatives and friends send you money. [Helen, Eritrean, female]

Another Eritrean refugee, Haftom [male], describes the role of remittances as follows.

> I stayed in Addis Ababa for two years, getting used to the place and learning the language. When I decided to work, I consulted my brother and he sent me some money.

In some of those interviewed refugees obtained non-economic remittances, for instance, in the form of either knowledge; practical and technical know-how; business and market development experiences; or innovative ideas, values, attitudes, identities, and behaviours; or a combination of these (Levitt 1996, 1998).

> My relatives from North America supported me with their knowledge and expertise when I set up the business. They advised me on how to proceed with the individual steps and how I should even go about marketing. [Mohamed, Somali, male]

Use of remittances

In terms of the role of remittances, it is shown that all respondents spent their remittances on domestic consumption, followed by education. However, many also noted sending their children to public schools which reduced their costs of education. Contributing to poverty reduction by boosting household consumption, development of human capital (education) and narrowing the gap between domestic savings and investment are some of the roles that

remittances play (UNDP 2015; Tesfaye 2015; IOM 2018). Data in the present study confirms the first two roles, but not the third role since a very small proportion is spent on business financing (e.g. start-up or expansion). Almost all of the interviewed refugees noted that their earnings are too low; remittances are irregular or insufficient and that no savings are available for business start-up or expansion.

An Eritrean refugee reports the low salaries forcing him to consider establishing his own business:

> My salary [as an employee] was 1200 Ethiopian Birr (ETB) per month, including overtime payments[13]. […] It is not rewarding to be working as an employee [for such a low amount of pay]. [Samson, Eritrean, male]

Another Eritrean refugee mentions quitting as employee for the low salary living instead on these small remittances until the process to resettlement to Europe or Americas succeeds:

> The salary is low. I prefer to wait for their process and live on remittance than work as an employee. [Haylay, Eritrean, male]

In sum, although a few success stories are reported, the quotations here suggest that earnings from employment and remittances for refugees are too low for savings and investment.

13 Additional payments made for off regularly scheduled hours.

9 Summary, Conclusion and Implications

This study sought to describe the overall economic situation of Addis Ababa in terms of migration, unemployment/employment and economic formality/informality, as well as discuss the role of refugees and transnational migrants in creating employment opportunities and innovations. In addition, it provides detailed case studies of labour market experiences of Eritrean, Somali and Syrian refugees. To do this, we used data from the national labour force and urban employment/unemployment surveys, administrative data from the Addis Ababa Investment Bureau (2019) and primary data from our own refugee survey and interviews (2019).

9.1 Summary

Infrastructure: Although largely driven by public investment, Ethiopia has registered rapid infrastructural expansion. Compared to other cities in the country, Addis Ababa is in a far better position in all categories of infrastructure – physical, social and financial. In physical infrastructure, existing roads have been upgraded and new ones constructed which improved the road network (length, density, width). New hydroelectric power plants are completed and some are underway (the Grand Ethiopian Renaissance Dam (GERD) being the most significant); transmission lines have been improved, which includes the plans to connect countries in the Horn with the national electric grid. Efforts are made to increase potable water supply and sewage facilities. Many airports are upgraded, significant efforts are made to improve the telecom systems, and light railways have been constructed. The port development currently underway at the Berbera port development corridor between the governments of Ethiopia, Somaliland and United Arab Emirates DP World, along with the ambitious hydroelectric power generation from the Grand Ethiopian Renaissance Dam and Ethiopia's plans to connect countries in the Horn with the national electric grid, are significant investments. In social infrastructure and services, significant efforts are made to improve both the quantity/outreach and quality of education and health. Financially, the city houses more than a third of all commercial banks and more than half of all the insurance companies in the country.

Refugees and IDPs in the Horn: Currently, there are large number of migrants (including refugees and internally displaced people) in the Horn region in general, and Ethiopia in particular. Inter-state wars and intra-state conflicts (some are inter-ethnic, and some others are between government forces and rebels) has made Ethiopia a country of migrant origin, destination

and transit. Apart from the large size of its population, Ethiopia is regarded as one of the most important countries in the region due to its shared ethnicity with all its neighbouring countries. This and its strategic location in the Horn region increase the vulnerability of the country to conflicts of various types, which are also exacerbated by colonial borders. This is an important factor for inclusion and access to different aspects of services in Addis Ababa.

Addis Ababa – a city of refugee destination and transit: As discussed in section 8, there are more than a dozen examples in the case studies and the survey demonstrating refugees' long-term desire to earn a living to enable them to continue their migration. Very few regard Addis Ababa as a final destination in their life. The majority, however, hope that one day they will succeed in reaching North America, Europe or the Middle East. To do so, they need to have a minimum amount of capital, motivating them to take up gainful employment. They work and save towards this goal. African megacities, especially Addis Ababa, are like an airport hub for arrivals, people in transit and people continuing their journeys. Thousands arrive in the city, often staying for years, before moving on when they have the opportunity. Rarely do they manage to reach their dream destination or to travel onwards. Even transnational migrants who seemingly are successfully established in Addis Ababa assume that one day they will leave Ethiopia. Those that have relatives or connections already calculate that they will have particularly good chances for a successful onward journey. In practice, many women migrate to the Gulf States for employment as domestic workers. The majority of men who have emigrated to North America and Europe mainly find low-paying jobs. However, the economic remittances and investments from this diaspora community are considerable.

Migration and unemployment: Using various survey data from the CSA, we found that (1) rural-urban migrants are not the majority (37.8 percent) and are both sex and age selective, i.e., higher among females (41.4 percent) and adults (44.7 percent) followed by the youth (37.8 percent); (2) the majority of them (79.3 percent) attended formal education, and 23.8 percent received certificate, diploma or above (compared to 30.5 percent for non-migrants); (3) unemployment was 15.3 percent and were again both sex and age selective, being higher among women (57.6 percent) and youth (57.9 percent); and (4) the proportion of unemployed is lower among migrants (12.0 percent) compared to non-migrants (18.1 percent), which is contrary to expectation, but can possibly be explained by the fact that, at least temporarily, migrants do not have options other than to be underemployed and as well as engage mainly in self-employed informal activities. Analysis of unemployment data for 2012 to 2018 shows a trend of decline, but the decline is not steady and substantial.

Diaspora and investment: Analysing administrative data from the Addis Ababa Investment Bureau, we show that (1) while the number of diaspora investors accounted for only 8.7 percent of the total number of investors considered, unlike the number of Ethiopian investors which fluctuated substantially, there was a steady though slow increase in the number of investors up until 2012; (2) regarding the sectors invested in, the majority of both the diaspora investors and Ethiopian investors participated in finance, insurance, and real estate, followed by manufacturing for the diaspora investors but rather construction for Ethiopian investors; (3) nearly 71 percent of all investments have become fully operational for both, but inactive investment projects were lower among the diaspora investors compared to Ethiopians; (4) amount of capital invested for both generally decreased in recent years (more so for the diaspora investors but the level of capital invested by the diaspora investors remains higher than that of Ethiopians; (5) the largest proportion of capital by the diaspora investors is invested in manufacturing (39.5 percent) followed by finance, insurance, real estate and related sectors (38.4 percent); and (6) employment on a per-investor basis is substantially higher for the diaspora community (though a declining trend) relative to that of Ethiopians.

Remittances: Existing literature shows that despite slight fluctuations, economic remittances sent to Ethiopia grew consistently over time. In the context of refugees, however, using data from our own refugee survey, we found (1) low receipt of economic remittances, but higher receipt of non-economic remittances. Existing research documents that in Ethiopia, remittances play several roles including (1) household consumption; (2) source of investment capital for small businesses and household-level poverty reduction; (3) development of human capital (education, healthcare); and (4) easing of balance of payments deficits at national level. Our refugee survey showed that refugee remittances play three roles – household consumption (all refugees) followed by education and savings for investment on small business.

Economic role of refugees and innovation: Using data from our own refugee survey we found that (1) the majority of the refugees get an income (both earned from work and received as support) between ETB 680–7647; (2) the number of those working for lower incomes is higher, especially among refugees who have no extended support systems from families or friends; (3) the majority of the sample refugees, especially Somalis and Syrians, created their own jobs (the remaining were employees) as well as jobs for local or host residents; (4) half of the employment offered to the refugees was generated by refugees themselves; (5) a fifth of the sample refugees were employed by non-profit organizations such as public institutions/government, NGO, or associations (the remaining for-profit organizations are dominated by

individual ownership); (6) half of the employment was offered by Ethiopian-owned enterprises, and another half by foreign enterprises; and (7) a third of the refugees reported that they were involved in some kind of innovative activity. Interviewees mentioned the reasons for creating their own business to be 1) existing needs and survival; 2) the need to reduce dependence on family remittances and supports; 3) insufficient financial support from institutions; 4) the need to earn and save more money for subsequent travel (to another country); and 5) identification of niches and needs. A detailed account of role of refugees creating employment opportunities is presented in the case studies.

Economic informality and refugee activities in Addis Ababa: Analysing various data from the Central Statistical Agency (CSA) surveys, we found low and apparently declining level of informality with, as expected, a gender dimension. As reasons for this, authorities appear to have compelled job seekers/applicants to upgrade to the so-called formal sector, on the one hand, by providing them some skills training, business premises, and access to finance so as to help them transition or graduate to a formal sector, and on the other hand, by taking strict administrative and legal measures including application of stiff tax rules and enforcement measures and adopting a business licensing proclamation. The term informality was also defined narrowly, from a sectoral or enterprise point of view instead of an economy-wide informal employment, and the concept also took into account very few and often inappropriately measured informal sector indicators.

In the context of refugees, there is heterogeneity as there is also homogeneity among refugees' economic activities, depending on their country of origin. For Somali refugees, the most common businesses are street or roadside trade, beauty parlours and hairdressing. Other activities include restaurants and cafés, travel agents, hotels, brokering services, minimarkets, retail trade, tailoring, boutiques, cosmetic shops. Whereas Eritrean refugees' work is much more distributed across a range of activities, including hairdressing, teaching and tutoring, taxi driving, cleaning, daily labour, electric appliance repair, Internet cafés, bars, street or roadside retail trade, export trade and foreign currency black-market exchange services. Syrian refugees engage in activities such as restaurants and cafés and dry walling works. A common feature of these heterogeneous refugee economic activities, however, is that they are all informal. Using data from our refugee survey, we show that the majority of refugees worked in places that are not formally designated as workplaces; and the most important reasons for the choice of the given informal enterprise were a combination of administrative/legal or bureaucratic red tape on one hand, and ease of entry to this sector on the other hand. A detailed account of informal activities is presented in the case studies.

