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# VOLUNTARY MIGRATION IN ETHIOPIA



## In Search for Work and Better Opportunities

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# ABBREVIATIONS

<b>EAP</b>	East Asia and the Pacific
<b>ECA</b>	Europe and Central Asia
<b>ESS</b>	Ethiopia Socio-economic Survey
<b>ESS</b>	Ethiopian Statistics Service
<b>FAO</b>	Food and Agricultural Organization
<b>GCM</b>	Global Compact for Safe, Orderly and Regular Migration
<b>GoE</b>	Government of Ethiopia
<b>GCC</b>	Gulf Cooperation Council
<b>ILO</b>	International Labour Organization
<b>KNOMAD</b>	Global Knowledge Partnership on Migration and Development
<b>LFS</b>	Labor Force Survey
<b>LAC</b>	Latin America and the Caribbean
<b>MENA</b>	Middle East and North Africa
<b>MoFED</b>	Ministry of Finance and Economic Development
<b>NPC</b>	National Planning Commission (now Ministry of Planning and Development)
<b>SNNP</b>	Southern Nations, Nationalities, and People's
<b>SSA</b>	Sub-Saharan Africa
<b>SOE</b>	State of emergency
<b>UNDESA</b>	United Nations, Department of Economic and Social Affairs

# EXECUTIVE SUMMARY



**People migrate both within and between countries to improve their lives and the lives of families left back home.**

While both internal and international migration are common, internal migration is more common as it is relatively easier and cheaper to move within a country than across borders. While reasons for migration are diverse and can include moves following climatic or political shocks, migrants typically move voluntarily from relatively less developed areas to more developed areas for economic, family, or education reasons. This report focuses on these voluntary moves. In Ethiopia, in the five years prior to the 2021 Labor Force and Migration Survey (LMS), about 6 percent of the Ethiopian adult population migrated voluntarily. Migration has the potential to not only benefit migrants and their families, but it can also have positive effects for a country's population overall by increasing productivity and reducing poverty. Despite the benefits, migration can also place pressure on destination locations and local labor markets.

**Evidence is growing on the significant returns to voluntary internal and international migration.**

Research shows that increased mobility has

substantial growth and welfare payoffs, bringing sizable economic benefits to migrants and their families, as well as to their communities of origin through remittances that help to narrow gaps in living standards across the country (El Mufti 2019; Adugna 2021). Evidence on rural-to-urban migration shows that migration improves overall productivity as remittances have the potential to increase crop income and holding of land and livestock (Redehegn et al. 2019). Analysis based on the Ethiopia Socioeconomic Survey (ESS) shows that remittances in Ethiopia are an important source of livelihoods, equivalent to 31 percent of recipient household consumption expenditure nationally and 70 percent among the bottom quintile in 2016. Rural out-migration also reduces poverty through increased caloric consumption and diet (Abebaw et al. 2020; de Brauw, Mueller, and Woldehanna 2018) and increased non-food consumption (de Brauw, Mueller, and Woldehanna 2018). Moreover, rural-to-urban migration increases intensity of labor use in migrant-origin households, agricultural output per capita, and the amount of land rented out (World Bank 2022). The [limited] structural transformation that took place in recent years was mainly the result of relatively better educated rural young people migrating to urban areas. In fact, large investments in infrastructure, while demanding intensive use of labor, have benefited from migrant labor (World Bank 2020).

**Wage differentials incentivize people to cross borders and work abroad.**

Wage differentials—gains from worker mobility—from international labor migration are large and could have significant poverty reducing benefits in the country. Remittances from international labor migration benefit migrants' families as they improve household welfare and economic conditions in origin countries. International migration also promotes economic activities in origin countries through remittances, more efficient labor allocation, and transfers of knowledge. Remittances can further

increase savings for migrants' household and give households the ability to buttress themselves against future shocks (UNCTAD 2018).

**Despite positive welfare effects, internal migration can also strain destination communities, particularly urban areas, which can contribute to negative social externalities.** Though little research on Ethiopia exists, rural migrants are in search of basic urban facilities, which can strain socio-economic and environmental conditions in the host area. In Ethiopia, migrants are often blamed for creating shortages of housing, unemployment, rising cost of living and crime, and expansion of urban informal sectors. Analysis in this report did not confirm increased unemployment in areas with larger migrant inflows. We did, however, find that increased migration flows may cause slight downward pressure on urban wage rates.

**The benefits of internal and international labor migration, especially increasing household incomes and reducing poverty, are likely to outweigh costs.** Authorities should recognize that migration is a natural process, especially during fast economic growth and transformation. Migration can bring about positive welfare effects and support economic growth, food security, and overall poverty reduction. Policymakers should therefore encourage internal and international labor migration and focus on the overall positive welfare benefits of migration. Sound policies should promote the positive effects to flourish while compensating for the negative effects.

## WHAT ARE GOVERNMENT POLICIES ON MIGRATION?

**Policies in Ethiopia have focused on the negative aspects of migration, but perceptions are changing.** Ethiopian government policies have historically restricted migration. Barriers to internal and international migration are still prevalent, though policies are evolving. The new Ten-Year Development Plan (2021-2030) explicitly

states the importance of incorporating migration—from rural to urban areas and from small towns to bigger urban centers—with national and sectoral policies to ensure that migration has “positive economic outcomes with reduced pressure on rural areas and small towns and improved capacity of towns/cities to accommodate migrants” (National Planning Commission 2021). While encouraging, the Plan does not establish details on how to achieve these goals. Regulations for international labor migration have also evolved in recent years. Ethiopia was a signatory to the Global Compact for Safe, Orderly and Regular Migration (GCM) from its inception. Since the adoption of the GCM, the Government of Ethiopia (GoE) has developed and revised several practices, proclamations, directives, and policies to better govern labor mobility. For example, GoE is currently working on a National Migration Policy, revised and passed the Proclamation on Prevention and Suppression of Trafficking in Persons and Smuggling of Migrants (No. 1178/2020) in 2020, amended the primary instrument to govern international labor mobility in Ethiopia (the Overseas Employment Proclamation No. 923/2016), and signed it into law Ethiopian's Overseas Employment (Amendment) Proclamation No. 1246/2021 (Federal Democratic Republic of Ethiopia 2020) in 2021.



**However, rural internal migrants continue to face a myriad of difficulties at their destinations.** These difficulties are related to lack of accommodations, job, and familiarity with urban life; challenging relationships with local authorities; limited access to public services and support schemes (due to lack of ability to transfer Kebele IDs<sup>1</sup> with ease); and in some cases language and cultural barriers (Bundervoet 2018). Potential migrants abroad also face challenges. International migration is lengthy and expensive, discouraging migrants from using formal channels to migrate. In addition, incentives are badly aligned between recruitment agencies, jobseekers, and GoE (Smith et al. 2020). This results in a system of informal migration with high costs and vulnerabilities to the migrant.

**general public and among government officials.** While there are valid reasons for concern about some of the pressures rural-to-urban population inflows may create on urban services, these negative views are mostly grounded in misperceptions. This report tries to test these misperceptions or “myths” about internal migration by providing detailed analysis on various aspects of migration, including migration rates, relative importance of migration types, profile of migrants, and reasons for migration over time. It also studies the potential effect of migration on migrants themselves, their families, and destination areas. It takes advantage of the last three rounds of the LFS/LMS, the latest of which was collected in 2021. It complements the analysis with findings from other data sources such as the Ethiopia Socio-economic Survey (ESS) data, a three-round, country-level data panel collected between 2012 and 2016. Furthermore, it synthesizes existing studies on migration in Ethiopia. Using this evidence base, we dispel five myths about internal migration:

## DISPELLING MIGRATION MYTHS

**Various common misperceptions or myths about internal migration in Ethiopia exist, both in the**



**MYTH 1**  
Migration flows in Ethiopia are too high



**MYTH 2**  
All migrants come to Addis Ababa



**MYTH 3**  
Migration is unlikely to benefit migrants or their families who stay back home



**MYTH 4**  
Rural-to-urban migration harms residents at destination locations



**MYTH 5**  
Rural-to-urban migration stalls development of the rural economy

<sup>1</sup> The Kebele ID is the most important form of identification in Ethiopia. It is issued by local administrators in more than 16,000 different locales. The kebele ID provides legal identity and allows individuals to conduct public or private transactions, including obtaining a passport or voting in an election (World Bank 2016).





## MYTH 1: MIGRATION FLOWS IN ETHIOPIA ARE TOO HIGH



### Despite common belief, data show that internal migration remains low.

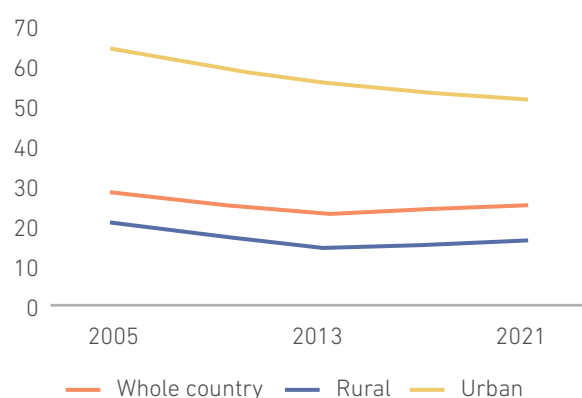
Ethiopians and their policymakers have a common belief that internal migration in Ethiopia is high but the 2021 LMS data show that only 16 percent of the Ethiopia's national population had migrated<sup>2</sup> at some point in their lives. The proportion of migrants is higher in urban (39 percent) than rural areas (10 percent). Looking at only the adult population aged 15 and above,<sup>3</sup> about one-quarter migrated to their current location at some point in their life; this is not surprising as adults are more likely to migrate than children (Figure 1).<sup>4</sup> These rates are also low in comparison with other countries.

**Recent migration also remains limited.** Only about 5 percent of the whole population and 6 percent of adults (Figure 2) migrated to their current location within five years preceding the 2021 LMS survey, a rate marginally lower than in 2005. The recent

migration rate was particularly limited in rural areas, with a mere 3 percent of the current rural population having migrated from other rural areas or urban areas to their current location between 2016 and 2021 (the five years preceding the 2021 LMS). Like lifetime migration rate, the recent migration rate is higher in urban areas. In 2021, 16 percent of urban adults were recent migrants (came to the city between 2016 and 2021), with a decreasing trend over time. The pattern at the national level is driven by the decreasing role of rural-to-rural migration. This is low compared to other countries in the region; about 25 percent of Ugandans and 20 percent of Kenyans, for instance, had recently migrated. Despite a decreasing share of recent adults who migrated as a proportion of the overall adult population, the absolute number of recent migrants is increasing. The number of people who changed their residence within the past five years increased from 3.6 to 4.7 million between 2013 and 2021.

**Figure 1: Migration for adults is low in Ethiopia**

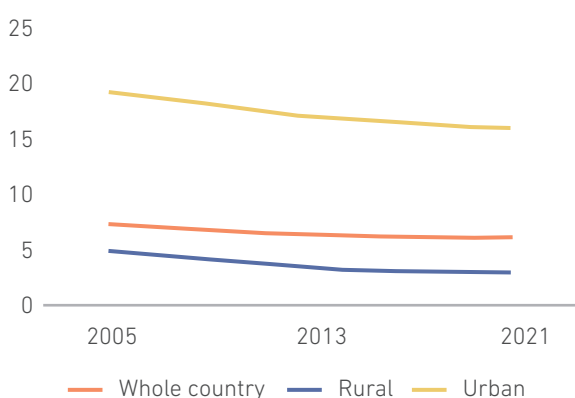
(Share of lifetime adult migrants: national, rural and urban; 2005, 2013 and 2021)



Note: Lifetime migrants are those who moved to their current location from another place in Ethiopia (town or rural woreda) at any point in their life. Adult population refers to people aged 15 years and above. Source: Authors' estimation based on LFS 2005, 2013, 2021.

**Figure 2: Fewer recent adult migrants in cities**

(Share of recent adult migrants: national, rural and urban; 2005, 2013 and 2021)



Note: Recent migrants are those who lived in their current location (from another town or rural woreda in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. Source: Authors' estimation based on LFS 2005, 2013, 2021.

<sup>2</sup> Migrants are defined as people who lived in areas other than their former woreda (for rural areas) or towns (for urban areas).

<sup>3</sup> The definition of "adult population" used in this report is different from the official definition in Ethiopia which includes those who are aged 10 years and above. Migration patterns largely remain the same irrespective of the definition used.

<sup>4</sup> The 2021 LMS does not cover the Tigray region and for comparability purposes, Tigray is also excluded from 2005 and 2013 LFS analysis throughout the report. However, migration patterns in 2005 and 2013 hardly change when Tigray is included.

**Significant regional differences exist in both the scale and pattern of migration.**<sup>5</sup> In 2021, Gambela (11 percent) and Benishangul-Gumuz (9 percent) had the highest migration rates for recent adult migrants from the primarily rural regions. The two regions are located in the “moisture reliable lowland” ecological zone and their more favorable climate may attract migrants. From regions that are predominantly rural, Somali had the lowest rate of migration (1 percent), which may be explained by low

investments in public infrastructure and vulnerability to weather-related events.<sup>6</sup> Migration rates in the predominantly urban regions and city administrations—Harari, Addis Ababa, and Dire Dawa—are among the highest. The share of recent adult migrants in 2021 was 9 percent in Harari, 8 percent in Addis Ababa, and 7 percent in Dire Dawa. Consistent with the pattern at the national level, and contrary to common belief, migration rates have decreased since 2005 in most regions.



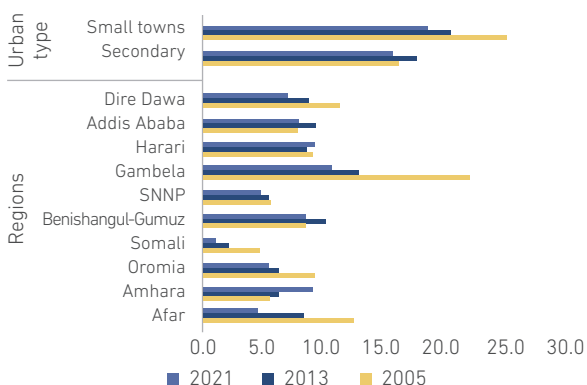
## MYTH 2: MIGRATION FLOWS IN ETHIOPIA ARE TOO HIGH

**It is commonly believed that migrants from rural areas mostly go to Addis Ababa but 2021 LMS data paint a more nuanced picture.** In 2021, only 8 percent of Addis Ababa’s residents were recent migrants. When comparing Addis Ababa to other Ethiopian cities, we see that the share of migrants in secondary cities (which includes regional capital cities and other cities with a population of at least 100,000 residents in 2007) and small towns (all urban areas other than Addis Ababa and secondary cities) is much

larger (Figure 3); secondary cities and small towns host twice as many migrants as a share of overall resident population. In fact, small towns host the majority of migrants to urban areas, underscoring the importance of small towns as destinations of rural-to-urban and urban-to-urban migration. In 2021, 71 percent of rural-to-urban and 69 percent of urban-to-urban migration was to small towns, larger than the national population share in small towns of 63 percent (Figure 4). Addis Ababa hosted roughly 11

**Figure 3: Migration rate for Addis Ababa was lower than for secondary cities and small towns<sup>7</sup>**

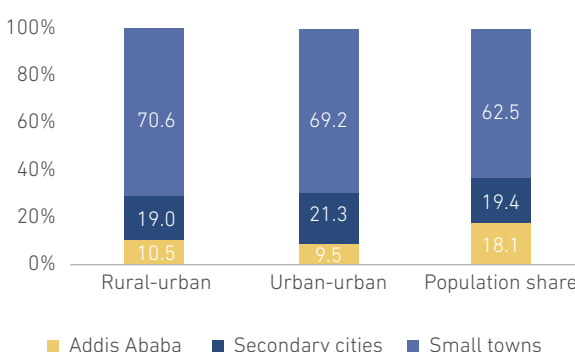
(Share of recent adult migration in respective location)



Note: Recent migrants are those who lived in their current location (from another town or rural woreda in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. Source: Authors’ estimation based on LFS 2005, 2013, LMS 2021.

**Figure 4: Small towns host proportionally more migrants from rural areas**

(Migration and population share of migrants to urban areas by city size)



Note: Recent migrants are those who lived in their current location (from another town or rural woreda in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. Source: Authors’ estimation based on LFS 2005, 2013, LMS 2021.