Conducive environments and barriers influencing refugee economic success: Conducive environments encouraging refugee economic participation include 1) openness and the hospitality of the Ethiopian people; 2) enabling social and cultural networks for refugee inclusion; and 3) and for Eritrean and Somali refugees social networks as a form of social capital. On the other hand the barriers include 1) lack of language skills and, for Syrian refugees, skin colour; 2) limited or lack of resources for starting a business (knowledge, know-how and economic capital); 3) difficulty obtaining business licenses; 4) clientele as a barrier to market access, as customers have already fixed clients and are difficult to access; 5) legal restrictions and slow implementations once the restrictions are lifted, especially regarding access to formal work and some vital public services; 6) difficulty/inability to make use of or participate in traditional social capital/financial support and credit systems (*iddir*, *ekub*); and 7) lack of support from the local administration (e. g. *keble*), such as getting access to *keble* residential ID cards and related services. Some of these are personal factors and some others are external ones.

9.2 Conclusion

In this study, we used secondary data from relevant institutions and primary data from own survey to analyse migration and unemployment; diaspora investment, urban refugee economies and characteristics, informality and conducive environments and barriers to urban refugee economic activities.

Hosting large number of embassies, key regional organizations including the African Union and Economic Commission for Africa and other civic organizations coupled with inter-state wars and intra-state conflicts due to its strategic location in the Horn region, often complicated by colonial borders, has made Ethiopia a country of migrant origin, destination and transit. Conflict may continue making the Horn one of the protracted conflict regions with large flows of refugees and IDPs.

The existing level of migration to Addis Ababa might be due to factors associated with the city's sociocultural and political primacy rather than to modern industrial employment growth. Further, even if people might have in-migrated in search of modern employment opportunities, their expectations might have been far larger than the actual availability of such employment opportunities, consistent to the expected income/employment hypothesis (see section 5.2.3). This fact could be ascertained by the widespread prevalence of informal employment which, though reported to be low in national surveys, is arguably substantially larger. The question of who dominates the urban, modern labour market (migrant vis-à-vis non-migrant) is controversial in the

literature. Some argue that the expected income/employment would result in migrants being employed/under-employed in informal activities, whereas some others contend that migrants may have better education and experience which helps them gain access to the formal labour market. The lower unemployment among migrants compared to non-migrants in the present study can be explained by migrants' preponderance in the informal labour market.

Diaspora investments in local economies with the remittances they sent and financial capital they bring in the form of savings from abroad could be an important strategy to the employment creation and poverty reduction efforts of the growth and transformation effort. In general, it can be said that diaspora investments compared to investments by Ethiopians and other categories is doing well in almost all parameters considered, especially industrialization, employment creation and investment capital. These have been among the key considerations in Ethiopia's consecutive national development plans.

In terms of income (earnings, remittances), expenditure and employment, although often perceived negatively, refugees are not economic burdens per se. Although some studies report that their incomes are too low to meet their basic needs, the majority of the refugees receive an income (from earnings, remittances, etc.) comparable to the one received by the local population. Non-economic remittances received by the refugees is substantial, but economic remittances and income are often under-reported because of suspicion. As is also the case among the host population, the pattern of expenditure is dominated by consumption, including education. From the point of employment, the ability of refugees to create jobs for others, including for the host community in addition to themselves, albeit low, is nevertheless interesting given the negative perception regarding refugees' economic impact.

The lower prevalence of informality reported by national surveys does not sound realistic. While informality is arguably widespread among the majority of the host community members, all economic activities of the refugees interviewed in our survey were found to be informal. For the refugees, informality could have been exacerbated by the legal prohibition of refugees to work in the formal labor market. This law is currently replaced by a new law granting them the right to work in the formal labour market, but its effect remains to be seen. Surprisingly, even working informally under such legal, political and economic constraints, refugees, especially Somalis and Syrians, have proven to be innovative. The compatibility of informal activities with unavailability of workspace as one of the reasons behind the chosen type of business is an important factor, as rent is very high in urban environments, and given the legal restrictions on refugees to rent work premises.

We could also observe that the urban environment was very important. The city provided the refugees with economic opportunities and access to basic services but also provided them with the presence of international organizations and embassies as well as financial transaction institutes to receive remittances. The high diversity of refugees in the city makes it easier for them to fit in. And what has proved to be very important and confirms the theory of Häussermann and Siebel (2001) discussed in chapter 3.3 is that already existing refugee communities in the city played an important role because they provided the newcomers with a network and support system which made it easier to arrive and get along. The communities were also very important for the economic activities as they served also as social capital, for example to access the market, to overcome some legal restrictions or simply because they could be a target group for their businesses. The city, however, does not only bring advantages. One of the biggest challenges is the high living costs which makes it difficult to become self-reliant. Additionally, unemployment is very high which may make them rivals and not necessarily very welcome. However, as we have seen in the case studies and as the global trend shows, the advantages of an urban environment will outweigh its disadvantages.

What was also very interesting to see was that innovation was mostly part of economic activities. This leads to the assumption that innovation is necessary to be successful with the conditions urban refuges are faced with. Otherwise, all hindering factors could not be overcome. In line with Beer et al.'s (2016, 54) research review finding, the idea of innovation in the context of developing countries is not taken to be a novel business idea among urban refugees but rather measured by how something improves people's lives. In the context of the present study, the creativity in it lies within the process of acquiring documents of ownership or the system of running the businesses regardless of legal factors.

In sum, owing to its primacy, Addis Ababa dominates the economic, social, infrastructure and service activities of the country. Its strategic location in the Horn Region close to the sea; its status as the seat of major international organizations including the African Union and Economic Commission for Africa; its huge market potential (fast economic growth and large population); and the growing (albeit poor) infrastructure, especially its airline that brings Africa together and connecting it to the rest of the world, all have huge potential to attract migrants (domestic, international) and refugees, who use the city as a place of destination and transit. However, its lack of access to the sea; housing problems and investment land shortages and the related bureaucratic red tape; corruption; constraints in the financial markets; constraints in electric power and water supply; poor urban transport services; and environmental degradation and the related poor health conditions due

to poverty, and the ever worsening conflict and war in the country all may discourage those migrants and refugees who choose to reside and invest in the city.

9.3 Implications

Cities are described as centres of innovation. Increased population, economic growth as well as societal transformation are shaping cities. New jobs also are created in cities. All of this, however, cannot keep pace with the rapidly growing population of cities and consequent urbanization. This is especially true regarding the provision of services in urban areas, like Addis Ababa. Ethiopia's capital city is the central engine for growth, innovation and production, but its rapid urbanization rate and the lack of appropriate planning responses (whether proactive or reactive) has negatively impacted housing and infrastructure availability, environmental degradation and public health. The ones that are especially affected, beside the local urban population already living in poverty, are the migrants, who usually are among the most vulnerable societal groups. The absence of any kind of institutional support leaves no other choice. Especially as OCP refugees are only permitted access to the capital city if they can ensure their own livelihood. That is the prerequisite to receive permission to leave the official refugee camps. There are only a few private organizations that are willing and able to offer a small amount of support for refugees in the city. For some who are living on support from their families back home or from the diaspora community, the decisive driver to find own livelihood is the desire to be financially independent. Financial dependence is a great burden not only for the families but also for the person receiving the support.

The core of this study are the case studies which were carried out from August 2019 through February 2020. The case studies naturally concern individuals and their migration history. It is thus noticeable how different these migration stories are. The differences are especially apparent in the origin of the migrants. The two largest groups that we examined in our case studies were Somali and Eritrean refugees, as well as a smaller group of Syrian refugees. The case studies exemplify why and how transnational migrants attempt to develop an income-generating activity and build a sustaining life. The starting point is generally derived from the following factors: the absence of public or private institutional support; the necessity to survive; the wish to live independently of the remittances from family; or the wish to continue migrating to other countries. These all are often the main motivation to realize a new business idea.

Transnationalism and development: Transnational migrants including refugees can have a decisive influence on the implementation of participatory and democratic concepts in urban development programs or provide a focus on progressive values and technological innovations. Transnationalism, development and economic innovation can best be observed in cities. Transnational relationships are not a new phenomenon, but technological advances in modern communication and high mobility have intensified and accelerated these relationships. It is not surprising that this development is particularly evident in big cities. This is especially true in the metropolis of the African continent. Therefore, this study was focused on one big city, in this case, Addis Ababa. In addition to the intensification and acceleration of transnational relationships, with their evident complexity, there is also the development of transnational networks, with their proven economic, social and cultural resources. Not only have the transnational networks proven to be complex, but also the interaction of the diverse players involved. As is shown the conceptual framework (Figure 1), in addition to the diaspora abroad, the national and local governments, the international organizations, the civil society and the business community, the migrants and refugees as well play an important role in providing employment, services and security for people on the move.

The decisive factors for a creative and innovative urban development are the legal, political, social and economic conditions which transnational migrants encounter. These will determine if they have the chance to build a life in physical, economic and societal security. In this regard, it is significant that the Ethiopian government undertook commitments some years ago to ease restrictions on transnational migrants, for example, easing restrictions on certain categories of migrants. Among the most important commitments which the government has made is to grant certain migrant groups the right to live outside refugee camps and to settle in cities, obtaining work permits and access to education and health services. These are decisive steps, though in practice, implemented only hesitantly, slowly or not at all. Further, to what extent the recent increasing ethnic and political tension has pushed aside these commitments is still unclear. In any case, these declared policies in the past years have opened a window of opportunity for transnational migrants and refugees to have an improved chance for economic and social integration, at least for a short time. Research shows that this framework of conditions is absolutely decisive for migrants to be able to develop and contribute to the economic and social life of a city.