<sup>5</sup> Tigray is not included in the 2021 LMS due to ongoing conflict in the region. Yet, people who came from Tigray in the five years preceding the survey are included.  
<sup>6</sup> Somali has a large nomadic/mobile population not considered to be migrant populations. The non-sedentary nature of Somali’s population in rural areas will naturally limit rural-to-urban migration, the most important migration type in 2021.  
<sup>7</sup> Sidama region was part of SNNP region in the earlier rounds of LFS (LFS 2005 and 2013). For comparison purpose, it is also included as part of SNNP region in the 2021 data. Statistics for Sidama based on LMS 2021 can be provided upon request.

percent of all rural-to-urban and 10 percent urban-to-urban migration while it accounts for 18 percent of the entire urban population. Moreover, considering all types of internal migration between 2016 and 2021, migration to the capital city is actually similar to that of other predominantly urban regions. Addis Ababa hosted about 6 percent of all internal migrants, a proportion slightly higher than its population share of

4 percent. Yet, Addis Ababa is an important destination for migration between regions; roughly one-quarter of internal migrants who moved between regions moved to Addis Ababa between 2016 and 2021. Addis Ababa is a particularly important destination for recent rural-to-urban migrants who move between regions; the capital city received almost half of all recent migrants who moved between regions.



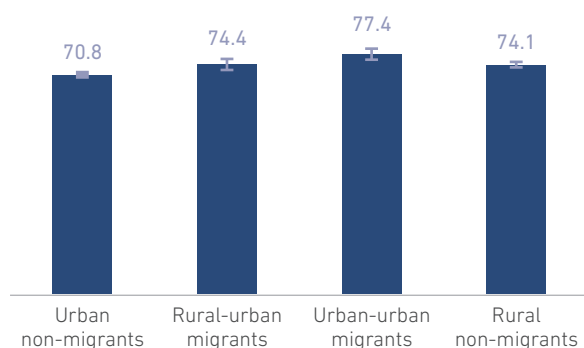
### MYTH 3: URBAN MIGRATION IS UNLIKELY TO BENEFIT MIGRANTS OR THEIR FAMILIES WHO STAY BACK HOME

**Migration improves the lives of migrants and their families.** It is sometimes argued that migrants are not likely to benefit from moving to urban areas because of their relatively lower human capital and the already crowded urban labor market. Evidence shows that there are benefits to rural-to-urban migration and labor market outcomes for rural-to-urban migrants do not differ significantly from urban non-migrants. Moreover, urban migrants are likely to do better than their counterparts who remain in rural areas. Rural-to-urban migrants are more likely to be active in the labor force (74 percent) than urban non-migrants (71 percent) and have no statistically significant difference in

unemployment rates (Figure 5 and Figure 6). In fact, when we look at youth only, both labor force participation and unemployment rates are lower for rural-to-urban migrants compared to urban non-migrant youth. Labor market outcomes are even better for youth who migrated from rural to urban areas for economic reasons (Figure 7 and Figure 8). Rural-to-urban migrants are equally likely to be economically active, employed, and in non-agricultural work as urban residents; but are more likely to work in formal wage employment. A disproportionate share (17 percent), however, is engaged in domestic wage work. This shows that job prospects for rural migrants are promising.

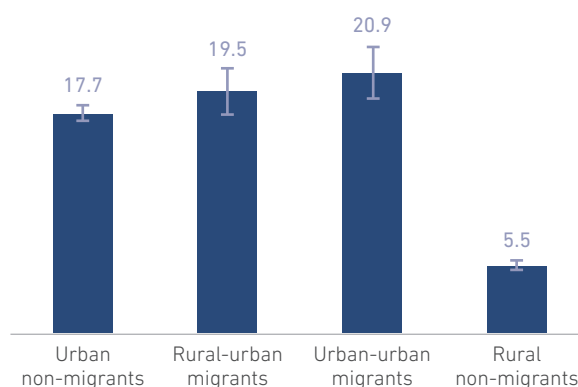
**Figure 5: Rural-to-urban migrants are more active than urban non-migrants**

*(Labor Force Participation Rate by type of migration of working age population in 2021)*



*Note:* Recent migrants are those who lived in their current location (from another town or rural woreda in Ethiopia) for less than five years. Only working age population (people aged 15 to 64 years) are included. Bars indicate 95 percent confidence intervals.  
*Source:* Authors' estimation based on LFS 2005, 2013, LMS 2021.

**Figure 6: But they are also more likely to be unemployed**  
*(Unemployment rate by type of migration of working age population in 2021)*



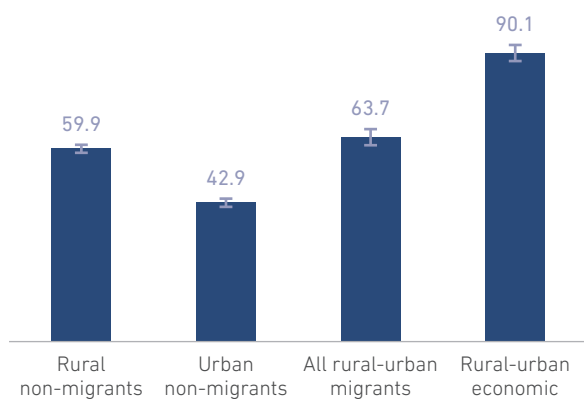
*Note:* Recent migrants are those who lived in their current location (from another town or rural woreda in Ethiopia) for less than five years. Only working age population (people aged 15 to 64 years) are included. Bars indicate 95 percent confidence intervals.  
*Source:* Authors' estimation based on LFS 2005, 2013, LMS 2021.

**Thus, given the large income gap between rural and urban areas, rural-to-urban migration is likely to benefit migrants and their families.**

In fact, analysis based on data from around 1,000 rural households from Amhara, Oromia, and Southern Nations, Nationalities, and People’s (SNNP) regions collected in 2016 and 2017 shows that rural out-migration increased the households’ migrant calorie consumption by 22 percent while the food poverty gap and severity of food poverty decreased by 7 and 4 percent, respectively (Abebaw et al. 2020). Similarly, a

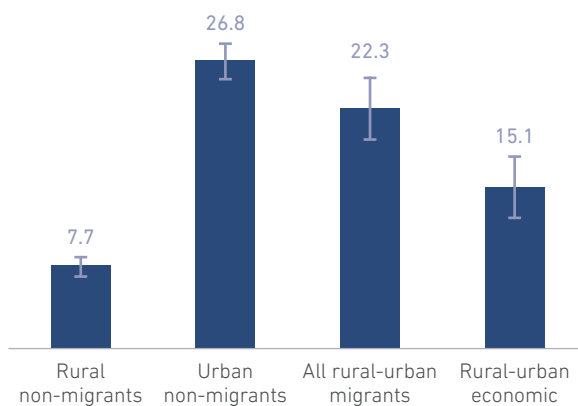
study tracking a sample of internal migrants that left between 2004/2005 and were observed again in 2009, found that migrants increased their non-food consumption relative to non-migrants and improved their diets (de Brauw, Mueller, and Woldehanna 2018). Positive spillovers were also found in the rural agriculture sector, where land rent-outs increased among migrant households, thus increasing the efficiency of rental markets and reducing disguised unemployment,<sup>8</sup> resulting in increased output per worker and labor productivity in rural areas (World Bank 2022).

**Figure 7: Rural-to-urban youth migrants are more active than urban non-migrant youth**  
(Labor force participation rate by type of migration of youth in 2021)



Note: Recent migrants are those who lived in their current location (from another town or rural woreda in Ethiopia) for less than five years. Only working age population (people aged 15 to 64 years) are included. Bars indicate 95 percent confidence intervals.  
Source: Authors’ estimation based on LFS 2005, 2013, LMS 2021.

**Figure 8: They also have a lower unemployment rate**  
(Unemployment rate by type of migration of youth in 2021)



Note: Recent migrants are those who lived in their current location (from another town or rural woreda in Ethiopia) for less than five years. Only working age population (people aged 15 to 64 years) are included. Bars indicate 95 percent confidence intervals.  
Source: Authors’ estimation based on LFS 2005, 2013, LMS 2021.



### MYTH 4: RURAL-TO-URBAN MIGRATION HARMS RESIDENTS AT DESTINATION LOCATIONS

**No strong evidence supports the common belief that rural-to-urban migration harms destination areas.** One reason for the belief of rural-to-urban migrants not contributing positively to their destination areas is that they have lower levels of education. In reality, rural dwellers who migrate to urban areas are significantly more educated

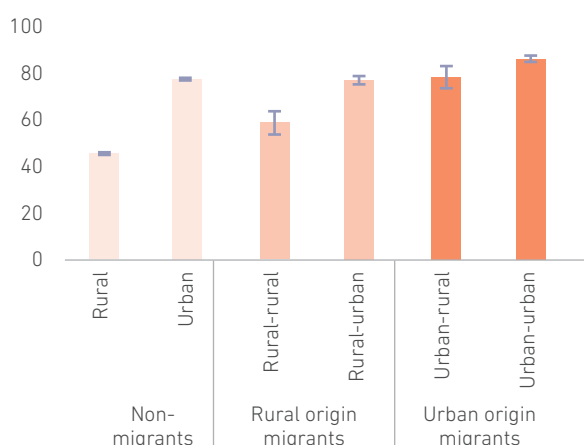
than the general rural population. In 2021, the literacy rate for rural non-migrants was only 46 percent while it was 78 percent for rural-to-urban migrants, similar to urban non-migrants (79 percent) (Figure 9). Similarly, while only 16 percent of rural non-migrants completed primary education, the primary completion rate for those

<sup>8</sup> Disguised unemployment occurs when productivity is low and too many workers are filling too few (or the same) jobs.

who migrated to rural areas was 49 percent, which is only modestly lower than the rate for urban non-migrants (55 percent) (Figure 10). Thus, rural-to-urban migrants who have better education than the general rural population and are younger can potentially contribute to their destination areas. There is also evidence that most workers in

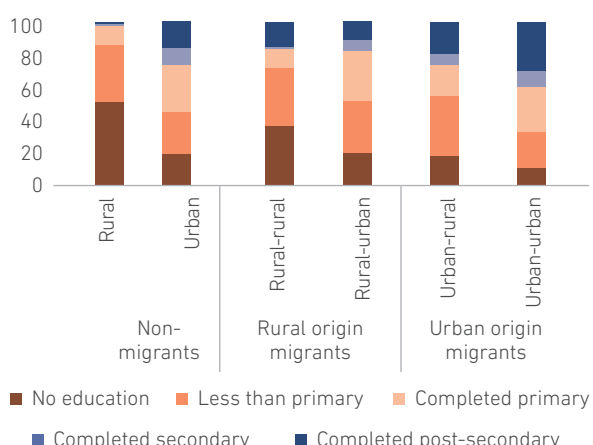
Industrial Parks come from rural areas—about 70 percent of workers in Bole-Lemi Industrial Park and 52 percent of workers in Hawassa Industrial Park, for example, are migrants (Abebe, Buehren, and Goldstein 2020; Meyer et al. 2021)—and as industry expands, rural-to-urban migration can serve as a sustainable source of labor supply.

**Figure 9: Migrants originating in rural areas have higher literacy rates than rural non-migrants**  
(Literacy rates by type of migration in 2021)



Note: Recent migrants are those who lived in their current location (from another town or rural woreda in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. Bars indicate 95 percent confidence intervals.  
Source: Authors' estimation based on LMS 2021.

**Figure 10: Educational attainment is higher for migrants than non-migrants**  
(Share of educational attainment by type of migration in 2021)



Note: Recent migrants are those who lived in their current location (from another town or rural woreda in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. Bars indicate 95 percent confidence intervals.  
Source: Authors' estimation based on LMS 2021.

**Another common belief about rural-to-urban migration is that migration pressures already crowded urban labor markets, leading to higher unemployment and lower wages.** Analysis based on the 2021 LMS shows that larger inflows of rural-to-urban migrants do not increase urban unemployment but they do modestly decrease wages. As the fraction of recent rural migrants increases in urban woredas, the unemployment rate is not affected in a statistically significant way but wages seem to slightly decrease; a 10 percent increase in the proportion of recent rural-to-urban migrants in a destination woreda leads to a decrease in wage of less than 3 percent. Yet, such a large increase is unlikely considering the rather modest migration rates from rural to urban areas of merely 9 percent.



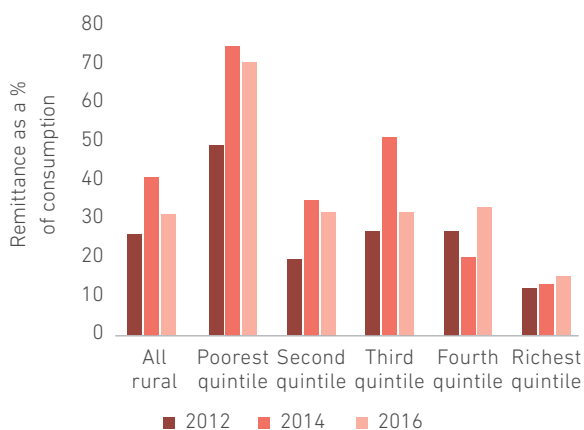


## MYTH 5: RURAL-TO-URBAN MIGRATION STALLS DEVELOPMENT OF THE RURAL ECONOMY

**Evidence also shows, contrary to common belief, that rural-to-urban migration neither causes rural productive labor shortages nor harms agricultural productivity.** Recent research actually shows that even without taking account of remittances, migration enhances welfare in migrant-origin households in Ethiopia and increases agricultural productivity. Given excess labor supply in rural areas, migration has a positive effect on labor productivity. Migration increases the intensity of family labor use and output per worker—family labor days worked increased by 29 percent and output per capita increased by 18 percent—in migrant origin households, thus reducing disguised unemployment. It also increases the share of land rented out (World Bank 2022).

**Moreover, migrant remittances contribute to households’ incomes and bolster shock resilience back home.** Analysis based on the ESS shows that although only a small fraction of rural households receives remittances (about 5 percent), the amount they receive is significant. For example, in 2016, remittances received from urban areas was on average about 31 percent of all recipient households’ consumption and 70 percent of the

**Figure 11: Size of urban-rural remittance income relative to total consumption of recipient households** (Remittances as a percentage of consumption by quintile)

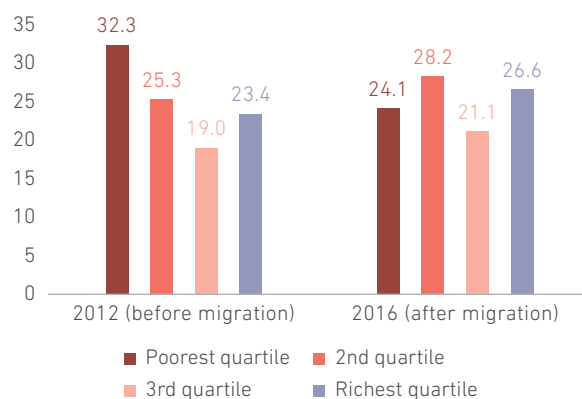


Source: Authors’ estimation based on ESS 2012, 2014, 2016.

consumption of those recipients in the bottom consumption quartile (Figure 11). Remittances prevent households from falling into poverty during hard times. In fact, the likelihood of falling into poverty is 7 percentage points lower among households with a migrant compared with similar households without a migrant (World Bank 2022).

**Figure 12: Rural-to-urban migration is associated with improvements in welfare**

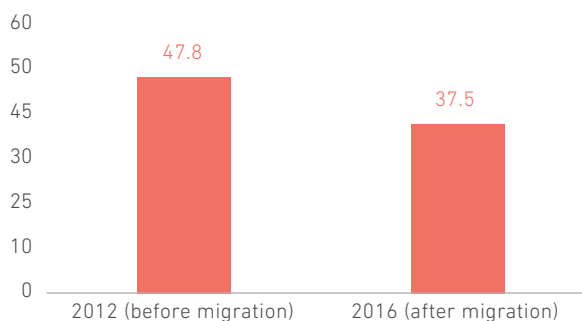
(Share of households of rural-to-urban migrants within certain consumption quartile)



Note: Recent migrants are those who lived in their current location (from another town or rural woreda in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. Source: Authors’ estimation based on ESS 2012, 2016.

**Figure 13: Migration moves households out of the bottom 40 percent of the welfare distribution**

(Share of households of rural-to-urban migrants in bottom 40 percent of consumption distribution)



Note: Recent migrants are those who lived in their current location (from another town or rural woreda in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. Source: Authors’ estimation based on ESS 2012, 2016.

**Migration seems to improve the welfare of origin households.** Figure 12 shows that rural-to-urban migration reduce the likelihood of migrant origin households to be in the lower consumption quartiles. In 2012, before migrants moved to urban destination, 32 percent of migrant origin households were in the lowest consumption quartile, but after the migrants moved (in 2016) only 24 percent of migrant origin households were in the lowest consumption quartile. Similarly, while 48 percent of the migrant households were in the bottom 40 percent based on consumption, the proportion decreased to 38 percent in 2016 (Figure 13).

## POLICY DIRECTIONS

This report identifies several policy directions related to strengthening economic and social benefits from migration while, at the same time, reducing pressures migration may place on urban areas and service provision:

- **First, shifting the policy focus from preventing to leveraging migration could increase mobility and help Ethiopia’s households and economy to benefit from migration-induced growth and welfare benefits.** Authorities should recognize that migration is a natural process, especially during fast economic growth and transformation. Policies should therefore encourage labor migration rather than deter it; national government programs should promote internal migration and urban-rural linkages and attempt to reverse negative perception of migrants. Reshaping policy perspectives and overall attitude towards migration could encourage a positive policy shift towards increasing mobility.
- **Second, reducing barriers to migration can increase mobility and encourage migration to locations with better economic opportunities.** To facilitate migrants’ freedom of movement and integration, policymakers could remove restrictions on urban ID requirements, such as requiring a minimum length of stay and removing the requirement for a release letter from home areas. In addition to encouraging migration, reducing migration costs can enhance returns to migration. Reducing “frictions” in the job matching process—better connecting migrant jobseekers to employment opportunities and job placement services—can reduce costs. Moreover, facilitating access to credit and financial services can help members of poorer households—who suffer most from liquidity constraints—to migrate.
- **Third, adapting urban areas in advance of fast growing population inflows can reduce challenges migrants create in urban areas.** Urban development strategies, particularly for cities with large shares of migrants, can avoid the negative consequences from large population influxes. Urban adaptations to better integrate migrants socially and economically include: (i) continuing to expand public infrastructure and services in main migrant destination cities, (ii) including migrants in urban social protection schemes, and (iii) investing in housing infrastructure.
- **Fourth, improving the process for workers to migrate internationally can expand labor flows from Ethiopia to reap economic benefits.** Improving the regulatory framework for international labor migration and reducing barriers to migrations can save time and money. Currently, the process places significant time and cost burden on the worker, incentivizing payments to an agent to take on this burden or even to migrate irregularly to avoid the process altogether. This undermines the competitiveness of Ethiopian workers compared to workers from other countries. Better aligning incentives between workers, agents, and government entities could promote formal recruitment channels. Moreover, reducing gaps in protection systems while abroad, increasing the skills of prospective migrants, and reintegrating migrants upon return could improve the development potential of international labor migration.

# 1. INTRODUCTION



**Ethiopia has historically restricted migration, it is taking place nonetheless.** In recent years, migration takes place through two main channels: internal migration (that is, migration within Ethiopia) and temporary international labor migration. Government policies have controlled or moderated both types of migration. In the case of international migration, the Government lifted the ban on work-related migration to Gulf States in 2018, while enacting new legislation aimed to protect citizens by ensuring that immigrants fulfill a minimum set of requirements related to education and training (Smith et al. 2020). Internal migration, on the other hand, has been constrained by language and cultural barriers, land redistribution policies—including the possibility of losing the ownership of land when working in non-farm employment—and requirements for migrants to have a Kebele ID to access services as well as providing evidence of land ownership (Bundervoet 2018).

**National policies have focused on the negative aspects of migration, but perceptions are changing.** In the 1980s, the Derg regime implemented a Land Reform Policy (1984) aimed at controlling mobility

by grouping, often forcefully, farmers into grid-plan villages. This villagization aimed at increasing agricultural production and improving delivery of services such as education and health (Bundervoet 2018). Since the early 2000s, national programs such as the Sustainable Development and Poverty Reduction Program of 2002/2003, focused on the negative aspects of migration, relating it with urban poverty, HIV, and crime (Ministry of Finance and Economic Development [MoFED] 2002). In 2006, the message started to change with the Plan for Accelerated and Sustained Development to End Poverty, which emphasized the need to strengthen rural-urban links to develop small towns and generate employment (MoFED 2006). In 2010, the Growth and Transformation Plan mentioned the need to create urban-rural linkages to promote urban development, without specifying the role of migration (National Planning Commission 2010). The new Ten-Year Development Plan (2021-2030) explicitly states the importance of incorporating migration to bigger urban centers with national and sectoral policies to ensure that migration has “positive economic outcomes with reduced pressure on rural areas and small towns and improved



capacity of towns/cities to accommodate migrants” (National Planning Commission 2021). While this is a positive step, the Plan does not include details on how to achieve its goals. Despite these restrictions, internal migration continues to take place, albeit in low proportions.

**International labor migration laws have also evolved in recent years.** Ethiopia was a signatory to the Global Compact for Safe, Orderly and Regular Migration (GCM) from its inception. Since the adoption of the GCM, the GoE has developed and revised several practices, proclamations, directives, and policies to better govern labor mobility. For example, GoE is currently working on a National Migration Policy; revised and passed the Proclamation on Prevention and Suppression of Trafficking in Persons and Smuggling of Migrants (No. 1178/2020) in 2020; amended the primary instrument to govern international labor mobility in Ethiopia (the Overseas Employment Proclamation No. 923/2016) and signed into law Ethiopian’s Overseas Employment (Amendment) Proclamation No. 1246/2021 (Federal Democratic Republic of Ethiopia 2020) in 2021.

**However, barriers to internal and international migration are still prevalent.** Qualitative research (Bundervoet 2018) suggests that rural migrants face a myriad of difficulties in destination towns and cities related to accommodations, jobs, lack of familiarity with urban life, harassment by local authorities, limited access to public services and support schemes (due to lack of ability to transfer Kebele IDs with ease), and sometimes language and cultural differences (Bundervoet 2018). Potential migrants abroad also face challenges. The current process for international migration is lengthy and expensive, discouraging potential migrants from using formal channels to migrate. In addition, incentives are badly aligned between recruitment agencies, jobseekers, and the GoE (Smith et al. 2020). This results in a system of informal migration with high costs and vulnerabilities to migrants.

**Rural-to-urban migration and rapid urbanization have characterized countries undergoing rapid**

**economic growth and structural transformation.**

Migration and urbanization can increase education levels in rural areas, harness the demographic dividend, and manage conflict and climate shock risks. These also represent opportunities to increase non-farm employment and contribute to urban development by participating in sectors such as construction. Despite starting from a low base, Ethiopia is urbanizing quickly. In 2019, Ethiopia had one of the lowest urban population shares in the world, with only 21 percent of Ethiopians living in urban areas—well below the Sub-Saharan Africa (SSA) average of 37 percent. However, with economic growth and structural transformation, this is set to change dramatically as off-farm employment opportunities in urban areas increase. According to official figures from the Ethiopian Statistics Service (formerly Central Statistics Agency), the urbanization rate has been growing at an average of 5.2 percent per year since 2018. If these trends continue, the urban population is projected to reach 50 million by 2034 (United Nations, Department of Economic and Social Affairs [UNDESA] and Population Division 2019). Natural increase—population growth rather than rural-to-urban migration—has been the main driver of urban population growth up to 2018, with rural-to-urban migration being the main driver since 2018 (World Bank 2020; Ethiopian Economics Association 2021). As population density increases, combined



with continued land fragmentation, large cohorts of young people will increasingly become functionally landless. In addition, as youth education levels rise, and access to social media reveals aspirational lifestyles in urban areas, migration will become a livelihood strategy as youth look for off-farm employment in urban areas (Food and Agricultural Organization [FAO] 2016).

**Moreover, climate change-induced natural disasters will likely accelerate large population inflows into urban areas.** Drought increases mobility, primarily through triggering short-term migration to closer destinations to cover immediate needs, such as food in cases of shortages (Hermans and Garbe 2019). Improving absorption capacity of these population inflows into urban areas will be increasingly challenging and will require spatial planning based on sustainable urban-led development. This will require employing migrants productively and generating enough economic growth without jeopardizing living conditions of migrants and local residents. In Ethiopia, environmental changes have already contributed to migration, due to pressures on livelihoods and unfavorable effects on agricultural activities (Groth et al. 2020).

**Despite increasing evidence for significant returns from voluntary internal migration, many governments actively discourage rural-to-urban migration.** In a 2013 UN survey on Population and Development, 148 out of the 185 surveyed countries with data had government policies aimed at reducing internal migration from rural to urban areas. Such efforts are particularly prevalent in Africa, including Ethiopia (UNDESA 2022). Yet, research shows that migration has substantial growth and welfare payoffs, bringing sizable economic benefits to the migrant and their families, and to their communities of origin through remittances that help to converge living standards across the country (El Mufti 2019; Adugna 2021). There is also evidence that rural-to-urban migration improves overall productivity. Indeed, remittances in Ethiopia have shown to increase the crop income and the holdings of land and livestock (Redehegn et al. 2019). Also, Malawian

households from rural areas with a migrant were 15 percent less likely to be food insecure and migration showed a positive effect on household asset accumulation (Kangmennaang, Bezner-Kerr, and Luginaah 2018). Analysis based on data from around 1,000 rural households from Amhara, Oromia, and SNNP regions collected in 2016 and 2017 shows that rural out-migration increased the households' migrant calorie consumption by 22 percent while the food poverty gap and severity of food poverty were reduced by seven and four percent, respectively (Abebaw et al. 2020). Similarly, a study tracking a sample of internal migrants that left their homes between 2004/2005, observed again in 2009, found that migrants increased their non-food consumption relative to non-migrants and improved their diets (de Brauw, Mueller, and Woldehanna 2018).

**Increased mobility is potentially a powerful tool for boosting productivity and reducing poverty.** In terms of aggregate productivity effects, removing migration barriers in Indonesia increased labor productivity by 22 percent, and reducing migration costs lead to a 7 percent productivity boost (Bryan and Morten 2019). In Vietnam, remittances from internal migrants played an active role in reducing the probability of receiving households falling into poverty and it reduced the depth of poverty (Quoc Hoi Le and Thi Hoai Thu Nguyen 2019). Research also shows ample welfare benefits of increased internal migration in Ethiopia (de Brauw, Mueller, and Woldehanna 2018). (Limited) structural transformation over recent years in Ethiopia was mainly the result of relatively better educated rural young people migrating to urban areas. In fact, large investments in building labor-intensive infrastructure have benefited from migrant labor.

**Yet, internal migration in Ethiopia is low.** According to the 2021 LMS, 5 percent of Ethiopians moved to their current residence between 2016 and 2021. The internal migration rate among youth aged 15-24 years was higher at 9 percent. The scale of reported internal migration even decreased between 2005 and 2021, and its pattern has changed in important ways, with rural-to-urban migration becoming

the dominant migration form in 2013 and further increasing in 2021 (Figure 1.1). Migration to and within urban areas (either rural-to-urban or urban-to-urban migration) is the most prominent form of migration, accounting for roughly two-thirds of all internal migration. About 34 percent of all migrants move from rural to urban areas but urban-to-urban migration is also on the rise. Hence the welfare effects of internal migration can support domestic economic growth and significantly benefit food security and overall poverty reduction.

**International temporary labor migration has the potential to increase incomes.**

Wage differentials—gains from worker mobility—from international labor migration are large and could have significant poverty reducing benefits in the country. For example, a migrant construction worker in Saudi Arabia earns approximately 8 times more in monthly earnings compared to a construction worker in Ethiopia (Smith et al. 2020). In addition, the minimum monthly wage of a domestic worker in Saudi Arabia is 21 times compared to the median monthly wage of a domestic worker in Ethiopia (Pritchett and Hani 2020). The large income benefits and consequent remittances could increase savings for the migrants' household giving them the ability to prepare against future shocks. In addition, it could increase a migrants' lifetime

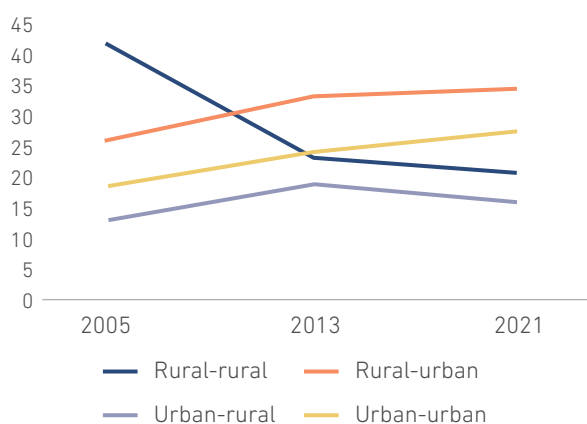
earnings even after they return, by helping migrants establish start-up capital to facilitate entrepreneurial activities back home (UNCTAD 2018).

**International labor migration can be an effective policy instrument for Ethiopia to capitalize on its demographic transition and growing youth population.**

Youth migrating to urban areas could challenge the absorption capacity of the labor market. Slow structural transformation in Ethiopia is unlikely to keep pace with the demographic transition of a growing youth population. Every year, the working-age population is expected to grow by two million people (World Bank 2020). Given the limited absorption capacity of the domestic labor market, international labor migration can be vital to employ a young labor force. Yet, Ethiopian international migration pales in comparison to similar SSA countries (Figure 1.2). The low outflow in part reflects previous restrictions imposed on working overseas, as well as the lack of information and transparency from recruitment agencies, and bad experiences related to exploitation. Hence, government strategies to increase training for skills demanded abroad, together with promotion of formal recruitment channels, might help increase the number of migrants and positive outcomes from international migration.

**Figure 1.1: Rural-to-urban migration has become the most important type of migration**

(Share of recent migration by type and time period)

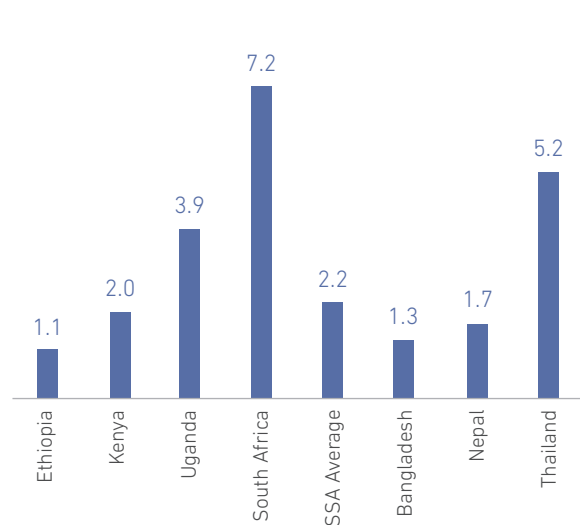


Note: Recent migrants are individuals who moved less than five years prior to survey data collection. Based on the population aged 15 and over.

Source: Authors' estimation based on LFS 2005, 2013, LMS 2021.

**Figure 1.2: Migrant stock in Ethiopia is low in comparison to other countries**

(Migrant stock as a percentage of population)



Source: UN DESA Population Division (Migrant Stock 2019).

**Despite many benefits, internal migration can also pressure urban areas and local labor markets.** Based on the 2021 LMS, as a share of their population, smaller towns attracted the largest share of rural migrants. Contrary to common perception, Addis Ababa hosts proportionately fewer migrants than its population share and less than 4 percent of all migrants went to Addis Ababa between 2016 and 2021. Yet, Addis Ababa has been an important destination for migrants; close to 41 percent of its residents were not born in the capital, but this share is still lower than in small towns (53 percent) and secondary cities (55 percent).<sup>9</sup> If not managed well, rapid urban population growth will pose challenges as cities struggle to provide jobs, infrastructure, services, and housing. Growing urban boundaries and stretched municipal budgets already undermine infrastructure and service delivery in many cities, while formal labor markets are failing to keep up with demand for jobs. Moreover, the large number of new labor market entrants each year adds to existing urban unemployment, which, as of 2020, stands at 19 percent of the urban population (Urban Employment and Unemployment Survey, 2020). While migration to nearby towns can be an alternative to migration to large towns/cities, small towns lag in urban services like water, sanitation, and housing (World Bank Group 2015).

**Benefits of internal and international labor migration, especially increasing household incomes and reducing poverty, are likely to outweigh costs.** Authorities should recognize that migration is a natural process, especially during fast economic growth and transformation. Internal and international labor migration should therefore be encouraged rather than deterred, and national government programs should explicitly promote internal migration or urban-rural linkages and aim to change the negative perceptions of migrants.