Labour market access, license and informality: If transnational migrants do not have the opportunity to participate in the labour market, they will resort to the informal sector. In fact, despite the promised relaxation

of restrictions, most transnationals migrants in Addis Ababa are still working in the informal sector. Although preponderance of informality is also the case for the host communities, the right to free access to the labour market is not sufficiently implemented for refugees. Additionally, the formal labour market has long lacked enough jobs. The de facto tolerance by the state of work in the informal sector provides some relief. Case studies show that the gains from informal earned income are hardly ever prevented. However, licenses continue to play an important role in the regulation of economic activity. Only those that have an official license can operate in the formal sector. And these licenses are rarely granted to a migrant or refugee. To develop an economic activity, they must find strategies to circumvent the regulations, which in many cases succeed, but with higher costs for that opportunity.

The informal sector certainly comprises a large part of the economy. It is especially significant in the development of services of all kinds. Even when the informal sector is considered as an undesirable development, it is now acknowledged as an opportunity for urban development, indeed as the most important growth sector overall. The potential of the informal sector to provide jobs and fight poverty, therefore, is increasingly recognized. The state in fact supports small businesses by giving them access to markets, often waiving the implementation of restrictive regulations and at least tolerating their activity. The informal sector benefits in that businesses in this sector are not bound to a formal workplace, paid wages are not controlled and the administrative barriers of social contributions and fees, which the formal sector must adhere to, are mostly dropped. Therefore, in certain areas, the informal sector is competitive in offering employment opportunities and enabling innovation for transnational migrants and refugees without secure residence.

Our study on informality draws inspiration from approaches that focus on experiences and perceptions in the Global South (Robinson 2014; Roy 2011). These show convincingly that a certain distrust of Western ideas and concepts of southern slums is merited. Though relevant in the context of housing or settlement per se, in the African cities, Marie Huchzermeyer calls for a kind of right to informality. She encourages us to imagine a city "with slums". Her provocative idea, which goes against the U.N. Habitat's modernistic program to eliminate slums (Cities without Slums" program), commits us to work for a true cultural revolution. Her objective is to denounce the state's indifference towards the social environment of the inhabitants of these so-called informal settlements, as well as the social stigmatization that they experience.

Based on our own empirical analyses of Addis Ababa's informal sector, we, therefore, propose that informal settlements should no longer be considered as "special" or "backward" parts of a city but rather as ordinary

neighbourhoods that are developing dynamically and do not require special political treatment.

Informality, niches and innovation: The case studies show that the choice of gainful employment for transnational migrants and refugees is very limited, but rather the choice falls mainly to a niche usually open to them, or to working in a small business already active in that niche. The creation of a business in the informal sector, consisting of a niche activity, is often the only possibility for survival. Some businesses manage to generate work for other people, but it is likewise informal. Small businesses, especially those in the service sector, often are run from home, however modest this may be. This saves the expense of high workplace costs or commuting costs. Many of the informal activities go hand-in-hand with innovations which could be the discovery of a new market, the development of a new services, the distribution of a product previously unknown in the city, or it could be the creation of an ethnic business satisfying the needs of the diaspora community, or the carrying out of a particular service.

These often only small innovations have proven to be central for finding the niches that remain for the transnational migrants in an oversaturated labour market shaped by unemployment. In this way, Somali refugees are often active in street trading, in roadside cafes, in beauty parlours, in hair salons, travel agents, hotels, broker services, mini-markets, retail, tailoring, boutiques, cosmetic shops, etc. Eritrean refugees are active across a wide field, from electrician to barkeeper, from teacher to taxi driver, from cleaning services to black market money-exchange and the import-export business. These activities, however, are very precarious. Recent developments like the Covid-19 pandemic could very quickly ruin their businesses because demand ceased, a market collapsed or a tolerated activity is no longer permitted.

In the context of the Addis Ababa, creativity often lies within the process of acquiring documents of ownership or the system of running the business regardless of legal factors. The case studies bear witness to the transnational migrants' high potential for innovative power in craftsmanship, in knowledge of language, in the identification of the needs of the migrant population and the products which can be successfully imported. Many transnational migrants bring personal characteristics such as great energy and strong motivation to work hard, the ability to withstand deprivation and a high level of resilience. This makes transnational migrants agents of innovation who contribute, or who could contribute, to economic development.

Capital requirement and remittances: Knowledge and know-how, experience and artistic skills often belong to the beginning of an innovative activity. In most cases, minimal financial capital is also required. Access to start-up capital is difficult for many. Case studies show that often this is

built up only in very small steps, with businesses only able to expand very gradually. It takes years to develop a minimal amount of financial capital, and transnational migrants are, therefore, forced to carry out low-level activities with very slight value. If they have had access to microcredit, their chances would have been much greater to reach a living wage and to make a substantial contribution to economic development. In absence of micro credit opportunities, remittances enable receiving families and households to spend more on a standard of living and education. They also help to support the establishment of small businesses. However, they create inequality and social distortion. Remittances and investments provide reliable capital flows even in times of crisis. They are, however, subject to state regulations, that may be either more restrictive or more liberal. Further, social remittances have significant effect on the societal transformation of a country such as Ethiopia.

Spatial social and cultural landscape: Case studies show that social networks are a central resource as an important form of social capital. The Eritrean and Somali refugees form large diaspora communities which serve as a first port of call for migrants from these ethnic groups. They can often rely on existing family structures, but it is more difficult for refugees and migrants who have no social networks, as they have difficulty gaining access to the population because of language barriers or because of their skin colour. The refugee and migrant social networks have spatial orientations. In Addis Ababa, people of completely different nationalities and ethnic origin live with or next to each other. However, the presence of refugees is changing the social and cultural landscape in the city. Spatial social relationships develop among transnational migrants and refugees and the people of the receiving urban areas. Of great significance are the different practices of appropriating space. An important question regards the ways in which these immigrants help shape the "urban fabric" of Addis Ababa and change the political and legal mechanisms of welcome and/or rejection. The increasing number of migrants can give rise to new socio-spatial strategies and, more generally, to new forms of urban integration. Our study focuses on the tension between urban spaces and migrant lifestyles. Four questions have particularly propelled this study: How do migrants integrate into the new host spaces? How do they adapt to their new living space? Are there differences and spatial strategies regarding the practice and appropriation of urban space that vary according to the cultural affiliation of the migrant groups studied? What roles do migrant networks and Addis Ababa's public policies play in the occupation and appropriation of public spaces in this host city?

Conducive environments and barriers: In a nutshell, conducive environments encouraging refugee economic participation include the openness and hospitality of the Ethiopian people; social and cultural networks

enabling refugee inclusion; and social networks as a form of social capital, though limited to Eritrean and Somali refugees.

On the other hand, the barriers include, skin colour (for Syrian refugees) and lack of language skills; limited or lack of resources for starting a business (knowledge, know-how and economic capital); difficulty obtaining business licenses; clientele as a barrier to market access (customers already have fixed clients and are difficult to access); low participation in formal labour market opportunities and some vital public services though legal restrictions are removed by the 2019 revised refugee law; difficulty/inability to make use of or participate in traditional social capital/financial support and credit systems (*iddir*, *ekub*); and lack of support from the local administration (ex. *keble*), such as getting access to Keble residential ID Cards and related services.

Some of the barriers to refugee protection are personal factors and some others are external ones. The Governmental policy should, therefore, consistently be geared towards utilizing the existing potential, dismantling restrictive regulations and instead putting in place a policy of promoting innovative initiatives.

10 References

Aalen, Lovise (2002): *Federalism in a Dominant Party State: The Ethiopian Experience 1991–2000*. Chr. Michelsen Institute. Bergen.

Abbink, Jon (2011): Ethnic-based federalism and ethnicity in Ethiopia: reassessing the experiment after 20 years. In *Journal of Eastern African Studies* 5 (4), pp. 596–618. DOI: 10.1080/17531055.2011.642516.

Abebe, Tsion Tadesse (2018): Ethiopia's refugee responseFocus on socio-economic integration and self-reliance. Edited by Institute for Security Studies (East Africa Reports). Available online at https://go.aws/2Taf2Fb, checked on 08/08/2021.

Addis Ababa Investment Bureau (2019): Addis Ababa City Investment Guide. Addis Ababa. https://www.unido.org/sites/default/files/files/2018-05/1.%20AN%20INVESTMENT%20GUIDE%20TO%20ETHIOPIA.pdf, checked on 04/04/2024.

Agence France-Presse (2019): Hopes Dashed as Ethiopia-Eritrea Peace Process Stagnates. In *Voice of America*, 07/23/2019. https://www.insidevoa.com/p/5621.html, checked on 04/04/2024.

Akkaya, Gülcan; Soland, Bernhard (2009): The impact of the emigration of Albanian migrants on their home region of Tetovo. A Qualitative Exploratory Research Study in the Region of Tetovo, Macedonia. Lucerne University of Applied Sciences and Arts – Social Work. Lucerne. https://www.eda.admin.ch/dam/deza/en/documents/laender/194222-auswirkungen-migration-mazedonien_EN.pdf, checked on 12/06/2024.

Arif, G. M.; Irfan, M. (1997): Return Migration and Occupational Change: The Case of Pakistani Migrants Returned from the Middle East. In *The Pakistan Development Review* 36 (1), pp. 1–37. DOI: 10.30541/v36i1.

Assan, Joseph K.; Kharisma, Dinar D.; Afia, Adaboh A. (2018): Demographic characteristics, migration and employment-seeking behaviour: a case study of Ghana. In Tony Binns, Kenneth Lynch, Etienne Nel (Eds.): The Routledge Handbook of African Development. 1st ed. New York: Routledge, pp. 71–91.

Atnafu, Adamnesh; Oucho, Linda; Zeitlyn, Benjamin (2014): Poverty, Youth and Rural-Urban Migration in Ethiopia. Edited by Migrating out of Poverty. Brighton (Working Paper 17). https://www.researchgate.net/publication/265297849_Poverty_Youth_and_Rural-Urban_Migration_in_Ethiopia/link/540db2710cf2f2b29a39fdbf/download?_tp=eyJjb250ZXh0Ijp7ImZpcnN0UGFnZSI6InB1YmxpY2F0aW9uIiwicGFnZSI6InB1YmxpY2F0aW9uIn19, checked on 04/04/2024.

Bakewell, Oliver; Jónsson, Gunvor (2011): Migration, mobility and the African city. Edited by International Migration Institute, University of Oxford. Oxford (50). Available online at https://www.migrationinstitute.org/publications/wp-50-11/@@download/file, checked on 07/07/2021.

Bakewell, Oliver; Landau, Loren B. (Eds.) (2018): Forging African Communities. London: Palgrave Macmillan UK.

BBC (2019): Abiy Ahmed's reforms in Ethiopia lift the lid on ethnic tensions. In *BBC*, 06/29/2019. Available online at https://www.bbc.com/news/world-africa-48803815, checked on 01/12/2020.

Bereketeab, Redie (2013): Introduction. In Redie Bereketeab (Ed.): The Horn of Africa. Intra-state and inter-state conflicts and security. London, Uppsala: Pluto Press; Nordiska Afrikainstitutet.

Berhanu, Kassahun (2013): Conflicts in the Horn of Africa and Implications for Regional Security. In Redie Bereketeab (Ed.): The Horn of Africa. Intra-state and inter-state conflicts and security. London, Uppsala: Pluto Press; Nordiska Afrikainstitutet.

Bertelsmann Stiftung (2016): From Refugees to Workers: Mapping Labour-Market Integration Support Measures for Asylum Seekers and Refugees in EU Member States.

Betts, Alexander; Bloom, Louise; Weaver, Nina (2015): Refugee Innovation. Humanitarian innovation that starts with communities. Edited by Humanitarian Innovation Project. University of Oxford. Available online at https://www.rsc.ox.ac.uk/files/files-1/refugee-innovation-web-5-3mb.pdf, checked on 07/07/2021.

Betts, Alexander; Fryszer, Leon; Omata, Naohiko; Sterck, Olivier (2019): Refugee Economies in Addis Ababa: Towards Sustainable Opportunities for Urban Communities? University of Oxford. Oxford. https://www.rsc.ox.ac.uk/publications/refugee-economies-in-addis-ababa-towards-sustainable-opportunities-for-urban-communities, checked on 04/04/2024.

Blanchflower, David; Oswald Andrew (1998): What Makes an Entrepreneur? Journal of Labor Economics 16: 26–60.

Borchgrevink, Axel; Lie, Jon Harald Sande (2009): Regional Conflicts and International Engagement on the Horn of Africa. Edited by Norwegian Institute of International Affairs. Oslo. Available online at https://www.files.ethz.ch/isn/111387/Borchgrevink-Lie-Report.pdf, checked on 08/07/2021.

Brown, Alison; Mackie, Peter; Dickenson, Kate; Gebre-Egziabher, Tegegne (2018): Urban refugee economies: Addis Ababa, Ethiopia. Edited by IIED, Cardiff University, Addis Ababa University, Danish Refugee Council. IIED; Cardiff University; Addis Ababa University; Danish Refugee Council. London (Working Paper). http://pubs.iied.org/10850IIED, checked on 19/03/2023.

Cattacin, Sandro; Naegeli, Patricia (2014): Städtische Innovationsregime. In *Forschungsjournal Soziale Bewegungen* 27 (2), pp. 42–49.

Central Statistical Agency (CSA) (2008): Summary and Statistical Report of the 2007 Population and Housing Census. Federal Democratic Republic of Ethiopia, Addis Ababa. Available online at https://www.ethiopianreview.com/pdf/001/Cen2007_firstdraft(1).pdf, checked on 01/12/2021

CSA (1999): Statistical Report on the 1999 National Labour Force Survey. The Federal Democratic Republic of Ethiopia: Addis Ababa.

CSA (2006): Report on the 2005 National Labour Force Survey. The Federal Democratic Republic of Ethiopia: Addis Ababa.

CSA (2012): Statistical Report on the 2012 Urban Employment Unemployment Survey. The Federal Democratic Republic of Ethiopia: Addis Ababa.

CSA (2013): Analytical Report on the 2013 National Labour Force Survey. The Federal Democratic Republic of Ethiopia: Addis Ababa.

CSA (2014): Statistical Report on the 2014 Urban Employment Unemployment Survey. The Federal Democratic Republic of Ethiopia: Addis Ababa.

CSA (2015): Statistical Report on the 2015 Urban Employment Unemployment Survey. The Federal Democratic Republic of Ethiopia: Addis Ababa.

CSA (2016): Statistical Report on the 2016 Urban Employment Unemployment Survey. The Federal Democratic Republic of Ethiopia: Addis Ababa.

CSA (2018): Statistical Report on the 2018 Urban Employment Unemployment Survey. The Federal Democratic Republic of Ethiopia: Addis Ababa.

CSA (2021): Statistical Report on the 2021 National Labour Force and Migration Survey. The Federal Democratic Republic of Ethiopia: Addis Ababa.

Chacko, E.; Gebre, P. (2009): Diaspora Investments, Motivations, and Challenges: The Case of Ethiopia. World Bank International Conference on Diaspora and Development. 13–14 July 2009.

Charmes, Jacques; Gault, Fred; Wunsch-Vincent; Sacha (2018): Measuring Innovation in the Informal Economy – Formulating an Agenda for Africa. In *Journal of Intellectual Capital* 2018 (3), pp. 536–549.

Chartered Institute of Personnel and Development (CIPD) (2023):Migrant workers and skills shortages in the UK: Role of immigration in tackling post-Brexit skills challenges12. London: Chartered Institute of Personnel and Development: https://www.cipd.org/globalassets/media/knowledge/knowledge-hub/reports/2023-pdfs/2023-migrant-workers-skills-shortages-uk-report.pdf, checked on 04/04/2024.

Chatam House Report (2019): Conflict economies in Middle East and North Africa. https://www.chathamhouse.org/2019/06/conflict-economies-middle-east-and-north-africa, checked on 11/08/2021.

Chekroun, Amélie; Hirsch, Bertrand (2020): The Muslim-Christian Wars and the Oromo Expansion: Transformations at the End of the Middle Ages (c. 1500–c. 1560). In S. Kelly (ed.): Companion to Medieval Ethiopia and Eritrea. Boston: Brill, pp. 454–476.

CIA (Ed.) (1983): Somalia: Status of the Armed Forces. An Intelligence Memorandum. Directorate of Intelligence. Washington D.C.

Cok, Corrado (2019): Ethiopia's critical juncture: Ethnic tensions and liberal transition. Global Risks Insights. Available online at https://globalriskinsights.com/2019/08/ethiopias-ritical-juncture, checked on 01/08/2020.

Cortes, Kalena E. (2004): Are Refugees Different from Economic Immigrants? Some Empirical Evidence on the Heterogeneity of Immigrant Groups in the United States. IZA Discussion Paper No. 1063.

Constant, Amelie (2014): Do migrants take the jobs of native workers? In *IZA World of Labour 10*. DOI: 10.15185/izawol.10.

De Beer, Jeremy e; Fu, Kun; Wunsch-Vincent, Sacha (2016): Innovation in the Informal Economy. In Erika Kraemer-Mbula, Sacha Wunsch-Vincent, Erika Kraemer-Mbula, Sacha Wunsch-Vincent (Eds.): The Informal Economy in Developing Nations. Cambridge: Cambridge University Press, pp. 53–99.

De Haas, Hein (2005): International migration, remittances and development: myths and facts. In *Third World Quarterly* 26 (8), pp. 1269–1284. DOI: 10.1080/01436590500336757.

De Haas, Hein (2010): Migration and Development: A Theoretical Perspective. In *The International Migration Review* 44 (1), pp. 227–264. DOI: 10.1111/j.1747-7379.2009.00804.x.

Debnath, Priyanka (2016): Leveraging Return Migration for Development: The Role of Countries of Origin. A Literature Review. Edited by KNOMAD (KNOMAD WORKING PAPER, 17). Available online at https://www.knomad.org/sites/default/files/2017-04/WP%20Leveraging%20Return%20Migration%20for%20Development%20-%20The%20Role%20of%20Countries%20of%20Origin.pdf, checked on 24/06/2024.

Demeke, Girma (2001): The Ethio-semitic languages: re-examining the classification. In *Journal of Ethiopian Studies* 34 (2), pp. 57–93.

Desta, Chalachew Getahun (2018): The Urban Informal Economy in Ethiopia: Theory and Empirical Evidence. In *Eastern Africa Social Science Research Review* 2018 (34), pp. 37–63. Available online at https://www.ajol.info/index.php/eassrr/article/view/167925, checked on 19/03/2024.

Dick, Eva; Schraven, Benjamin (2018): Regional migration governance in Africa and beyond. A framework of analysis. Bonn: Deutsches Institut für Entwicklungspolitik gGmbH (Discussion paper /German Development Institute, 9/2018). Available online at https://www.die-gdi.de/uploads/media/DP_9.2018.pdf, checked on 19/03/2024.

Eaton, Tim; Cheng, Christine; Mansour, Renad; Salisbury, Peter; Yazigi, Jihad; Khatib, Lina (2019): Conflict economies in the Middle East and North Africa. London: The Royal Institute of International Affairs (Chatham House report). Available online at https://www.chathamhouse.org/sites/default/files/2019-08-13-ConflictEconomies.pdf, checked on 08/07/2021.

Elo, Maria; Riddle, Liesl (2016): Understanding Diaspora Investment. In Maria Elo, Liesl Riddle (Eds.): Diaspora Business: Interdisciplinary Press, pp. 13–28. Available online at https://www.researchgate.net/profile/Maria_Elo/publication/303739055_Understanding_Diaspora_Investment/links/577a5b9908ae355e74f065a6/Understanding-Diaspora-Investment.pdf, checked on 07/08/2021.

Erk, Jan (2017): 'Nations, Nationalities, and Peoples': The Ethnopolitics of Ethnofederalism in Ethiopia. In *Ethnopolitics* 16 (3), pp. 219–231. DOI: 10.1080/17449057.2016.1254409.

Ethiopian Ministry of Finance and Economic Development (MoFED (2010): Growth and Transformation Plan (GTP) 2010/11-2014/15. Addis Ababa. Available online at https://faolex.fao.org/docs/pdf/eth144893.pdf, checked on 24/06/2024.