**This report expands our understanding of voluntary economic migration in Ethiopia.**<sup>10</sup> The possible adverse effects arising from pressures on urban areas requires making migration part of the overall development plan at different administrative levels (national, regional, and *woreda*) and establishing mechanisms to support migrants in their transition to urban or overseas labor markets. This, in turn, requires a thorough understanding of migration, including the profile of migrants, destinations, benefits (and possible harms), and barriers to migration, among other things. This report presents a comprehensive picture on migration in Ethiopia by synthesizing previous research and complementing existing evidence with new analysis using more recent data, including the latest available 2021 LMS.

**This report is structured around two broad sections, which aim to provide a comprehensive picture of voluntary internal and international migration in Ethiopia, as well as a section highlighting broad policy implications.**

Chapter two provides an overview of migration in Ethiopia and the latest trends on migration. “Myths” outlined in the Executive Summary on rural-to-urban migration in Ethiopia informed the evidence in this section by focusing on migration scale, spatial patterns, and latest trends. Sub-section one provides evidence shedding light on the following questions for internal migration:

- To where do Ethiopians migrate?
- Who migrates?
- How did COVID-19 affect migration?

Sub-section two looks at the evidence on international migration, including spatial patterns of international labor migrants, migrant profiles, and remittances trends.

<sup>9</sup> Secondary cities include regional capital cities and other cities with a population of at least 100,000 residents in 2007. Small towns include all other urban areas.

<sup>10</sup> This report does not cover forced displacement, including displacement from violence and conflict or climate-induced migration.

Chapter three discusses migration motives and effects. It focuses on the characteristics and motivations of migrants, concentrating on push and pull factors, disaggregated by type of migration. Chapter three provides evidence to help answer the following questions:

- What drives people to migrate?
- Why do youth migrate?

- What are institutional barriers migrants face?
- What are the effects of migration on different dimension migrant s' and their families' welfare?
- What are the effects of migration on destination areas?

Chapter four highlights policy directions to maximize the benefit of migration while minimizing the costs.

## 2. OVERVIEW OF MIGRATION IN ETHIOPIA: SCALE, PATTERN, AND TRENDS



**This section provides an overview of recent Ethiopian migration trends.** We focus on internal migration (with an emphasis on rural-to-urban migration), international labor migration, as well as return migration. The evidence of internal migration is based on the Labor Force Survey (LFS)/Labor Force and Migration Survey (LMS) series produced by the Ethiopian Statistics Service, the latest of which was collected in 2021. Evidence on international labor migration is based on the Ethiopia Labor Mobility Diagnostic (Smith et al. 2020)<sup>11</sup> and analysis based on the 2021 LMS. The evidence on return migration is based on the 2021 LMS. The analysis presented in this report aims at providing a fresh perspective on migration in Ethiopia, dispelling some of the myths on the negative aspects of migration, and providing a sound analytical base for decision making on migration policies.

### 2.1 EVIDENCE ON INTERNAL MIGRATION

**In Ethiopia, as in many developing countries, disparities in living standards between rural and urban areas are large.** Disparities across rural and urban areas as well as across leading and lagging regions remain substantial in Ethiopia. The country has shown strong poverty reduction nationally between 2011 and 2016, from 30 percent in 2011 to 24 percent in 2016, but poverty reduction concentrated in the urban areas of almost all regions, while in general weak in rural areas (Mekonnen et al. 2020). For example, in 2016, poverty rates in rural areas were almost double those of urban areas at 26 percent compared to 15 percent. Moreover, the poverty rate in the poorest region (Tigray) was four times higher than poverty in the least poor region (Harari) (World Bank Group 2021). Disparities in living standards

<sup>11</sup> The Ethiopia Labor Mobility Diagnostic was produced as part of the Jobs Advisory Services and Analytics which closed in 2021 and new stock data on migrants abroad is not available.

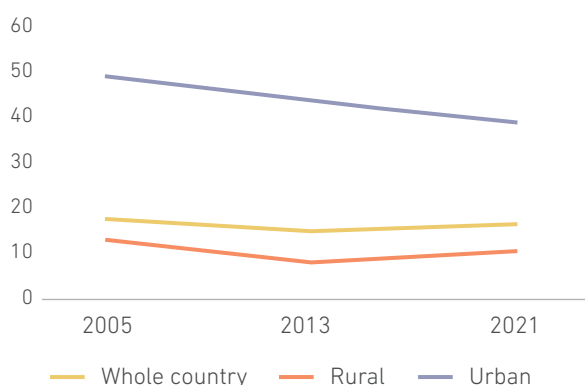
largely correspond to disparities in economic density and thus labor market opportunities; locations with higher economic density (typically cities) tend to have higher living standards, while locations far from economic activity (mainly rural and relatively remote areas) tend to have lower living standards. These spatial disparities in living standards provide compelling motivation for people in lagging regions to move closer to economic activity.

**Yet, internal migration continues to be low in Ethiopia.** Ethiopians and their policymakers have a common belief that internal migration in Ethiopia is high and until recently, labor mobility and rural-to-urban migration was perceived as undesirable by many Ethiopians, and fears of overburdening infrastructure and services and undesirable labor

market outcomes in cities led to attempts to restrict internal movements of people (Bundervoet 2018). This resulted in a relatively low and decreasing rate of internal migration. In 2021, 16 percent of the national population had migrated<sup>12</sup> at some point in their lives (Figure 2.1). The proportion of migrants is higher in urban areas (39 percent) compared to rural areas (10 percent). Looking at only the adult population aged 15 years and above,<sup>13</sup> about one-quarter of Ethiopian adults, and half the urban adult residents, have migrated at some point in their lifetime as adults are more likely to migrate than children (Figure 2.2). The rate of overall migration (including all types of migration) slightly decreased since 2005 and remains low at the national level, particularly to comparator countries (Figure 2.3).<sup>14</sup>

**Figure 2.1: Internal migration remained low for all Ethiopians**

(Share of lifetime migrants: national, rural and urban; 2005, 2013 and 2021)

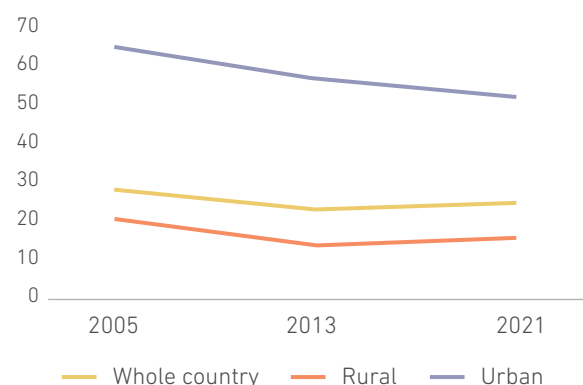


Note: Lifetime migrants are those who moved to their current location from another place in Ethiopia (town or rural woreda) at any point in their life.

Source: Authors' estimation based on LFS 2005, 2013, LMS 2021.

**Figure 2.2: Adults are more likely to migrate**

(Share of lifetime adult migrants: national, rural and urban; 2005, 2013 and 2021)



Note: Lifetime migrants are those who moved to their current location from another place in Ethiopia (town or rural woreda) at any point in their life. Adult population refers to people aged 15 years and above.

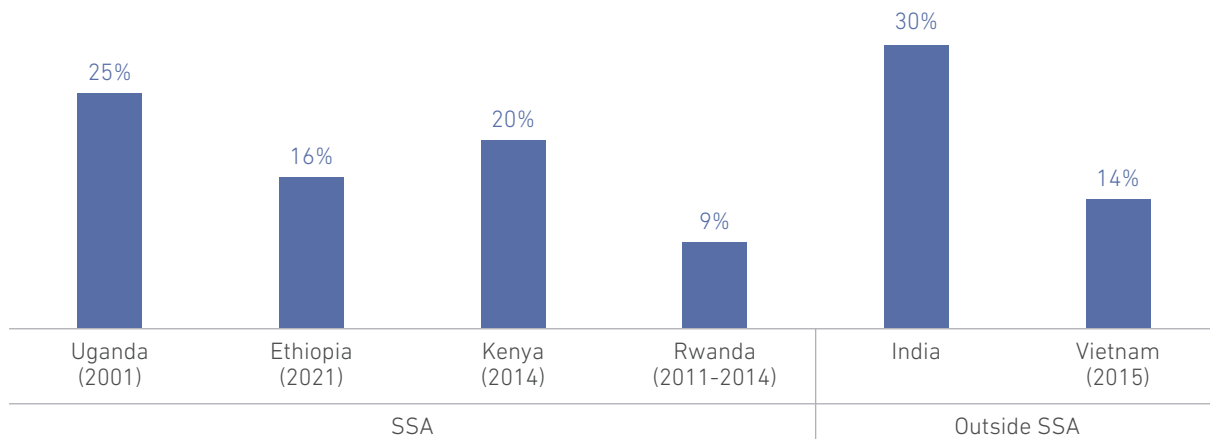
Source: Authors' estimation based on LFS 2005, 2013, LMS 2021.

<sup>12</sup> Migrants are defined as people who lived in areas other than their former woreda (for rural areas) or towns (for urban areas).

<sup>13</sup> The definition of "adult population" used in this report is different from the official definition which includes those who are 10 years and above. Migration patterns remain the same irrespective of which definition is used.

<sup>14</sup> The 2021 LMS does not cover the Tigray region and for comparability purposes, Tigray is also excluded from 2005 and 2013 LFS analysis throughout the report. However, migration patterns in 2005 and 2013 hardly change when Tigray is included.

**Figure 2.3: Internal migration is low in Ethiopia compared to other countries in the region**  
*(Internal migration as a share of population in comparator countries)*



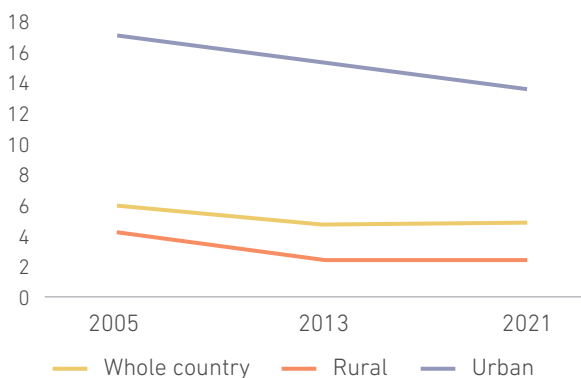
Note: For Ethiopia, Uganda, India and Vietnam, internal migrants refer to any individuals who resides in a different woreda/city different to the one of their birth. For Uganda, this corresponds also to people aged 25-49. For Kenya, the statistic corresponds to the share of working-age men that moved to their current residence in the last four years. For Rwanda, the figure corresponds to the share of internal migrants between 2011-2014.

Source: World Bank Group. 2015 (Ethiopia Poverty Assessment 2014); World Bank. 2018 (Kenya Gender and Poverty Assessment 2015-2016: Reflecting on a Decade of Progress and the Road Ahead); World Bank Group. 2017 (Reshaping Urbanization in Rwanda: Profiling Secondary Cities in Rwanda—Dynamics and Opportunities). UNFPA, 2016. (The 2015 National Internal Migration Survey: Major Findings).

**Even in the last five years, internal migration within Ethiopia remains limited.** In the five years prior to the 2021 LMS, about 5 percent of Ethiopians (Figure 2.4) and 6 percent of the Ethiopian adult population (Figure 2.5) migrated, marginally lower than the shares in 2005. In rural areas, mobility is particularly limited, with a mere 3 percent of adults migrating between 2016 and 2021 (the five

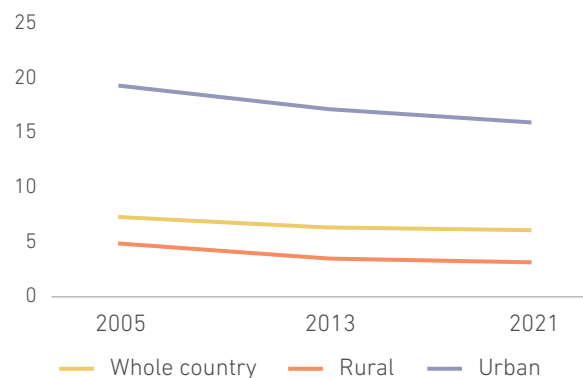
years preceding the 2021 LMS). Migrants account for a higher share of the population in urban areas. In 2021, 16 percent of urban adults were recent migrants (came to the city between 2016 and 2021). Despite a decreasing share of migrants, the absolute number of migrants increased. The number of internal migrants increased from 3.6 million in 2013 to 4.7 million in 2021, with a faster increase in urban

**Figure 2.4: Internal migration remained low for all Ethiopians**  
*(Share of recent migrants: national, rural and urban; 2005, 2013 and 2021)*



Note: Recent migrants are those who lived in their current location (from another town or rural woreda in Ethiopia) for less than five years.  
 Source: Authors' estimation based on LFS 2005, 2013, LMS 2021.

**Figure 2.5: Fewer recent adult migrants in cities**  
*(Share of recent adult migrants: national, rural and urban; 2005, 2013 and 2021)*



Note: Recent migrants are those who lived in their current location (from another town or rural woreda in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above.  
 Source: Authors' estimation based on LFS 2005, 2013, LMS 2021.

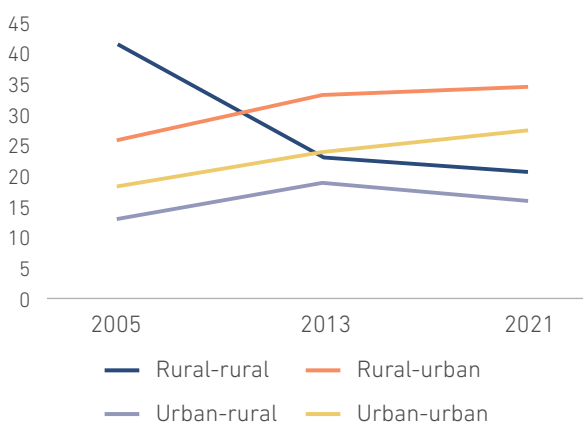


areas. Decreasing rural-to-rural migration (Figure 2.6) mainly relates to an increase in primary and secondary education levels that generated higher aspirations to migrate, both nationally and internationally. This shows a clear relationship between development and migration (Schewel and Fransen 2018).

For the remaining analyses, we focus on recent adult migrants and not migration of the overall population or overall lifetime migration (unless otherwise stated), though results for the whole population typically mirror results for recent adult migrants.

**Internal migration in Ethiopia has increasingly been directed towards urban areas.** Migration to urban areas is the most important form of internal migration. This is not surprising considering continued land fragmentation in Ethiopia (Figure 2. 6). Average landholdings are small with the poor owning less land than the rich (World Bank 2022), and large cohorts of young people are becoming functionally landless. In addition, as youth education levels rise and access to social media reveals aspirational urban lifestyles, migration will increasingly become a livelihood strategy for the growing numbers of rural youth as they look for off-farm employment.

**Figure 2.6: Migration to urban areas is the dominant form of recent migration, particularly from rural areas**  
(Share of recent adult migration by type and time period)

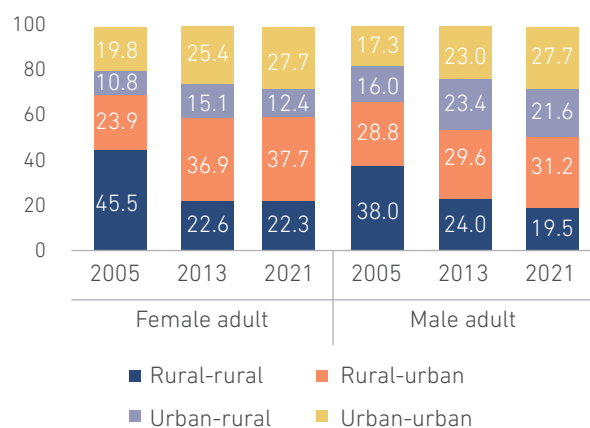


Note: Recent migrants are those who lived in their current location (from another town or rural woreda in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. Source: Authors’ estimation based on LFS 2005, 2013, LMS 2021.

Moreover, climate change-induced natural disasters will likely accelerate large population inflows into urban areas. Of all internal population movements between 2016 and 2021, about two-thirds went to urban areas—either from rural or from other urban areas. Relative to other migration types, rural-to-urban migration as a share of overall migration has increased over time to become the most important type of migration in 2013 and 2021; it accounts for roughly 34 percent of recent adult migrants in 2021. This means that close to 2 million people, representing one-third of all recent migrants, moved from rural to urban areas between 2016 and 2021. Within-urban migration (from one city to another) is also increasing, accounting for roughly 27 percent of all internal migration in 2021. This is in sharp contrast to earlier times where the bulk of internal migration happened within rural areas. Migration to rural areas has been decreasing over time, with rural-to-rural migration halving from 42 percent in 2005 to 21 percent in 2021.

**The general migration patterns are similar for men and women, but important differences exist.** Rural-to-rural migration decreased while urban-to-urban migration increased for both recent male

**Figure 2.7: Migration patterns are similar for men and women**  
(Share of type of migration (recent adult migration) by sex)



Note: Recent migrants are those who lived in their current location (from another town or rural woreda in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. Source: Authors’ estimation based on LFS 2005, 2013, LMS 2021.

and female migrants (Figure 2.7). Between 2005 and 2021, the share of rural-to-rural migration more than halved from 46 to 22 percent for females and from 38 to 20 percent for males. The share of urban-to-urban migration increased by roughly 10 percentage points for both females and males between 2005 and 2021. Rural-to-urban migration was relatively more important for males in 2005 but this pattern reversed in 2013 and 2021. Yet, for females, rural-to-urban migration has become the dominant type of migration. The share of women who recently migrated from rural to urban areas increased from 29 percent in 2005 to 38 percent in 2021. These changes in pattern of rural-to-urban migration likely relate to changes in the reasons for why Ethiopians migrate.



### To where do Ethiopians migrate?

**In Ethiopia, migration within regions is important, especially for large regions.**<sup>15</sup> Regions with the largest population shares also had the majority of their migrants come from within the region. In 2021, 81 percent of all migrants in Oromia, the largest region according to population, originated from within the region. In Amhara, the second largest region, 87 percent of its migrants originated from within the region. Afar (70 percent), SNNP (70 percent), and Somali (54 percent) also had more than half of their migrants originate from within the region.

**Oromia, Amhara, and Addis Ababa are important destinations for migrants who move between regions and these three regions alone account for roughly three quarters of all between-region migration.** Looking at migration only between regions but not within regions, Amhara and Oromia host roughly 26 percent of all internal migrants respectively and Addis Ababa hosts 23 percent (Table 2.1). On the other hand, considering all migration or gross migration (including migration between regions as well as migration within regions), Amhara hosts 38 percent of all recent internal migrants in 2021, even though only 24 percent of all Ethiopians live in Amhara region. Oromia hosts about 33 percent of all recent internal migrants.

<sup>15</sup> Tigray is not included in the 2021 LMS due to ongoing conflict in the region. Yet, people who came from Tigray in the five years preceding the survey are included.

**Table 2.1: Regional share of destination of recent adult migrants in 2021<sup>16</sup>***(Share of gross and net migration of recent adult migrants by type of migration)*

	All migration	Type of migration				Population share
		Rural-Rural	Rural-Urban	Urban-Rural	Urban-Urban	
<b>Gross migration (within region and between region)</b>						
Region						
Afar	1.4	0.6	2.1	0.7	1.6	2.0
Amhara	37.6	42.2	34.9	48.9	30.8	23.7
Oromia	33.4	30.9	32.1	28.1	40.0	39.4
Somali	1.1	1.7	0.7	0.3	1.6	6.7
Benishangul-Gumuz	1.7	2.2	2.3	0.7	1.3	1.2
SNNP	16.4	20.8	15.5	20.1	12.0	21.7
Gambela	1.0	1.2	0.6	0.5	1.4	0.5
Harari	0.5	0.1	0.5	0.2	0.9	0.3
Addis Ababa	6.3		10.5		9.4	3.9
Dire Dawa	0.7	0.3	0.9	0.4	1.0	0.5
<b>Only between region</b>						
Region						
Afar	2.0	1.3	2.6	0.6	2.5	2.0
Amhara	26.3	47.3	10.2	41.9	23.4	23.7
Oromia	26.1	23.4	20.7	22.3	32.4	39.4
Somali	0.8	0.0	0.9	0.0	1.4	6.7
Benishangul-Gumuz	2.8	7.1	4.5	0.4	1.5	1.2
SNNP	13.5	16.1	5.2	33.3	9.0	21.7
Gambela	1.7	2.7	2.1	0.3	1.8	0.5
Harari	1.6	0.6	2.0	0.5	2.1	0.3
Addis Ababa	23.2		48.4		24.0	3.9
Dire Dawa	2.1	1.6	3.5	0.6	2.0	0.5

Note: Recent migrants are those who lived in their current location (from another town or rural woreda in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. Population shares are calculated from survey data and Tigray is excluded.

Source: Authors' estimation based on LMS 2021.

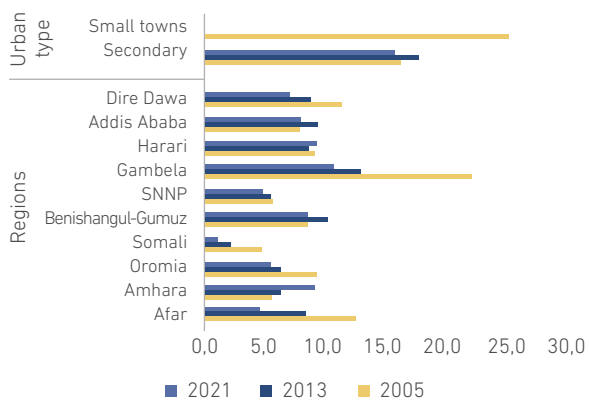
<sup>16</sup> Sidama region was part of SNNP region in the earlier rounds (LFS 2005 and 2013) and for comparison purpose, it is also included as part of SNNPR in the 2021 data here and in subsequent regional analyses. Statistics for Sidama in 2021 can be provided upon request.

**Despite the common belief that migration to Addis Ababa is high and increasing, 2021 LMS data paints a more nuanced picture.** 2021 LMS data show that migration to the capital city is actually similar to that of other predominantly urban regions. Considering all recent adult migrants, Addis Ababa hosted about 6 percent of all internal migrants, a proportion slightly higher than its population share of 4 percent (Table 2.1). Even when considering rural-to-urban migration, Addis Ababa only hosts about 10 percent of all recent rural-to-urban migrants. On the other hand, and as already mentioned, Addis Ababa is an important destination for migrants who move between regions. Yet, Addis Ababa is an important destination for migrants who migrate between regions; roughly one-quarter of internal migrants between regions moved to Addis Ababa between 2016 and 2021. Addis Ababa is a particularly important destination for recent rural-to-urban migrants who move between regions, receiving

almost half of all recent migrants who moved between regions.

**Looking at the entire population of Addis Ababa, only 8 percent of Addis Ababa’s residents were recent migrants in 2021.** When comparing Addis Ababa to other city types (small towns and cities), we see that the share of migrants in small towns and secondary cities is much larger. Figure 2.8 shows that small towns and secondary cities host twice as many migrants as the share of their overall resident population. In fact, small towns host the majority of migrants to urban areas, underscoring the importance of small towns as destinations of rural-to-urban and urban-to-urban migration. In 2021, 71 percent of rural-to-urban and 69 percent of urban-to-urban migration was to small towns, larger than their population share of 63 percent (Figure 2.9). Addis Ababa, on the other hand, hosted roughly 11 percent of all rural-to-urban and 10 percent of urban-to-urban migration, while accounting for 18 percent of Ethiopia’s entire urban population.

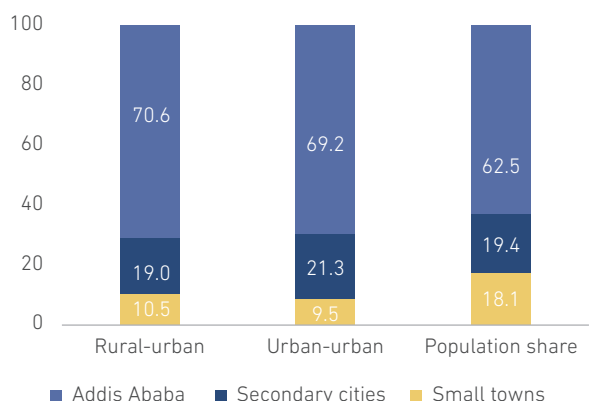
**Figure 2.8: Migration rate for Addis Ababa was lower than for secondary cities and small towns**  
(Share of recent adult migration in respective location)



Note: Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above.

Source: Authors’ estimation based on LFS 2005, 2013, LMS 2021.

**Figure 2.9: Small towns host proportionately more migrants**  
(Share of rural-to-urban and urban-to-urban migration by urban type)



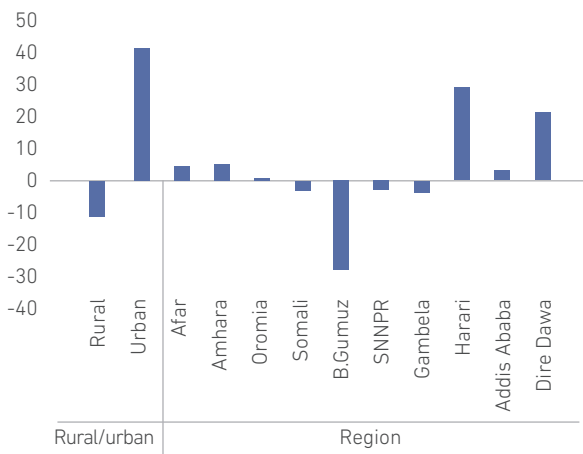
Note: Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above.

Source: Authors’ estimation based on LFS 2005, 2013, LMS 2021.

**While varying, all Ethiopian regions have both originated and received migrants in the years preceding the 2021 LMS.** We calculated net migration rates based on the 2021 LMS to see whether regions had an average net inflow or outflow of migrants.<sup>17</sup> A positive number indicates more immigration than emigration to the region between 2016 and 2021, whereas a negative number indicates more people leaving the region than coming to it. First, we observe that net migration flows into urban areas are positive and large (Figure 2.10). This means that, relative

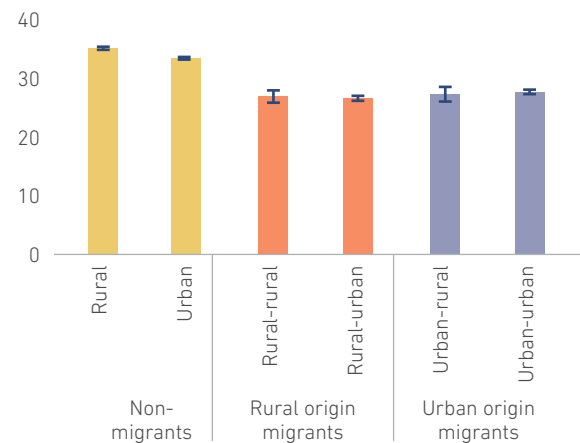
to their population size, many more people come to urban areas than leave them. The opposite is true for rural areas, where more people leave than flow in. Second, there are large differences between regions in terms of net migration, with Somali, Benishangul-Gumuz, SNNP, and Gambela having negative net migration between 2016 and 2021. This means that, relative to the size of their population, they experienced the largest net population outflows. Harari and Dire Dawa experienced large net population inflows, indicating that more entered than left the region.

**Figure 2.10: There are large differences in net-migration to regions**  
(Net migration flows by region in 2021)



Note: Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above.  
Source: Authors' estimation based on LMS 2021.

**Figure 2.11: Migrants are on average younger**  
(Average age by type of migration in 2021)



Note: Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. Bars indicate 95 percent confidence intervals.  
Source: Authors' estimation based on LMS 2021.

### Who migrates?

**Better understanding migrants' sociodemographic profiles can help understand challenges and opportunities they face in new destinations.**

Internal migration is driven by education and demographics. The 2021 LMS shows, regardless of whether the origin area is rural or urban, migrants are younger and better educated compared to

non-migrants from the same origin area. Migrants are younger than non-migrants; the average age for migrants is 28 while that of non-migrants is 35 (Figure 2.11). This is true for all types of migration, whether to urban or rural areas. While women are overrepresented among migrants (compared to non-migrants) in general, urban-to-rural migrants are more likely to be men compared to non-migrants (Figure 2.12). There are no large

<sup>17</sup> The net migration rate is calculated as the difference between the number of people entering (immigrants) and leaving (migrants abroad) a region per 1,000 individuals in the given period.

differences in terms of the proportion of migrants who are married but rural-to-urban and urban-to-rural migrants are less likely to be married compared to other migrants (Figure 2.13).

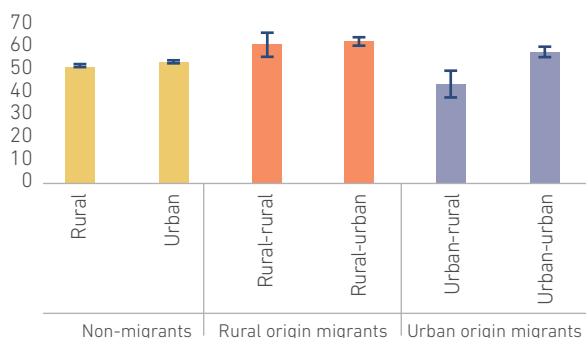
**Literacy rates are relatively high among migrants and migrants have much higher education outcomes than non-migrants from the same origin area.**

In general, rural dwellers who migrate, either to other rural or to urban areas, have much higher literacy rates (roughly 60 percent) than rural non-migrants (46 percent) (Figure 2.14) and higher educational attainment. A similar pattern

is found for urban origin areas, where migrants are more literate and better educated than urban non-migrants. Migrants originating from urban and going to rural areas have similar literacy rates than urban non-migrants (roughly 80 percent) but those going to urban areas have higher literacy rates (88 percent). The completed level of education by type of migration shows similar results. For example, only about 20 percent of rural non-migrants completed primary education or more but many more rural migrants completed primary education or more (Figure 2.15). About 40 percent of urban-to-urban migrants completed at least secondary education,

**Figure 2.12: Migrants are on average more likely to be female**

(Share of females by type of migration in 2021)

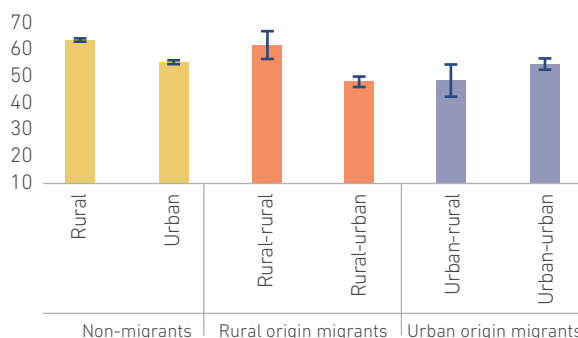


Note: Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. Bars indicate 95 percent confidence intervals.

Source: Authors' estimation based on LMS 2021.

**Figure 2.13: There are no large differences in the share of married migrants**

(Share of married migrants by type of migration in 2021)

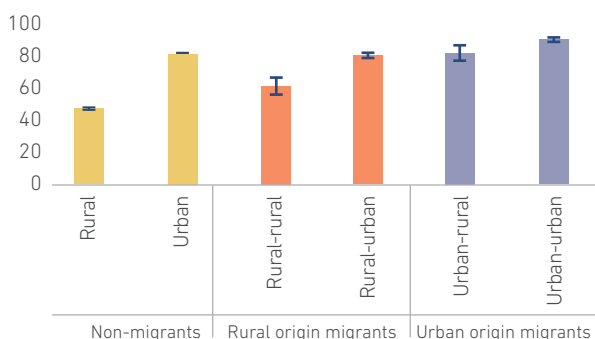


Note: Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. Bars indicate 95 percent confidence intervals.

Source: Authors' estimation based on LMS 2021.

**Figure 2.14: Migrants originating in rural areas have higher literacy rates than rural non-migrants**

(Literacy rates by type of migration in 2021)

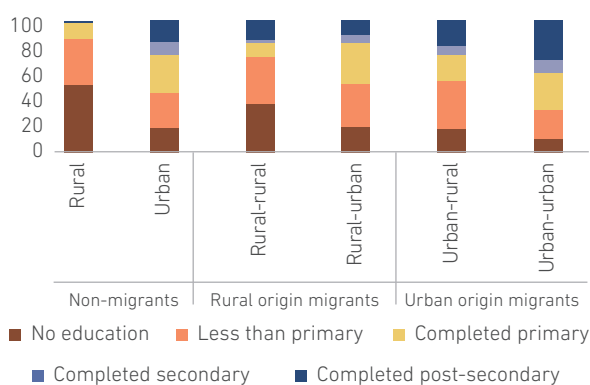


Note: Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. Bars indicate 95 percent confidence intervals.

Source: Authors' estimation based on LMS 2021.

**Figure 2.15: Educational attainment is higher for migrants than non-migrants**

(Share of educational attainment by type of migration in 2021)



Note: Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. Bars indicate 95 percent confidence intervals.