Faber, Alice (2019): Genetic subgrouping of the Semitic languages. In John Huehnergard, Na'ama Pat-El (Eds.): The semitic languages. 2ème édition. Abingdon, Oxon, New York, NY: Routledge (Routledge language family series).

Faist, Thomas; Fauser, Margit; Kivisto, Peter (2011): The Migration-Development Nexus. London: Palgrave Macmillan UK.

Faist, Thomas; Gehring, Tobias; Schultz, Susanne U. (2019): Mobilität statt Exodus: Migration und Flucht in und aus Afrika, Bielefeld: COMCAD.

Fay, Marianne; Opal, Charlotte (1999): Urbanization without Growth: A Not-So-Uncommon Phenomenon (Policy Research Working Papers).

Federal Democratic Republic of Ethiopia (Ed.) (2019): Proclamation No. 1110/2019. Refugees Proclamation. Federal Negarit Gazette (38). Addis Ababa.

Federal Institute for Population Research (BiB) (2016): Rapid Population Increases Ahead for African Cities. Available online at https://www.bib.bund.de/EN/Service/Press/2016/2016-07-Rapid-Population-Increases-Ahead-for-African-Cities.html, checked on 07/09/2021.

Felder, Cain H. (Ed.) (1996): The original African heritage study Bible. King James version with special annotations relative to the African/Edenic perspective. 6. pr. Nashville: Winston.

Ferede, Tadele; Kebede, Shiferaw (2015): Economic growth and employment patterns, dominant sector, and firm profiles in Ethiopia: Opportunities, challenges and Prospects. Edited by University of Bern (R4D Working Paper 2015/2).

Fessha, Yonatan Tesfaye (2017): The Original Sin of Ethiopian Federalism. In *Ethnopolitics* 16 (3), pp. 232–245. DOI: 10.1080/17449057.2016.1254410.

Flick, Uwe (2022): Doing Interview Research: The Essential how to Guide. Sage Publications Ltd; 1st edition London.

Florida, Richard; Adler, Patrick; Mellander, Charlotta (2017): The city as innovation machine. In *Regional Studies* 51 (1), pp. 86–96. DOI: 10.1080/00343404.2016.1255324.

Fox, Sean (2011): Understanding the Origins and Pace of Africa's Urban Transition. Edited by Crisis States Reserach Centre, LSE (Crisis States Working Papers Series No. 2). Available online at https://www.files.ethz.ch/isn/134686/wp892.pdf, checked on 07/08/2021.

Fraze, Barb (2019): Ethiopians, often refugees themselves, welcome newcomers, cardinal says. In *CRUX*. Available online at https://cruxnow.com/church-in-africa/2019/11/ethiopians-often-refugees-themselves-welcome-newcomers-cardinal-says, checked on 07/11/2021.

Gebre Selassie, Yohannes; Gajda, Iwona; Hiluf, Berhe (2009): Pre-Aksumite Inscriptions from Mäqabər Ga'əwa (Tigrai, Ethiopia). In *ethio* 24 (1), pp. 33–48. DOI: 10.3406/ethio.2009.1386.

Gebreselassie, Elias (2019): How hundreds of Syrians found refuge in Ethiopia. In *Aljazeera*, 2019. Available online at https://www.aljazeera.com/features/2019/1/22/how-hundreds-of-syrians-found-refuge-in-ethiopia, checked on 08/07/2021.

Geda, Alemayehu (2022): The challenge of unemployment and youth unemployment amidst fast economic growth in Ethiopia https://www.aercafrica.org/wp-content/uploads/2022/08/Working-Paper-GSYE-008.pdf, checked on 24/06/2024.

Glick-Schiller, Nina; Basch, Linda; Szanton Blanc, Cristina (1992): Transnationalism: A New Analytic Framework for Understanding Migration. In *Annals of the New York Academy of Sciences* 645 (1), pp. 1–24. DOI: 10.1111/j.1749-6632.1992.tb33484.x.

Glick Schiller, Nina; Basch, Linda; Szanton Blanc, Cristina (1995): From Immigrant to Transmigrant: Theorizing Transnational Migration. In *Anthropological Quarterly* 68 (1), pp. 48–63. DOI: 10.2307/3317464.

Grubeck, Nikolaus (2011): Civilian Harm in Somalia: Creating an Appropriate Response. Campaign for Innocent Victims ins Conflict. Washington D.C. Available online at https://civiliansinconflict.org/wp-content/uploads/2017/09/Somalia_Civilian_Harm_2011.pdf, checked on 07/08/2021.

Habermas, Jürgen (1981): Theorie des kommunikativen Handelns. Handlungsrationalität und gesellschaftliche Rationalisierung. Band 1. Frankfurt a. M.: Suhrkamp.

Habtu, Alem (2003): Ethnic Federalism in Ethiopia: Background, Present Conditions and Future Prospects. 57th ed. International Conference on African Development Archives. Available online at https://scholarworks.wmich.edu/africancenter_icad_archive/57, checked on 01/12/2020.

Hammersley, Martyn; Atkinson, Paul (2019): Ethnography Principels in Practice. Fourth Edition. Routledge. London and New York.

Harris, John R.; Todaro, Michael P. (1970): Migration, Unemployment and Development: A Two-Sector Analysis. In *The American Economic Review* 60 (1), pp. 126–142. Available online at https://www.jstor.org/stable/1807860, checked on 07/08/2021.

Hassen, Mohammed (2017): The Oromo and the Christian Kingdom of Ethiopia, 1300–1700. Eastern Africa Series. Boydell Press: N.Y.

Häussermann, Hartmut (2006): Desintegration durch Stadtpolitik? In *Aus Politik und Zeitgeschichte* 40–41, pp. 14–22.

Häussermann, Hartmut; Siebel, Walter (2001): Integration und Segregation – Überlegungen zu einer alten Debatte. In *Deutsche Zeitschrift für Kommunalwissenschaften (DfK)* 40 (1), pp. 68–79.

Healy, Sally (2008): Lost Opportunitiesin the Horn of Africa. How Conflicts Connect andPeace Agreements Unravel. Royal Institute of International Affairs. London (Horn of Africa Group Report). Available online at https://www.chathamhouse.org/sites/default/files/public/Research/Africa/0608hornafrica.pdf, checked on 24/06/2024.

Hemingway, Ernest (1952): The Old Man and the Sea. Published by London: Cape.

Henderson, Vernon (2003): The Urbanization Process and Economic Growth: The So-What Question. In *Journal of Economic Growth* 8 (1), pp. 47–71. DOI: 10.1023/A:1022860800744.

Hinrichs, Nava; Juzwiak, Teressa (2017): Enhancing Partnerships Between Cities and Businesses For Migration. The Case of the Netherlands. The Hague Institute for Global Justice. The Hague (Working Paper, 19).

Hirt, Nicole (2019): Der unvollkommene Frieden: Geostrategische Machtkämpfe am Horn von Afrika. In *GIGA Focus Afrika* 5 (5), pp. 1–12.

Horne, Felix (2019): One Year After Peace Deal, Little Has Changed in Eritrea. Thousands Still Fleeing Indefinite Conscription. Human Rights Watch. New York. Available online at https://www.hrw.org/news/2019/07/09/one-year-after-peace-deal-little-has-changed-eritrea, checked on 02/01/2019.

Huchzermeyer, Marie (2011): Cities with Slums: From Informal Settlement Eradication to a Right to the City in Africa, Cape Town: UCT Press.

Huchzermeyer, Marie (2014): «Invoking Lefebvre's 'right to the city' in South Africa today: A response to Walsh», City, 2014, 18/1, p. 41–49;

Hugon, Philippe (2014): « L'« informel » ou la petite production marchande revisités quarante ans après », *Mondes en développement*, vol. 166, no. 2, 2014, pp. 17–30.

IDMC (2019): Global Report on Internal Displacement 2019. IDMC; Norwegian Refugee Council. Available online at http://www.internal-displacement.org/sites/default/files/publications/documents/2019-IDMC-GRID.pdf, checked on 01/08/2019.

IDMC (May 2019): *Global Report on Internal Displacement: New Displacements by Conflict and Disasters in 2018.* IDMC-NRC.

IDMC (2023): *Global Report on Internal Displacement: Internal Displacements by Conflict and Disasters in 2022.* IDMC-NRC.

ILO (2013): Measuring informality: A statistical manual on the informal sector and informal employment. Geneva: International Labour Office. https://www.ilo.org/publications/measuring-informality-statistical-manual-informal-sector-and-informal, checked on 24/06/2024.

ILO (2017): Promote Effective Labour Migration Governance in Ethiopia. Program Achievements. ILO. Geneva.

ILO (2018): Situations and needs assessment of Ethiopian returnees from the Kingdom of Saudi Arabia. Available online at http://www2.ilo.org/wcmsp5/groups/public/---africa/---ro-abidjan/---sro-addis_ababa/documents/publication/wcms_670539.pdf, checked on 05/04/2024.

Inter-Agency Standing Committee (IASC) Task Force (Ed.) (2009): Initial Strategy Paper. Meeting Humanitarian Challenges in Urban Areas. Nairobi. Available online at https://www.unhcr.org/4b011dc19.html, checked on 07/07/2021.

International Rescue Committee (2018): A New Response to the Protracted Refugee Crisis in Ethiopia: A case study of World Bank financing for refugee-hosting nations. Washington D. C.

IOM (2017a): Annual Report 2017: International Organization for Migration Special Liaison Office (SLO). Addis Ababa. https://ethiopia.iom.int/resources/annual-report-2017, checked on 24/06/2024.

IOM (2017b): Enabling a Better Understanding of Migration Flows (and its Root-Causes) from Ethiopia towards Europe. Desk-Review Report. Geneva (Displacement Tracking Matrix (DTM)). Available online at https://dtm.iom.int/sites/g/files/tmzbdl1461/files/reports/Desk%20Review%20Report%20-%20ETHIOPIA%20-MinBuZa%20%2802%29_0.pdf, checked on 05/04/2024.

IOM (2018): Mapping of Ethiopian Diasporas Residing in the United States of America. Addis Ababa: International Organization for Migration. Available online at https://ethiopia.iom.int/sites/g/files/tmzbdl996/files/documents/Final%2520Mapping%2520of%2520Ethiopian.pdf, checked on 05/04/2024.