Source: Authors' estimation based on LMS 2021.

a share higher than that of urban non-migrants. In general, education drives migration and higher literacy rates and educational attainment for migrants likely mean a relatively easy transition into the local labor market.

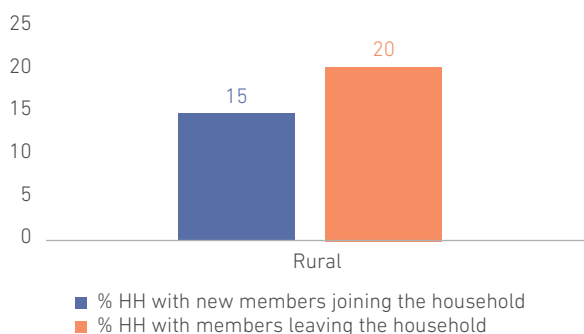
### How did COVID-19 affect migration?

**COVID-19 seems to have accelerated migration to rural areas.** The COVID-19 pandemic continues to pose serious risks to the health and economic wellbeing of Ethiopians. Early on, Ethiopia took several steps, including declaring a state of emergency (SOE) in April 2020 to halt COVID-19 infections and to stave off the negative repercussions on the economy. Before the COVID-19 pandemic, the share of rural households<sup>18</sup> that received new household members in the past year was 15 percent and the share of households with members leaving was 20 percent, based on the ESS

2019 (Figure 2.16). The onset of the COVID-19 pandemic in Ethiopia in March 2020 caused a significant increase in the arrival of new household members, according to information collected through the World Bank's Ethiopia High-Frequency Phone Surveys (HFPS).<sup>19</sup> In April 2020, 25 percent of rural households said that they received new household members since roughly June 2019<sup>20</sup> (Figure 2.17), a proportion higher than pre-pandemic.<sup>21</sup> Moreover, fewer household members left the household (6 percent) compared to pre-pandemic. Nevertheless, in the months following the COVID outbreak, relatively few households reported new arrivals month-on-month (around 5 percent). Individuals joining the household during the pandemic were similar in their sociodemographic characteristics than pre-COVID and included primarily sons or daughters of the household head under the age of 15 who had little education, most likely a result of school closings and children moving back to their household of origin.

**Figure 2.16: The share of migrants in the past year pre-pandemic**

(Share of rural household from which one household member moved away or joined in ESS4)

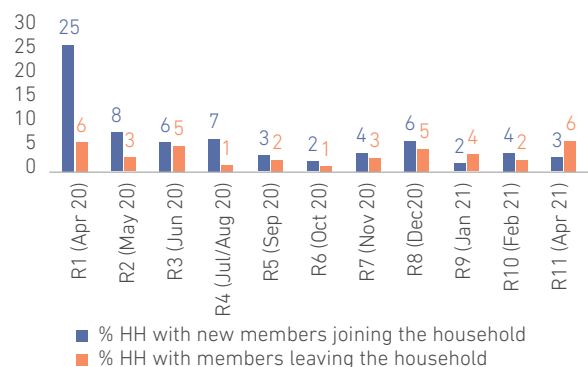


Note: The reference period is the past year.

Source: Authors' estimation based on ESS4.

**Figure 2.17: The share of migrants in the past roughly 6-9 months is higher than pre-pandemic**

(Migration flow during COVID-19 in rural Ethiopia)



Note: The reference period for April 2020 is since June 2019. The reference period for the following rounds is the previous month/round.

Source: Authors' estimation based on HFPS.

<sup>18</sup> We can only look at rural households as the ESS4 which provides pre-COVID information only asks questions on new household members for rural households.

<sup>19</sup> The World Bank conducted the Ethiopia High Frequency Phone Survey (HFPS) between April 2020 and May 2021; regularly collection of timely data helps monitor the economic and social effects of COVID-19 on households, addressing the effects, and protecting the welfare of the least-well-off Ethiopians. The HFPS is a subsample of the national longitudinal Ethiopia Socioeconomic Survey (ESS), which the Ethiopian Statistics Service and the World Bank carried out in 2019; it is representative of households with access to a working phone. The HFPS tracked the same households over 14 months, with selected respondents, typically household heads, completing phone-based interviews every four to six weeks. Frequent follow-up allows for better understanding of how the pandemic affects households in near real time to support prompt, evidence-based responses.

<sup>20</sup> In April 2020, households were asked if new household members joined since they participated in the data collection for the Ethiopia Socioeconomic Survey (ESS4) in June through September 2019. The reference period is therefore somewhere between June or September 2019 through April 2020.

<sup>21</sup> New births made up roughly 35 percent of new household members.

**Compared to pre-pandemic, the share of household members who left the household due to economic reasons more than doubled during the pandemic.**

Before COVID-19, more than half of all household members left for family reasons (Figure 2.18). During the pandemic,<sup>22</sup> this share reduced dramatically to roughly 18 percent. On the other hand, one-quarter of household members left the household for economic reasons. During the pandemic, this share more than doubled to 55 percent. Moreover, security-related reasons increased during the pandemic. However, this could also be related to the increased violence related to the conflict in Tigray and spillovers to other areas. Finally, only 2 percent of household members left due to health-related issues. Furthermore, internal migration was the main type of migration observed during the

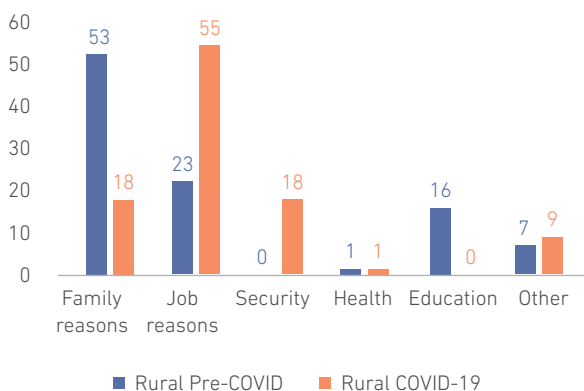
pandemic; less than 2 percent of migrants left the country altogether.

**Migration to rural areas was the dominant form of migration during the pandemic, a stark difference to typical migration trends.**

More than one-third of new household members moved between rural areas to join the household, and 17 percent of all migrants went from an urban to a rural area (Figure 2.19). Furthermore, 26 percent moved between urban areas and 22 percent moved from a rural to an urban household. During COVID-19, more people still moved from rural to urban areas than vice versa; however, this is in stark contrast to recent trends observed using the 2021 LMS. Though not strictly comparable,<sup>23</sup> many more people seemed to have moved to rural areas (52 percent) compared to 2021 (37 percent), mainly due to a larger share of people moving between rural areas.

**Figure 2.18: Before the pandemic, people mainly left their household for family reasons**

*(Share of household members leaving the household by reason for migration)*

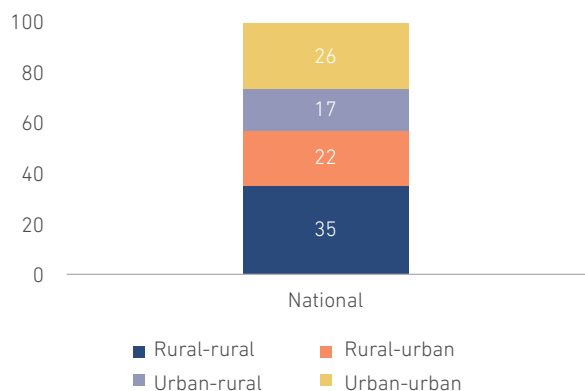


Note: The pre-COVID estimate refers to June/September 2019. The COVID-19 estimate refers to round 8 of the HFPS conducted in December 2020.

Source: Authors' estimation based on ESS4 and HFPS.

**Figure 2.19: The largest share of new household members moved between rural areas during the pandemic**

*(Share of type of migration during COVID-19 for household members who joined the household)*



Note: Reasons for joining the household were asked only in round 8 of the HFPS conducted in December 2020.

Source: Authors' estimation based on HFPS.

<sup>22</sup> Round 8 of the HFPS included reasons for migration, conducted in December 2020.

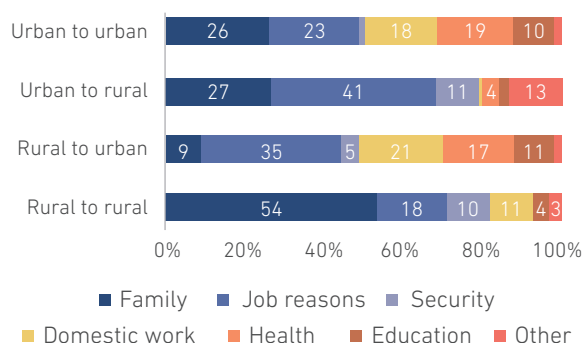
<sup>23</sup> HFPS looks at new household members over 6-9 months while LFS trends look at migrants joining the household in the past 5 years.



**Family-related issues were the main reason for joining a household during the pandemic.** This was especially the case for rural-to-rural migration, and to a lesser extent for those moving from urban-to-urban areas (Figure 2.20). In contrast, among those who went from urban-to-rural or rural-to-urban, the main reason was economic. Furthermore, domestic work motivated migration to urban areas, especially if coming from rural areas. Nevertheless, after joining a household, only one-third of new household members reported working in the same type of job as in the previous location. Finally, health-related issues were important factors to join an urban household during the pandemic.

**Figure 2.20: The largest share of new household members moved for family-related reasons**

*(Share of household members joining a household by reason for migration and type of migration)*



Note: The reference period for April 2020 is since June 2019. The reference period for the following rounds is the previous month/round.

Source: Authors' estimation based on HFPS.

## 2.2 EVIDENCE ON INTERNATIONAL LABOR MIGRATION

**International labor migration leads to immediate and large wage increases dwarfing benefits from any other development intervention.** For migrants and their families, gains in wages can

reduce poverty and increase shared prosperity. The differences in earnings between countries are large and provide a strong incentive for people to migrate from one country to another. The income disparity is over 20-fold between countries at the top and bottom decile of the global income distribution (e.g., Australia vs Tanzania). The incidence of poverty and deprivation is also vastly different across countries, providing strong motivation for people to move across countries to improve their wellbeing.

**One goal of Ethiopia's Job Creation Commission (now part of the Ministry of Labour and Skills) was to facilitate 150,000 Ethiopians into good jobs abroad by the end of the Ethiopian fiscal year 2019/2020.** This is a significant shift, given that historically the GoE's primary policy stance

towards labor mobility was one of deterrence. Indeed, from 2013 to 2018, GoE banned out-migration of labor migrants to the Gulf Cooperation Council (GCC) countries, Ethiopia's primary destination markets.<sup>24</sup> In response to the growing youth population seeking work, alongside lifting the ban, the GoE is now interested in promoting quality employment opportunities for Ethiopian jobseekers abroad, but labor migrant outflows remain small relative to the need. Outflows largely halted during the COVID-19 pandemic, and while GoE still has a policy of promoting labor mobility as a job strategy, it paused on active steps towards this goal (Smith et al. 2020).<sup>25</sup>

**Ethiopian mobility has a complex history, with many factors motivating migration decisions as well as the modality and choice of destination.** Historically, Ethiopian migration has been predominantly due to displacement,<sup>26</sup> beginning with the 1985 famine; in recent years, however,

<sup>24</sup> The 2013 ban was prompted by a deportation campaign, in which Saudi Arabia began to deport high numbers of Ethiopian migrants.

<sup>25</sup> For highlight on the mobility framework for international labor migration in Ethiopia, please refer to Annex 1.

<sup>26</sup> The 1980s to early 2000s was a period of high out-migration from Ethiopia; however, these flows were predominantly composed of displaced persons. In the late 1980s and 1990, Ethiopian emigration was at its highest level; 1.6 million Ethiopians were living abroad, with 1.3 million of these being Ethiopians who were involuntarily displaced according to UNHCR, as of 1990. At this time, Sudan was the primary destination, hosting over 50 percent of Ethiopians abroad (over 900,000 in 1990). By 2000, the stock of Ethiopian migrants declined significantly. This appears to be due to Ethiopian refugees and asylum seekers returning to Ethiopia, as UNHCR reported a significant decline in the stock of refugee and asylum seekers at that time.

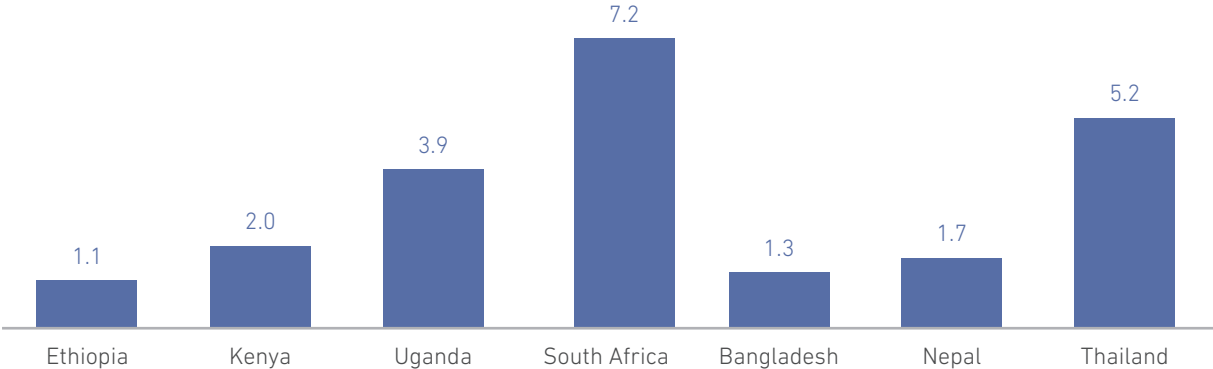
voluntary migration has become increasingly important. After a period of migration of primarily refugees and displaced persons, both stocks and flows of migrants from Ethiopia increased in the years following 2000. UNDESA data reports that between 2000 and 2005, outflows rose to 15,000 migrants per year on average; these outflows then peaked between 2005 to 2010 with an average of ~28,000 migrants per year before declining to 23,000 migrants annually between 2010 and 2015 and declining further to 18,000 annually between 2015 and 2019. Yet, these outflows are small and pale in comparison to the two million additional working-age Ethiopians annually the labor market must absorb. These flows also pale in comparison to similar countries (Figure 2.21) that have actively pursued migration as an employment strategy to access jobs, improve wages, and increase remittances (Smith et al. 2020).

**Close to 850,000 Ethiopians lived abroad in 2021, most of them originated from rural areas.** Based on the 2021 LMS, an estimated 840,000 Ethiopians are living abroad,<sup>27</sup> which translates to an emigration rate of 9 migrants abroad for every thousand Ethiopians (Table 2.2). About two-third of the migrants abroad came from rural households (Figure 2.22) but the

rate of emigration is still higher for urban areas (14 migrants per thousand residents) due to the relatively small urban population share compared to rural areas (7 migrants per thousand residents).<sup>28</sup> There is significant variation in emigration rates between regions with predominantly urban regions (Addis Ababa, Dire Dawa, and Harari) showing the highest emigration rates. From the pre-dominantly rural regions, SNNP and Gambela have the highest rates (around 10 migrants abroad per each thousand resident) while Somali has the lowest rates of 3. Considering recent migrants abroad—those migrating between 2016 and 2021—the stock of migrants is lower but still sizable at 470,000.



**Figure 2.21: Migrant stock in Ethiopia is low in international comparison**  
(Migrants as a share of population)



Source: UNDESA Population Division (Migrant Stock – 2019).

<sup>27</sup> The 2021 LMS does not include migrants abroad from Tigray. The total number of migrants abroad is therefore an underestimate.  
<sup>28</sup> The emigration rate is likely to be under-estimated because the survey only includes those migrants abroad that left their households/ family behind and not those who emigrated with the whole family (the survey asks if anyone left the household and went abroad). This understatement is expected to be particularly high for urban areas where it is common for the whole household to emigrate, thus the share of urban areas and the rate is particularly likely to be underestimated.

**Table 2.2: For every thousand Ethiopian residents, there are nine lifetime migrants abroad***(Rate of emigration by location)*

	Number of migrants abroad	Population size	Rate of emigration per 1000 residents
National	839,224	98,000,000	8.6
Urban	288,409	21,000,000	13.7
Rural	550,815	77,100,000	7.1
Afar	11,098	1,989,167	5.6
Amhara	211,604	23,200,000	9.1
Oromia	309,700	38,600,000	8.0
Somali	17,077	6,605,361	2.6
Benishangul-Gumuz	6,442	1,200,471	5.4
SNNP (incl. Sidama)	174,283	21,365,655	8.2
Gambela	4,779	498,848	9.6
Harari	4,290	273,640	15.7
Addis Ababa	91,061	3,804,071	23.9
Dire Dawa	8,891	537,345	16.5

Note: The 2021 LMS does not include Tigray due to conflict in the country and migrants abroad from Tigray are not captured.

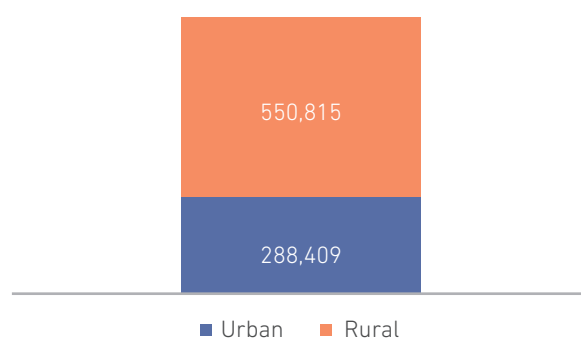
Source: Authors' estimation based on LMS 2021.

### Where do Ethiopians migrate to abroad?

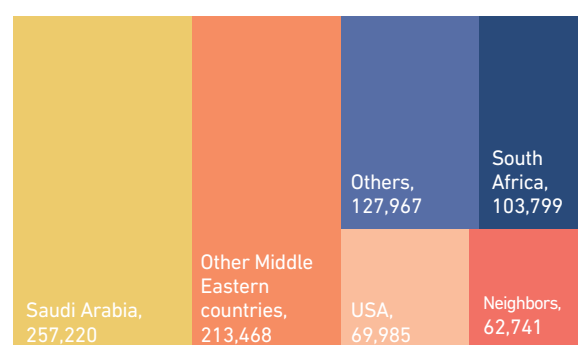
#### In 2021, Ethiopian migrants abroad concentrated in a few locations, mostly in the Middle East.

More than half of all migrants abroad were in the Middle East (31 percent in Saudi Arabia and 25 percent in other Middle Eastern countries), 12 percent in South Africa, 8 percent in the United States, and 7 percent in neighboring countries (Figure 2.23). The

average length of stay for migrants abroad is six years but only four and a half years for Saudi Arabia and four years for other Middle Eastern countries. Considering recent migrants abroad, the spatial pattern is similar but the share of migrants in the Middle East is much higher; almost 70 percent of all recent migrants went to Saudi Arabia (34 percent) or other Middle Eastern countries (34 percent). Considering the importance of the Middle East for

**Figure 2.22: Two thirds of lifetime migrants abroad originate from rural areas***(Number of migrants abroad by source location)*

Source: Authors' estimation based on LMFS 2021.

**Figure 2.23: Ethiopian lifetime migrants abroad are concentrated in few locations***(Number of recent migrants abroad by destination country)*

Source: Authors' estimation based on LMS 2021.

recent migrants, we will report results separately for Saudi Arabia and other Middle Eastern countries. Many Ethiopian women migrate to the Middle East to improve their living conditions, and they are typically employed in low-skilled jobs, such as domestic work (Zewdu 2018).

### Who migrates abroad?

**About an equal number of men and women migrate abroad, but a larger share of women migrates to Middle Eastern countries (other than Saudi Arabia).**

International labor mobility is equally important for men and women, with about 49 percent of all recent migrants being women (Figure 2.24). There is one notable exception. A larger share of women (60 percent) migrates to Middle Eastern countries (other than Saudi Arabia), likely associated with the large number of women who migrates to the Middle East as domestic workers. Migrants abroad are younger than the average Ethiopian. The average age is about 24 years for recent migrants abroad but 34 years for all Ethiopians.

**The most educated household members migrate abroad but migrants to Saudi Arabia are less educated than other migrants abroad.**

Based on intra-household evidence, there seems to be a clear selection in terms of the households' choices on whom to send abroad. When comparing education attainment of migrants abroad upon leaving Ethiopia

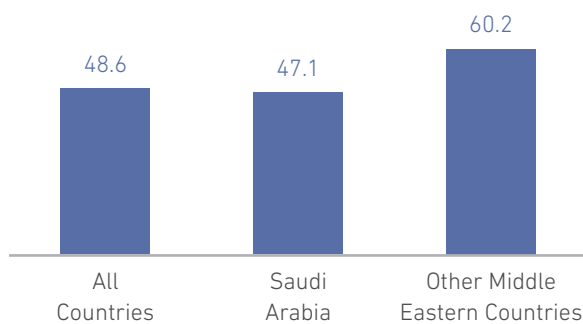
with that of current household members of origin households (households who have at least one migrant abroad), migrants abroad are more educated than household members remaining in Ethiopia. While almost all migrants abroad of working age have at least some primary education, 32 percent of the working age non-migrants abroad have no education at all. The percentages of those who completed primary school or above is 47 percent for migrants abroad but only 32 percent for household members who stay behind. Similarly, while recent migrants abroad average seven years of education, non-emigrants averaged only five years (Figure 2.25). However, those migrating to the Middle East, particularly to Saudi Arabia, are less educated than other migrants abroad.

**Out-migration from Ethiopia is unlikely to result in “brain drain”.**

There is an important concern about “brain drain”, arguing that out-migration of skilled individuals (typically university graduates) depletes the stock of human capital, results in shortages of skilled works, and hurts prospects of economic development in sending countries. While roughly one-third of Ethiopian migrants to OECD countries was highly-skilled in 2015 (d’Aigleperre et al. 2020), migration to OECD countries is low. As reported, the largest number of migrants goes to GCC countries, which is dominated by low-skilled workers. Education levels for migrants abroad, even if higher than residents, are typically below secondary education.

Figure 2.24: About an equal number of men and women migrate abroad

(Share of female migrants abroad)

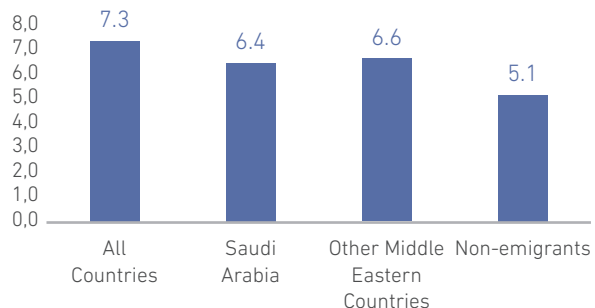


Note: Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years.

Source: Authors' estimation based on LMS 2021.

Figure 2.25: Migrants abroad have more education than non-emigrants

(Mean years of schooling for recent migrants abroad and non-emigrants)



Note: Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years.

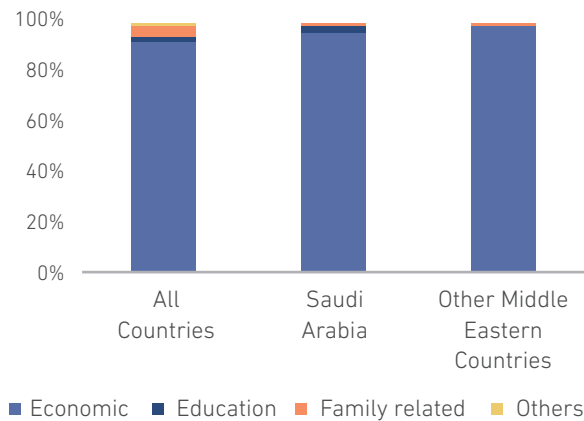
Source: Authors' estimation based on LMS 2021.

**The overwhelming majority of migrants abroad—nine out of ten—left for economic reasons, leading to high employment rates while abroad.** Nine of ten migrants left Ethiopia for a different country for economic reasons. Migrants to the Middle East almost exclusively leave for economic reasons (Figure 2.26). Other reasons to migrate are family reasons (4 percent) and education (2 percent). Not surprisingly, the vast majority of migrants abroad are employed, given their intent of finding employment abroad; about 80 percent of the migrants abroad are employed,<sup>29</sup> 7 percent are unemployed, and 8 percent are studying (Figure 2.27). The proportion of employed migrants abroad is even higher for those based in the Middle East, particularly in countries other than Saudi Arabia. The percentages of employed are 83 percent and 88 percent, respectively, for Saudi Arabia and other Middle Eastern countries.

**How does international migration affect remittances?**

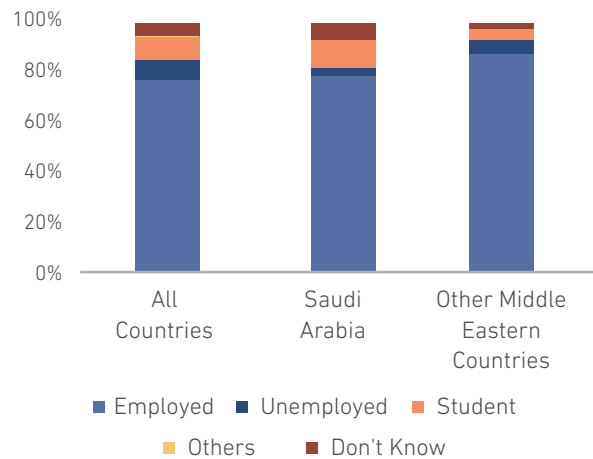
**International labor migration is an important source of remittances, which improve development outcomes in origin countries.** Part of the increase in income of migrants abroad is shared with family and community members left behind through remittances. The benefits from labor migration stem from remittances, more efficient labor allocation, and knowledge transfers. Remittances enhance migrant households' welfare – raising income and consumption, allowing more spending on children's education, and increasing opportunities to start businesses. Remittances can also enhance macroeconomic stability, buoy economic dynamism, and reduce poverty. But the benefits vary. As migration is costly, the poorest are less likely to migrate internationally and remittances to better-off households could worsen existing disparities. However, even the poor left behind benefit through economy-wide effects of migration.

**Figure 2.26: The overwhelming majority of migrants is abroad for economic reasons**  
(Share of recent migrants abroad migrating for a specific reason by location)



Note: Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years.  
Source: Authors' estimation based on LMS 2021.

**Figure 2.27: The vast majority of migrants abroad is employed**  
(Share of migrants abroad by activity status and location)



Note: Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years.  
Source: Authors' estimation based on LMS 2021.

<sup>29</sup> Employment status is based on proxy response by household members who stayed in Ethiopia.

**Remittances are an important part of the Ethiopian economy, contributing 5 percent of GDP.**

According to the National Bank of Ethiopia,<sup>30</sup> in 2020/21, the country received around US\$5 billion of remittances (Figure 2.28), contributing to around 4.5 percent to GDP (Figure 2.29). This is considerably above the remittances reported by the Central Banks of Kenya (US\$3 billion) and Uganda (US\$1 billion), where remittances contributed to around 3 percent of GDP.

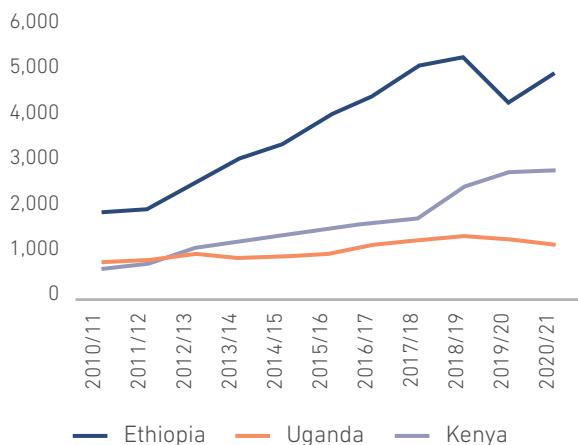
**Ethiopian remittances grew consistently between 2011 and 2018, but decreased slightly thereafter as a result of the COVID-19 pandemic.**

In 2018/19, remittances reached an all-time high of US\$5.3 billion, but subsequently decreased to US\$4.3 billion in 2019/20—when remittances declined at the start of the COVID-19 outbreak for many countries—before recovering in 2020/21 to roughly US\$5 billion. In Ethiopia, remittances fell by around 14 percent, a greater decline than the SSA average (12 percent) (KNOMAD 2022), and countries like South Africa 9 percent), but below Uganda (25 percent).

Nevertheless, remittances started to recover in the second half of 2020, and in 2021 SSA remittances increased by 14 percent, a proportion below only Latin America and the Caribbean (LAC) (25.3 percent) and higher than in Europe and Central Asia (ECA) (7.8 percent), Middle East and North Africa (MENA) (7.6 percent), South Asia (6.9 percent), and East Asia and the Pacific (EAP) (excluding China) (2.5 percent) (KNOMAD 2022).

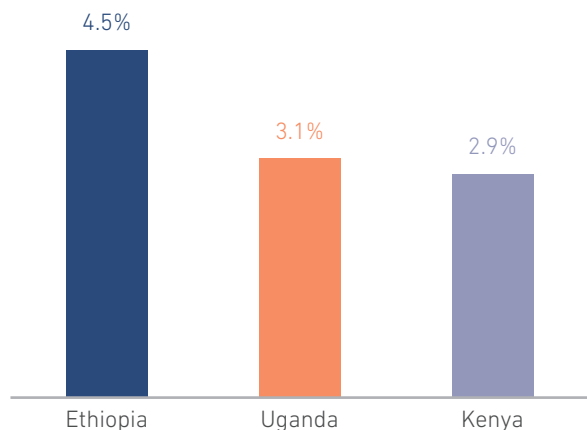


**Figure 2.28: Remittances in Ethiopia are increasing**  
(Personal remittances in current US\$ million)



Source: Respective Central Bank using information on personal transfers as reported in the Balance of Payments. The annual amount of remittances corresponds to the Fiscal Year in each country.

**Figure 2.29: The contribution of remittances to Ethiopia's GDP is roughly 5 percent**  
(Personal remittances as a share of GDP)



Source: Authors' estimation based on Central Bank information. The annual amount of remittances corresponds to the Fiscal Year in each country.

<sup>30</sup> The remittances reported here corresponds to personal transfers made by individuals as reported in the balance of payment of the National Bank of Ethiopia (NBE). For Ethiopia, numbers on remittances differ considerably between NBE and those reported in the World Development Indicators (WDI) database. This report includes figures based on NBE' balance of payment reports.

**Four-fifths of Ethiopia’s remittances come from just ten countries.**

Not surprisingly given its history of emigration to the United States in the 1980s, Ethiopia receives one-third of all remittances from the United States (Figure 2.30). Yet, Saudi Arabia is also an important source of remittances since so many Ethiopians go there as international labor migrants; one-fifth of all remittances come from Saudi Arabia. Other countries from which a relatively large share of remittances originate are Israel (8 percent) and Sudan (7 percent) (UNCDF 2021).

## 2.3 EVIDENCE ON RETURN MIGRATION

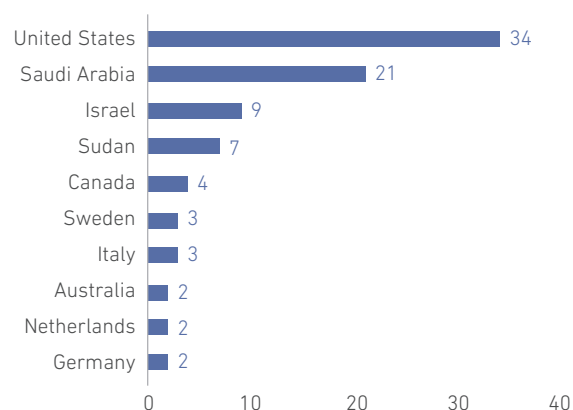
**The vast majority of international labor migration is temporary and migrants struggle to reintegrate upon return to Ethiopia.**

As noted, migrants abroad remain, on average, in their country of destination for six years before returning to Ethiopia. Programs or efforts to facilitate migration typically focus on the earlier stages of the migration cycle, including establishment of effective labor migration channels and pre-departure training, but much less attention is paid on the process of return and reintegration of migrant workers. Many migrants struggle to reintegrate upon return in their home country. A prolonged stay abroad can create challenges for returnees to reintegrate into the labor market, reattach to prior networks, and using human and financial resources. In urban and rural areas alike, returning migrants encounter significant challenges finding productive employment in Ethiopia’s better educated, young labor market. A growing workforce—possibly increased by returnees—pressures the absorption capacity of the Ethiopian labor market. Even though Ethiopia has sustained high economic growth and labor market conditions have improved over time, challenges remain, including lack of labor market inclusion and productive employment for youth<sup>31</sup> and women; lack of structural transformation out of agricultural employment in rural areas; and high unemployment in urban areas (Wieser and Mesfin 2021).

<sup>31</sup> Youth is defined as those aged 15-24.