IOM (2019 a): International Migration Law: Glossary on Migration. IOM: Geneva.

IOM (2019 b): Ethiopia — National Displacement Report 1 (June — July 2019). IOM. Available online at https://displacement.iom.int/reports/ethiopia-—-national-displacement-report-1-june-—-july-2019?close=true, checked on 01/08/2020.

Ionescu, Dina (2006): Engaging Diasporas as Development Partners for Home and Destination Countries: Challenges for Policymakers. IOM. Geneva (IOM Migration Research Series, 26). Available online at https://publications.iom.int/system/files/pdf/mrs26.pdf, checked on 24/06/2024.

Jacquin-Berdal, Dominique; Mengistu, Aida (2006): Nationalism and identity in Ethiopia and Eritrea: building multiethnic states. In Dorina Akosua Oduraa Bekoe (Ed.): East Africa and the Horn. Confronting challenges to good governance. Boulder, Colo.: Lynne Rienner Publ (International Peace Academy occasional paper series), pp. 81–100.

Jedwab, Rémi (2010): African Cities and the Structural Transformation:Evidence from Ghana and Ivory Coast. Available online at https://www.gov.uk/research-for-development-outputs/african-cities-and-the-structural-transformation-evidence-from-ghana-and-ivory-coast, checked on 07/08/2021.

Jeffrey, James (2018): Eritrea-Ethiopia peace leads to a refugee surge. In *The New Humanitarian (formerly IRIN News)*, 11/15/2018. Available online at https://www.thenewhumanitarian.org/news-feature/2018/11/15/eritrea-ethiopia-peace-leads-refugee-surge, checked on 01/02/2020.

Kaleab, Sigatu Tadesse (2019): No Peace No War: The Ethiopian–Eritrean Conflict. In *Academic and Applied Research in Military and Public* 18 (1), pp. 79–91. DOI: 10.32565/aarms.2019.1.5.

Kendie, Daniel (2007): Towards Resolving the Ethiopia-Somalia Disputes (International Conference on African Development Archives, 104). Available online at https://scholarworks.wmich.edu/africancenter_icad_archive/104, checked on 07/08/2021.

Khoudour, David; Andersson, Lisa (2017): Assessing the contribution of refugees to the development of their host countries. Edited by OECD. Paris. Available online at https://one.oecd.org/document/DEV/DOC(2017)1/en/pdf, checked on 07/07/2021.

Kloosterman, Robert C. (2019): Migrant entrepreneurs and cities. New opportunities, newcomers, new issues. In: Caponio, T.; Scholten, P.; Zapata-Barrero R. (Eds.): The Routledge handbook of the governance of migration and diversity in cities. London/New York: Routledge, p. 63–74.

Kifle, Mikias Tilahun (2014): The Role of International Remittance on Economic Growth in Ethiopia: An Autoregressive Distributed Lag Approach. Unpublished Master Thesis. Addis Ababa University, Addis Ababa. Available online at https://etd.aau.edu.et/server/api/core/bitstreams/b2123dfa-d08f-446b-bf89-df9c9d0e2f52/content, checked on 05/04/2024.

Kraemer-Mbula, Erika; Wunsch-Vincent, Sacha (Eds.) (2016): Informal economy in developing nations – hidden engine of innovation? Cambridge: Cambridge University Press.

Kuschminder, Katie; Andersson, Lisa; Seigel, Melissa (2018): Migration and multidimensional well-being in Ethiopia: investigating the role of migrants destinations. In *Migration and Development* 7 (3), pp. 321–340. DOI: 10.1080/21632324.2018.1463903.

Kuschminder, Katie; Siegel, Melissa (2013): Understanding Ethiopian diaspora engagement policy. Edited by Boekenplan. UNU-MERIT. UNU-Merit Working Paper Series. Available online at https://migration.unu.edu/publications/working-papers/understanding-ethiopian-diaspora-engagement-policy.html, checked on 07/7/2021.

Laitin, David (1985): The American-Somali Alliance: Whose Agenda? (Trans Africa Forum, Summer 1985).

Legrain, Philippe (2016): Refugees Work: A Humanitarian Investment that Yields Economic Dividends. Edited by Tent Foundation and Open Political Economy Network. Available online at https://www.academia.edu/33421034/REFUGEES_WORK_A_HUMANITARIAN_INVESTMENT_THAT_YIELDS_ECONOMIC_DIVIDENDS, checked on 05/04/2024.

Levine, Donald Nathan (2000): Greater Ethiopia. The evolution of a multiethnic society. 2. ed. Chicago: Univ. of Chicago Press.

Levitt, Peggy (1996): Social Remittances: A Conceptual Tool for Understanding Migration and Development (Working Paper, 96.04).

Levitt, Peggy (1998): Social Remittances: Migration Driven Local-Level Forms of Cultural Diffusion. In *International Migration Review* 32 (4), p. 926. DOI: 10.2307/2547666.

Lewis, S, Herbert (1965): A Galla [sic] Monarchy: Jimma Abba Jifar, Ethiopia. 1830–1932. Madison and Miwaukee: The University of Wisconsin Press.

Lewis, W. Arthur (1954): Economic Development with Unlimited Supplies of Labour. In *Manchester School* 22 (2), pp. 139–191. DOI: 10.1111/j.1467-9957.1954.tb00021.x.

Lima, Alvaro (2010): Transnationalism: A New Mode of Immigrant Integration. The Mauricio Gastón Institute, University of Massachusetts Boston. Boston.

Mayring, Philipp (2022): Qualitative Content Analyses. A Step – by – Step Guide. Sage Publications.

Mellor, John W. (Ed.) (1995): Agriculture on the Road to Industrialization. Baltimore and London: International Food Policy Research Institute.

Mena, Wogene Berhanu (2017): Assessing the Local Integration of Urban Refugees. A Comperative Study of Eritrean and Somali Refugees. Master Thesis. Addis Ababa University, Addis Ababa. College of Social Sciences.

Mengisteab, Kidane (2011): Critical factors in the Horn of Africa's raging conflicts. Uppsala: Nordiska Afrikainstitutet.

Ministry of Urban Development, Housing and Construction (2014): National Report on Housing and Sustainable Urban Development. Federal Democratic Republic of Ethiopia, Addis Ababa. Availabl online at https://www.academia.edu/33311975/NATIONAL_REPORT_ON_HOUSING_and_SUSTAINABLE_URBAN_DEVELOPMENT_Ministry_of_Urban_Development_Housing_and_Construction_National_Report_on_Housing_and_Sustainable_Urban_Development, checked on 01/12/2021

Møller, Bjørn (2009): The Somali conflict. The role of external actor. Halle (Saale), København: Universitäts- und Landesbibliothek Sachsen-Anhalt; Dansk Institut for Internationale Studier (DIIS Reports/Danish Institute for International Studies, 2009,03). Available online at https://pure.diis.dk/ws/files/73118/DIIS_report_2009_03_Somali_conflict.pdf, checked on 05/04/2024.

National Geographic. The Kingdom of Aksum. https://education.nationalgeographic.org/resource/kingdom-aksum, checked on 05/04/2024.

National Planning Commission – NPC, 2016. Growth and Transformation Plan-II of Ethiopia Volume I Main Text. Addis Ababa. – References – Scientific Research Publishing (scirp.org.) checked on 11/08/2021. https://www.greenpolicyplatform.org/sites/default/files/downloads/policy-database//ETHIOPIA%29%20Growth%20and%20Transformation%20Plan%20II%2C%20Vol%20I.%20%20%282015%2C16-2019%2C20%29.pdf, checked on 04/04/2024.

NRC (2017): Report on the Labour Market Assessment of Addressing Root Causes (ARC) and Protection Solution for Urban Refugees Projects in Addis Ababa, Ethiopia. Mela Development Training & Consultancy Services Pvt. Ltd. Co.

OHCHR (2019): Human Rights Council holds enhanced interactive dialogue on the situation of human rights in Eritrea. OHCHR. Geneva. Available online at https://www.ohchr.org/EN/NewsEvents/Pages/DisplayNews.aspx?NewsID=24306&LangID=E, checked on 02/01/2019.

OCHA Ethiopia (2024, March 1):Ethiopia situation report. United Nations Office for the Coordination of Humanitarian Affairs. https://reports.unocha.org/en/country/ethiopia, checked on 04/04/2024.

Olika, Tafesse (2008, 2009): Conflicts and Conflict Resolution in the Horn of Africa: Toward the Study of Regional Peace and Security. Ethiopian Journal of Social Sciences and Humanities, VI (1 & 2): 1–24.

Operational Data Portal (2024, 29 February): Ethiopia: Total refugees and asylum seekers. https://data.unhcr.org/en/country/eth, checked on 03/04/2024.

Ozlu, Mehmet Onur; Alemayehu, Abebaw; Mukim, Megha; Lall, Somik V.; Kerr, Oliver Thomas; Kaganova, Olga; Viola, Chloe Oliver; Hill, Ruth; Hamilton, Ellen; Bidgood, Anne Treylane; Ayane, Berhanu Legesse; Aguilera De Llano, Ana Isabel; Gebre Egziabher, Tegegne; Gebretsadik, Sisay Zenebe (2015): Ethiopia – Urbanization review: urban institutions for a middle-income Ethiopia. Working Paper No. 100238. Washington, D.C.: World Bank Group. Oviedo, Ana Maria; Thomas, Mark R.; & Karakurum-Özdemir, Kamer (2009): Economic Informality: Causes, Costs, and Policies—A Literature Survey. The World Bank: Washington D. C.

Oviedo, Ana Maria; Thomas, Mark R.; & Karakurum-Özdemir, Kamer (2009): Economic Informality: Causes, Costs, and Policies—A Literature Survey. The World Bank: Washington D. C.

Pankhurst, Richard (1997): The Ethiopian Borderlands: Essays in Regional History from Ancient Times to the End of the 18th Century. The Red Sea Press.Perry, Guillermo, Omar Arias, Pablo Fajnzylber, William Maloney, Andrew Mason, and Jaime Saavedra (2007): Informality: Exit and Exclusion. Washington, DC: World Bank.

Phillipson, David W. (2009): The First Millennium BC in the Highlands of Northern Ethiopia and South–Central Eritrea: A Reassessment of Cultural and Political Development. In *African Archaeological Review* 26 (4), pp. 257–274. DOI: 10.1007/s10437-009-9064-2.

Pries, Ludger (2008): Rethinking transnationalism. The meso-link of organisations. London, New York: ROUTLEDGE (Transnationalism. Routledge research in transnationalism, 21). Available online at https://www.semanticscholar.org/paper/Rethinking-transnationalism-%3A-the-meso-link-of-Pries/06bdae2aec7c214ea1f1da9952062f301fe23289, checked on 05/04/2024.

Pries, Ludger (2015): Die Transnationalisierung der sozialen Welt. Sozialräume jenseits von Nationalgesellschaften. 3. Auflage. Frankfurt am Main: Suhrkamp (Edition Suhrkamp, 2521).

Refugee and Returnee Services and UNHCR (2021): Ethiopia GRF Pledge Progress Report.

Research and Evidence Facility (REF) (2017): Migration and Conflict in the Horn of Africa: A Desk Review and Proposal for Research. London and Nairobi (EU Trust Fund for Africa (Horn of Africa Window) Research and Evidence Facility). Available online at https://blogs.soas.ac.uk/ref-hornresearch/files/2020/02/Migration-and-Conflict-desk-review.pdf, checked on 24/06/2024.

Research an Evidence Facility (2020): Migration and Conflict in the Horn of Africa: a review of recent literature. EU Trust Fund for Africa (Horn of Africa Window) Research and Evidence Facility. London.

Ridler, Faith (2019): Syrian refugees are banned from begging… in ETHIOPIA. In *Mail Online*, 2019. Available online at https://www.dailymail.co.uk/news/article-6631965/Ethiopia-bans-street-begging-Syrians-growing-numbers.html, checked on 07/11/2021.

Riggan, Jennifer; Poole, Amanda (2018): "We can't go home": What does peace mean for Eritrea's refugees? In *African Arguments*, 08/01/2018. Available online at https://africanarguments.org/2018/08/01/cant-go-home-peace-eritrea-refugees, checked on 01/02/2020.

Robinson, Jennifer (2014): «Introduction to a virtual Issue on comparative urbanism: Introduction», International Journal of Urban and Regional Research, 2014, 19/2, pp. 286–303;

Roy, Ananya (2011): «Slumdog Cities: Rethinking Subaltern Urbanism: Rethinking Subaltern Urbanism», International Journal of Urban and Regional Research, 2011, 35/2, pp. 223–238;

Sandercock, Leonie (2011): Towards a cosmopolitan urbanism: from theory to practice. In Thomas L. Harper, Michael Hibbard, Anthony Gar-On Yeh, Heloisa Costa (Eds.): Dialogues in urban and regional planning. London, New York: Routledge, pp. 38–57.

Shaw, Thurstan (1993): The archaeology of Africa. Food, metals and towns. 1. publ. London u.a.: ROUTLEDGE (One world archaeology).

Shiferaw, Admasu (2017): Productive Capacity and Economic Growth in Ethiopia. In *CDP Background Paper* (34).

Simatele, D. (2018): Perspectives on urban employment in Africa: the case of informal solid waste management in Kinshasa, Democratic Republic of Congo (DRC). In Tony Binns, Kenneth Lynch, Etienne Nel (Eds.): The Routledge Handbook of African Development. 1st ed. New York: Routledge.

Simmel, Georg (1903 [1984]): Die Grossstädte und das Geisterleben. In Georg Simmel, Otthein Rammstedt (Eds.): Individualismus der modernen Zeit und andere soziologische Abhandlungen. Frankfurt am Main: Suhrkamp (Suhrkamp Taschenbuch Wissenschaft), pp. 192–204.

Sinatti, Giulia; Horst, Cindy (2015): Migrants as agents of development: Diaspora engagement discourse and practice in Europe. In *Ethnicities* 15 (1), pp. 134–152. DOI: 10.1177/1468796814530120.

Sørensen, Pernille (2018): Country Evaluation Brief Ethiopia. Edited by Norad. Norad (REPORT 2/2018). Available online at https://norad.no/globalassets/filer-2017/evaluering/2.18-ceb-etiopia/2.18-ceb_ethiopia.pdf, checked on 02/21/2019.

Sultana, Ronald G. (2022): The labour market integration of migrants and refugees: Career guidance and the newly arrived1. International Journal for Educational and Vocational Guidance, 22(491–510). https://doi.org/10.1007/s10775-022-09529-z

Sutherland, Peter D. (2013): Migration is development: how migration matters to the post-2015 debate. In *Migration and Development* 2 (2), pp. 151–156. DOI: 10.1080/21632324.2013.817763.

Taye, Bekalu Atnafu (2017): Ethnic federalism and conflict in Ethiopia. In *African Journal on Conflict Resolution* 17 (2), pp. 41–66.

Tegenu, Tsegaye (2010): Urbanization in Ethiopia: Study on Growth, Patterns, Functions and Alternative Policy Strategy. Stockholm University, Stockholm. Department of Human Geography. Available online at http://www.diva-portal.org/smash/get/diva2:925645/FULLTEXT01.pdf.

Tesfaye, Makonnen (2015): Mobilising Ethiopian Diaspora Capital and Knowledge Networks for Economic Growth and Transformation. Tigrai Online – Ethiopian Daily Breaking News. Available online at http://www.tigraionline.com/articles/diaspora-ethiopians-2015.html, checked on 07/8/2021.

The Hague Process on Refugees and Migration (Ed.) (2007a): Big Cities and Migration. International Working Conference. January 31st – February 1st The Hague. The Netherlands.

The Hague Process on Refugees and Migration (Ed.) (2007b): Towards an Inclusive Approach to Citizenship: Local Covenants for Non-Discrimination and Equal Opportunities in Access to Employment. Denmark. THP FoundationIn cooperation with the Danish Institute for Human Rights (DIHR) And the Municipality of Copenhage.

The Nobel Prize Organization (2019): The Nobel Peace Prize for 2019. Oslo. Available online at https://www.nobelprize.org/prizes/peace/2019/press-release, checked on 08/08/2021.

The World Bank (2009): Ethiopia – Toward the Competitive Frontier: Strategies for Improving Ethiopia's Investment Climate. Available online at https://openknowledge.worldbank.org/handle/10986/3076, checked on 07/08/2021.

The World Bank (2011): Migration and Remittances Factbook 2011: The World Bank.

The World Bank (Ed.) (2015a): Ethiopia Urbanization Review. Urban Institutions for a Middle-Income Ethiopia. Available online at https://openknowledge.worldbank.org/bitstream/handle/10986/22979/Ethiopia000Urb0ddle0income0Ethiopia.pdf?sequence=1&isAllowed=y, checked on 07/07/2021.

The World Bank (2015b): Inclusive Cities Approach Paper. The World Bank. Available online at https://documents1.worldbank.org/curated/en/828941529524223693/pdf/Enhancing-Economic-Development-and-Job-Creation-in-Addis-Ababa-The-Role-of-the-City-Administration.pdf, checked on 24/06/2024.

The World Bank (2018a): Enhancing Economic Development and Job Creation in Addis Ababa: the Role of the City Administration. Edited by The World Bank. Washington. Available online at https://openknowledge.worldbank.org/handle/10986/30170.

The World Bank (2018b): Ethiopia Program-For-Results/Investment Project Financing Economic Opportunities Program. Report No.: PIDA0151612. Available online at http://documents.worldbank.org/curated/en/674291522144382088/pdf/Appraisal-Stage-Program-Information-Document-PID-P163829-Post-DM-Version.pdf, checked on 07/07/2021.

Tigabu, Tewodros; Semu, Girma (2008): Ethiopia: Addis Ababa urban profile. Nairobi: UN-HABITAT, Regional and Technical Cooperation Division.

Trapp, Micah (2013): Remittances as informal aid: Livelihoods and migration in a Liberian refugee camp. UNHCR (Research Paper No. 266). Available online at https://www.refworld.org/docid/529dff9b4.html, checked on 07/08/2021.

Uhlig, Siegbert; Bausi, Alessandro (Eds.) (2003): Encyclopaedia Aethiopica. Wiesbaden: Harrassowitz Verlag.

UNDP (2015): National Human Development Report 2014: Ethiopia. Accelerating Inclusive Growth for Sustainable Human Development in Ethiopia. Edited by United Nations Development Programme. Addis Ababa. Available online at https://hdr.undp.org/system/files/documents/download-ethiopia-nhdr.download-ethiopia-nhdr, checked on 05/04/2024.

UNDP (2022): Ethiopia 2030: A Country Transformed? Options for a next generation of reforms. https://www.undp.org/sites/g/files/zskgke326/files/2023-03/UNDP%20Ethiopia_Working%20paper%20series%202.pdf, checked on 04/04/2024.

UN-HABITAT (2007): Situation Analysis of Informal Settlements in Addis Ababa. UN-HABITAT. Nairobi.

UN-HABITAT (2017): The State of Addis Abbaba 2017. The Addis Ababa We Want. Edited by UN-HABITAT. UN-HABITAT. Nairobi.

UNHCR (n.d.a): Ethiopia. Global Compact on Refugees Platform. Available online at http://www.globalcrrf.org/crrf_country/eth, checked on 01/11/2020.

UNHCR (n.d.b). Refugee Data Finder. https://www.unhcr.org/refugee-statistics, checked on 02/04/2024.

UNHCR (2013, 01 January). UNHCR Statistical Online Population Database: Sources, Methods and Data Considerations. https://www.unhcr.org/statistics/country/45c06c662/unhcr-statistical-online-population-database-sources-methods-data-considerations.html, checked on 02/04/2024.

UNHCR (2001–2021): Cities of Light. Available online at https://www.unhcr.org/cities-of-light.html, checked on 08/08/2021.

UNHCR (2018a): High Commissioner's Dialogue on Protection Challenges. Protection and solutions in urban settings. Background Paper. Edited by UNHCR. Available online at https://www.unhcr.org/5c0fd0954, checked on 07/07/2021.

UNHCR (Ed.) (2018b): High Commissioner's Dialogue on Protection Challenges 2018: "Protection and solutions in urban settings: engaging with cities". Thematic Session 4: Supporting self-reliance in urban areas: economic inclusion, access to livelihoods and the role of the private sector. Available online at https://www.unhcr.org/5c76a9e04, checked on 07/07/2021.

UNHCR (2018c). High Commissioner's Dialogue on Protection Challenges: Protection and solutions in urban settings: engaging with cities: Round table on internal displacement, https://www.unhcr.org/sites/default/files/legacy-pdf/5c76aaac4.pdf, checked on 02/04/2024.

UNHCR (2019a): Ethiopia Refugee Response Plan. The integrated response plan for refugees from Eritrea, Sudan, South Sudan and Somalia. January 2019 – December 2020. UNHCR. Available online at https://reporting.unhcr.org/sites/default/files/2019-2020%20Ethiopia%20Country%20Refugee%20Response%20Plan%20%28February%202019%29.pdf, checked on 24/06/2024.

UNHCR (2019b): Urban Refugees Factsheet. Ethiopia. Available online at https://reliefweb.int/report/ethiopia/unhcr-ethiopia-urban-refugees-factsheet-december-2018, checked on 08/06/2021.

UNHCR (2021). Urban Refugee Population in Addis Ababa. https://data.unhcr.org/en/documents/details/90204, checked on 03/04/2024.

United Nations (2018a): Global Compact on Refugees. New York. Available online at https://www.unhcr.org/5c658aed4, checked on 07/07/2021.

United Nations (Ed.) (2018b): Policy Guide on Entrepreneurship for Migrants and Refugees. Available online at https://publications.iom.int/system/files/pdf/policy_guide_migrants_refugees.pdf, checked on 07/07/2021.

United Nations Department of Economic and social Affairs (2019): World Population Prospects. New York, 2019: Available online at https://population.un.org/wpp/Publications/Files/WPP2019_Highlights.pdf, checked on 01/12/2021.

United Nations (2022). Global Compact for Migration. International Migration Review Forum 2022. New York. https://migrationnetwork.un.org/international-migration-review-forum-2022, checked on 24/06/2024.

VOA (2019): Ethiopia Bans Street Begging by Syrians in Growing Numbers. Addis Ababa. Available online at https://www.voanews.com/a/ethiopia-bans-street-begging-by-syrians-in-growing-numbers/4758683.html, checked on 05/04/2024.

Whiteway, Richard Stephen (1902): The Portuguese Expedition to Abyssinia in 1541–1543 as Narrated by Castanhoso. In *Hakluyt Society Second Series, No. X*. p. 161.

Wimmer, Andreas; Glick Schiller, Nina (2002): Methodological nationalism and beyond: nation-state building, migration and the social sciences. In *Global Networks* 2 (4), pp. 301–334. DOI: 10.1111/1471-0374.00043.

Woldeamanuel, Mintesnot G. (2020): Urban issues in rapidly growing cities. Planning for development in Addis Ababa. London: Routledge, Taylor & Francis Group (Routledge contemporary Africa series).

World Bank Group (2021): Steering Towards Cleaner Air: Measures to Mitigate Transport Air Pollution in Addis Ababa. Washington, DC: The World Bank. https://openknowledge.worldbank.org/server/api/core/bitstreams/42e57fe7-eb19-5747-b92d-dfcf20a657e4/content, checked on 05/04/2024.

Ylönen, Aleksi (2019): From demonisation to rapprochement: Abiy Ahmed's early reforms and implications of the coming together of Ethiopia and Eritrea. In *Global Change, Peace & Security* 31 (3), pp. 341–349. DOI: 10.1080/14781158.2019.1546685.

11 Appendix

Table A1: Sociodemographic characteristics of respondents by employment status, 2013

Characteristics		Employment/unemployment					
		Employed No	(%)	Unemployed No	(%)	Total No	(%)
Sex	Male	6693	(57.4)	889	(42.4)	7582	(55.1)
	Female	4959	(42.6)	1206	(57.6)	6165	(44.9)
	Total	11,652	(100.0)	2098	(100.0)	13,750	(100.0)
Broad age category	Adolescents (10–14)	72	(0.6)	7	(0.3)	79	(0.3)
	Youth (15–29)	5002	(42.9)	1212	(57.9)	6214	(21.5)
	Adults (30–60)	6269	(53.8)	854	(40.8)	7123	(24.6)
	Elderly (>60)	305	(2.6)	22	(1.1)	327	(1.1)
	Total	10,965	(100.0)	17,988	(100.0)	28,953	(100.0)
Migration status	Migrant	5691	(48.8)	779	(37.2)	6470	(47.1)
	Non-migrant	5961	(51.2)	1316	(62.8)	7277	(52.9)
	Total	11,652	(100.0)	2095	(100.0)	13,747	(100.0)
Formal education	Yes, attended/ attending	10,679	(91.6)	1928	(92.0)	12,607	(91.7)
	Never attended	973	(8.4)	167	(8.0)	1140	(8.3)
	Total	11,652	(100.0)	2095	(100.0)	13,747	(100.0)
Received any certificate, diploma or above?	Yes	5292	(45.4)	576	(27.5)	5868	(42.7)
	No	6356	(54.6)	1519	(72.5)	7875	(57.3)
		11,648	(100.0)	2095	(100.0)	13,743	(100.0)

Source: Computed using data from CSA (2013, labour force survey).

Table A2: Job creation and type of jobs

Characteristics		Country of origin				Total No	(%)
		Eritrea No	(%)	Somalia No	(%)		
Place of work	Home (no special workplace)	1	(3.2)	–		1	(3.2)
	Place inside or attached to home	3	(9.7)	–		3	(9.7)
	Independent factory, office, shop, workshop, kiosk, etc	4	(12.4)	8	(25.8)	12	(38.7)
	Open market/on street/as convenient/no fixed location	2	(6.5)	6	(19.4)	8	(25.8)
	Both home and everywhere as available	3	(9.7)	2	(6.5)	5	(16.1)
	Both home and separate office	1	(3.2)	–		1	(3.2)
	Both separate office and everywhere as available	1	(3.2)	–		1	(3.2)
	Total	15	(48.4)	16	(51.6)	31	(100.0)
Reason for choice of enterprise	No license is required	6	(6.0)	8	(8.0)	14	(14.0)
	Not required to pay tax	6	(6.0)	8	(8.0)	14	(14.0)
	License is not permitted to me	8	(8.0)	12	(12.0)	20	(20.0)
	The only feasible business to me	15	(15.0)	13	(13.0)	28	(28.0)
	More freedom & flexible work schedule	4	(4.0)	11	(11.0)	15	(15.0)
	Too much requirements & the resulting long waiting	10	(10.0)	1	(1.0)	11	(11.0)
	Total	49	(49.0)	51	(51.0)	100	(100.0)
Paid employment	Number of paid employees	1		2		3	
	Number of contributing family members	1		10		11	
Enterprise registration/ license	Enterprise registration/license	1		3	(25.0)	4	(33.3)
	Pays tax	1		3	(25.0)	4	(33.3)
	Keeps book of account	1		3	(25.0)	4	(33.3)
	Total	3		9	(75.0)	12	(99.9)
Condition of employment	I am permanent employee	–		–		–	
	I have a legally written employment contract	1		–		1	
	My employer deducts government tax from my salary	1		–		1	
	My employer pays social security contributions on my behalf	–		–		–	
	I am entitled to employment benefits	–		–		–	

Source: Computed using data from CSA (2013, labour force survey).

Table A3: Innovation among Eritrean and Somali refugees in Addis Ababa

Characteristics		Country of origin				Total	
		Eritrea No	(%)	Somalia No	(%)	No	(%)
Do you innovate?	Yes	5	(16.1)	5	(16.1)	10	(32.3)
	No	10	(32.3)	11	(35.5)	21	(67.7)
	Total	15	(48.4)	16	(51.6)	31	(100.0)
Examples of innovation	Produce new/improved products or provides new/improved services to customers			1	(6.3)	1	(6.3)
	Have a research and development budget to promote innovation	–		–		–	–
	Adopt, adapt or improve available good ideas, best practices and technologies			2	(12.5)	2	(12.5)
	Purchase/pay for adopting, adapting or improving available good ideas, best practices and technologies			–		–	–
	Merely copy good ideas, best practices and technologies			1	(6.3)	–	
	Other	5	(33.3)	3	(18.8)	8	(25.8)
	Total	5	(33.3)	7	(43.8)	12	(100.0)

List of Tables

List of Figures

Ethiopia lies in the Horn of Africa, surrounded by political tension and conflict. The most populated land in the region is home to millions of refugees and migrants while also exporting a large number of workers. Addis Ababa is the capital of this multi-ethnic, civil-war stricken country and has developed into a central migration hub for East Africa.
How do these people manage to make a living and build an existence in a city that itself is plagued by high unemployment, overburdened infrastructure and a lack of assistance? What strategies do they follow to escape such sheer hardship and, if necessary, to organize an onward journey?
As this study shows, the refugees' survival is made possible by economic innovation, entrepreneurial spirit and an impressive network which mobilizes resources and generates work opportunities. In addition to the support provided by the Diaspora, refugees and migrants themselves represent an underestimated, transformative potential for the city's development.
Extensive quantitative data combined with impressive case studies is what makes this study an exceptional scientific contribution that links macroeconomic facts with individual life stories.

Gülcan Akkaya, Dr., is a lecturer and researcher at the Lucerne University of Applied Sciences and Arts. She teaches and researches on topics of migration, asylum, human rights, racism.

Chalachew Getahun Desta, Dr., is associate professor at the Center for Population Studies of Addis Ababa University. He is engaged in teaching and research on topics including household wellbeing, time allocation, women empowerment, informal employment and migration.

Samuel Tefera Alemu (PhD) is an Assistant Professor and Asian Desk Coordinator at the Center for African and Asian Studies in Addis Ababa University. He has expertise in policy oriented trans-regional research on human and livestock mobility, social protection, one health and resilience building in the Horn of Africa.

Lorenzo Fontana is an Italian architect, based in Ethiopia, collaborating with different research institutions (both Swiss and Ethiopian) and development actors (IOM, international NGOs).

Walter Schmid, Prof. Dr., former director of the Lucerne University of Applied Sciences and Arts, senior expert on migration, social policy and management of social organisations.

ISBN 978-3-03777-292-8