**Figure 2.30: Four fifths of Ethiopia’s remittances come from just ten countries**

(Top 10 Economies sending remittances to Ethiopia, percent)



Source: UNCDF (2021), using data from IMF Balance of Payments Statistics database and data releases from central banks, national statistical agencies, and World Bank country desks, November 2020.

**The GoE projects that the number of returnees, particularly from Saudi Arabia, will be large in the coming months.**

Since 2017, Ethiopia has received large flows of returnees from Saudi Arabia due to a Saudi initiative to curb unemployment. However, by the start of 2022, it was estimated that about 750,000 Ethiopians were still in Saudi Arabia, with 450,000 of them needing help in their return to Ethiopia. As a response, starting on March 30, 2022, the GoE plans to repatriate over 100,000 Ethiopians living in Saudi Arabia (IOM 2022). About 30,000 Ethiopians were already repatriated between the start of the campaign and the end of May (Ethiopian Monitor 2022).

**Based on the 2021 LMS, about 580,000 Ethiopians returned from abroad and settled equally in urban and rural areas.**

The pool of migrants abroad who returned was large with six returnees per 1,000 residents. The number of migrants returning to urban areas is almost the same as the number of migrants returning to rural areas (Table 2.3). Given a much larger population in rural areas—roughly 80 percent of Ethiopians live in rural areas—the rate of return in urban

areas is much higher at 14 returnees per thousand residents compared to 4 returnees per thousand residents in rural areas. Close to 80 percent of all returnees settled back into the two largest regions, Oromia and Amhara. Yet, the rate of return was highest in Addis Ababa at 11 returnees per

1,000 residents and lowest in Somali with just 1 returnee per 1,000 residents. However, it is also worth noting that Addis Ababa's rate of return is lower than the urban average, which implies urban areas other than Addis Ababa host more returnees relative to their population share.

**Table 2.3: About 580,000 Ethiopians returned from abroad between 2016 and 2021**

(Rate of return by location)

	Returnees	Population	Rate of return (per 1000 residents)
National	575,442	98,000,000	5.9
Urban	285,529	21,000,000	13.6
Rural	289,913	77,100,000	3.8
Afar	5,217	1,989,167	2.6
Amhara	210,075	23,200,000	9.1
Oromia	241,810	38,600,000	6.3
Somali	3,403	6,605,361	0.5
Benishangul-Gumuz	2,646	1,200,471	2.2
SNNP (incl. Sidama)	64,330	21,365,655	3.0
Gambela	1,882	498,848	3.8
Harari	734	273,640	2.7
Addis Ababa	43,143	3,804,071	11.3
Dire Dawa	2,203	537,345	4.1

Note: The 2021 LMS does not include Tigray due to the conflict in the country and migrants abroad from Tigray are not captured.

Source: Authors' estimation based on LMS 2021.

**Close to 80 percent of returnees are from the Middle East.** Just under half of all returnees come from Saudi Arabia alone, 9 percent of the returnees come from United Arab Emirates (UAE), and 23 percent come from other Middle Eastern countries (Figure 2.31). About 13 percent come from neighboring countries. The potential for returnees to reintegrate into Ethiopian society and the labor market vary depending on sociodemographic characteristics. Returnees are more likely to be female (63 percent) and relatively younger (31 average age) than the overall population. Yet, important differences exist depending on the source country. For example, more than 90 percent of returnees from the UAE are female, given the large share of domestic work in UAE.

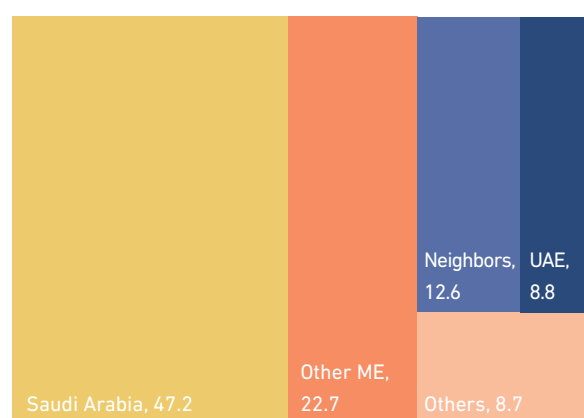
**Even when voluntary, we have limited evidence on successful reintegration of returnees, particularly as many Ethiopians migrate abroad informally.** Reintegration success, as defined on whether a returnee successfully integrates into the labor market and society, depends on the sociodemographic characteristics of the returnee; how well off they were prior to return; the extent to which returnees maintained social networks in the country of origin while abroad; but also on the way in which they return. A large proportion of Ethiopians returnees migrated without required documentation and deportation is therefore prevalent; only 61 percent of all returnees had a passport before migrating, of which 70 percent had the required visa. In other words, only 42



percent had a valid passport and visa for their travel. This indicates the prevalence of informal/illegal migration, which increases the likelihood of a challenging experience during their stay abroad and possible challenges in reintegration upon return. Returnees from Saudi Arabia are particularly prone to not having the right documents.

**Given the prevalence of informal/illegal migration, it is not surprising that deportation is the most common reason for Ethiopian migrants to return home.** About 31 percent of returnees to Ethiopia were due to deportation, an additional 28 percent returned due to end of contract or lack of employment, and 9 percent returned due to health-related reasons, including pregnancy (Figure 2.32). This means that more than half of all returnees return with “unfavorable” conditions for reintegration. Moreover, reintegration programs, which can support returnees in their reintegration effort, are essentially non-existent. Only 2 percent of all the returnees received support upon return.

**Figure 2.31: Close to 80 percent of returnees came back from the Middle East**  
(Share of returnees by source country)



Note: Returnees are individuals who returned to Ethiopia between 2016 and 2021.

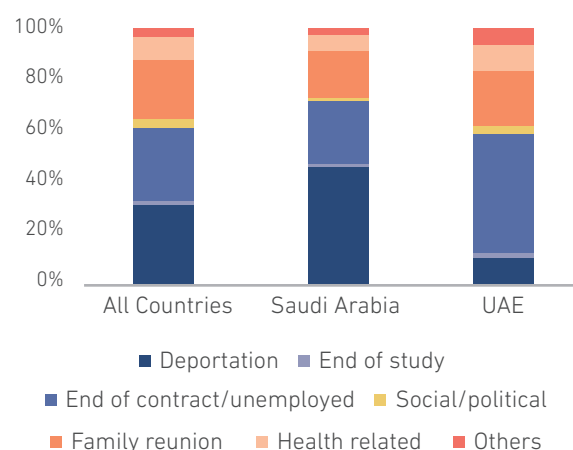
Source: Authors' estimation based on LMS 2021.

**Successful reintegration of returnees could be an engine for positive change in Ethiopia but returnees tend to have poor labor market outcomes.**

To better understand effectiveness of returnee reintegration into the Ethiopian labor market, we look at returnees' employment status before and after international labor migration.<sup>32</sup> A majority of returnees were not employed prior to migrating abroad; about 45 percent of returnees reported they were unemployed and almost 20 percent were studying prior to migration. Of those who were employed (36 percent), only 20 percent were engaged in wage employment, of which more than half worked as domestic workers. The majority of self-employed worked in agriculture. Figure 2.33 shows returnees' activity status pre-migration (left-hand side) and post-migration (right-hand side). We note several key findings:

- Many returnees moved in and out of categories.
- A large number of returnees to Ethiopia were unemployed.<sup>33</sup>
- Very few returnees engaged in self-employed,

**Figure 2.32: About one third of returnees was deported**  
(Main reason for return)



Note: Returnees are individuals who returned to Ethiopia between 2016 and 2021.

Source: Authors' estimation based on LMS 2021.

<sup>32</sup> Using 2021 LMS, we can look at the employment status before migrating to the country of destination (based on information in the returnee module) and compare with the employment status at time of interview in 2021.

<sup>33</sup> Activity status pre-migration is based on self-reports and not based on the “standard” labor market module which gathers employment and unemployment indicators used in the LFS for the current labor market status (i.e. post-migration).

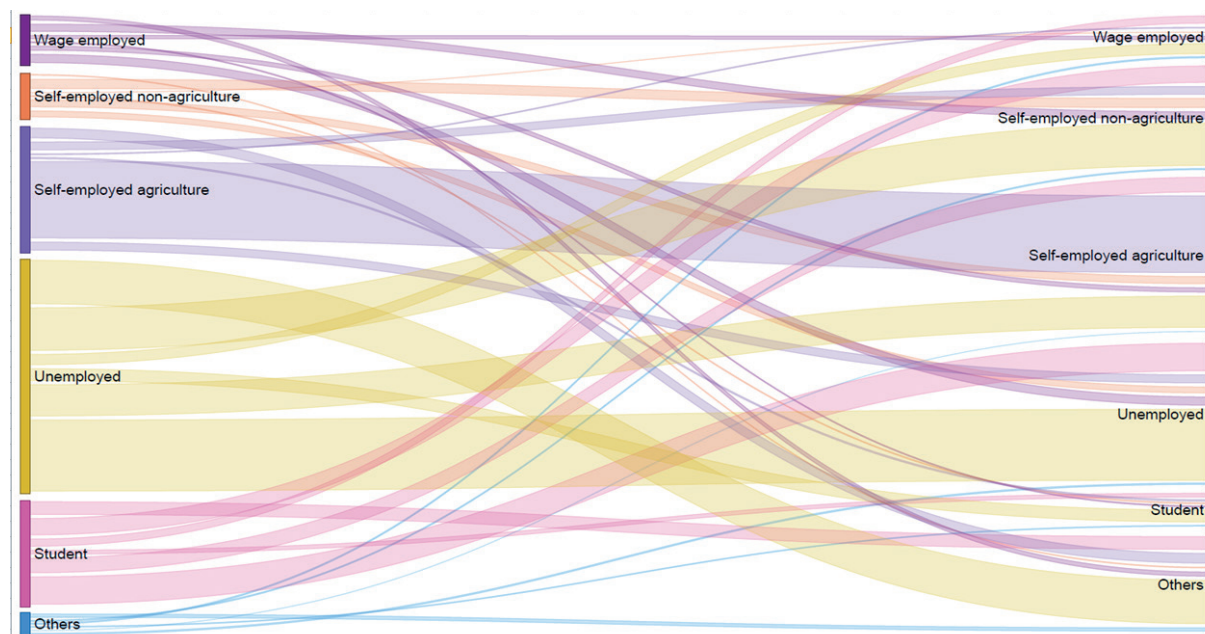
non-agriculture work after their return, indicating difficulties in using resources earned abroad to set up businesses.

- iv. A similar number of returnees engaged in wage employment before and after employment, but they are not the same people as movements from wage employment to other forms of employment and vice versa are prevalent..
- v. Many returnees continue their education as students upon return.

**Many returnees from Saudi Arabia worked in elementary occupations and expressed that some of their rights were limited during their work abroad.** Though the 2021 LMS does not provide information on type of employment during migration, according to joint 2015 Global Knowledge Partnership on Migration and Development (KNOMAD) and International Labour Organization (ILO) Migration Costs Surveys, once in Saudi Arabia, many returnees worked in elementary occupations.

In most cases they received regular payments and more than half of migrants received housing and food that was not deducted from the usual payment. Nevertheless, returnees reported long duration of work, with one of five mentioned working all days in a week. Yet, half of returnees said some of their rights were restricted during work: one-third said they could not communicate their views freely; another 8 percent were unable to talk to people outside the job; 6 percent said that job security was not ensured; and 4 percent felt that their religious beliefs were curtailed. Furthermore, only 30 percent had at least one rest day a week, and half of those injured received payment for the days they could not work. Moreover, one-third of returnees made informal payments to get a job. Considering all costs incurred to work abroad—visa, passport, transportation, recruitment agency, informal payments, among others—women reported having spent around ETB 14,000 in 2015 (roughly US\$ 770 today), while men spent roughly ETB 22,000 (roughly US\$ 1,200).

**Figure 2.33: A majority of returnees were not employed prior to migrating abroad**  
*(Activity status of returnees pre-migration (left-hand axis) and post migration (right-hand axis))*



Note: Returnees are individuals who returned to Ethiopia between 2016 and 2021.  
 Source: Authors' estimation based on LMS 2021.

**Among other reintegration challenges, returnees are twice as likely to be unemployed relative to non-returnees.** About 81 percent of all working-age returnees are active in the labor market upon return, higher when compared to the whole population at 74 percent. Yet, returnees are nearly twice as likely to be unemployed than non-returnees (28 percent compared to 17 percent) (Figure 2.34).<sup>34</sup> These differences, which we observe in both urban and rural areas, suggests that returnees are disadvantaged in the Ethiopian labor market. This could be related to their labor market status prior to migrating—40 percent reported being unemployed prior to migration<sup>35</sup>—indicating

underlying structural disadvantages, or this could be related to high reservation wages<sup>36</sup> as their wage expectations may be elevated given their experience abroad. Among those employed, the quality of employment is also mixed (Figure 2.35);<sup>37</sup> returnees are less likely to be in wage employment but more likely to be engaged in non-farm self-employment compared to non-returnees, particularly in urban areas. These outcomes are most likely related to the unfavorable labor market conditions and about one-quarter of returnees say that they intend to go back abroad. In rural areas however, both returnees and non-returnees are equally likely to work in similar types of employment.

**Figure 2.34: Returnees are nearly twice as likely to be unemployed**

*(Predicted probabilities of unemployment: returnees vs. non-returnees)*

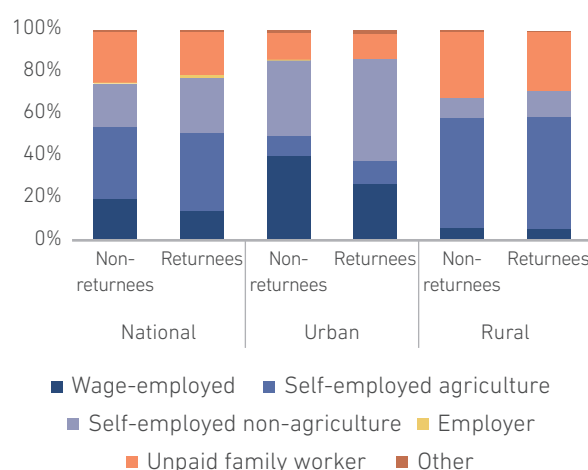


Note: Returnees are individuals who returned to Ethiopia between 2016 and 2021.

Source: Authors' estimation based on LMS 2021.

**Figure 2.35: The quality of employment for returnees is mixed**

*(Predicted probabilities by type of employment)*



Note: Returnees are individuals who returned to Ethiopia between 2016 and 2021.

Source: Authors' estimation based on LMS 2021.

<sup>34</sup> We estimate the probability of being unemployed, controlling for individual, household and locational characteristics. Details are reported in Annex 2 Table A 1.

<sup>35</sup> Though their current unemployment rate, which is based on detailed labor market questions, is not comparable with their self-reported unemployment rate before migrating, the result suggests that unemployment rate among returnees was high even before they migrated abroad.

<sup>36</sup> Reservation wage is the lowest wage rate at which a worker is willing to accept a certain type of job.

<sup>37</sup> We estimate a multinomial logit of the type of employment returnees and non-returnees are engaged in, controlling for individual, household and locational characteristics as before. Details are reported in Annex 2 Table A 2. Note that the estimates which consider the urban and rural sample separately have been omitted from this report but available upon request.

### 3. MOTIVES AND IMPACTS OF MIGRATION



**This section of the report highlights drivers of migration and discusses migration effects on migrants, their families, and destination locations with a focus on internal migration.** This section answers four key questions by taking an in-depth look at reasons for migration as well as synthesizing literature on the motives of migration and institutional barriers of internal migration:

- i. What drives people to migrate?
- ii. What are the main institutional barriers migrants face?
- iii. How does migration effect different dimensions of welfare of migrants and their families?
- iv. What are the effects of migration on areas of migrants' destinations?

#### 3.1 WHAT DRIVES PEOPLE TO MIGRATE?

**Mobility represents a key part of the history of humankind.** Some people move within their own country, others cross a border, but similar forces drive the two patterns. Migration stems from people's desire to improve their wellbeing.

Large differences in earnings and productivity across areas within a country and across countries represent strong motivators for people to move, as well as significant differences in amenities, such as access to infrastructure and services.

**People migrate in response to both “push” and “pull” factors.** “Push” factors are conditions that impel people to move out of their places of residence. These can include land scarcity, poverty, lack of public services and infrastructure, or high cost of living. “Pull” factors are conditions that refer to the availability of better opportunities or circumstances that attract migrants to a specific place. This can include favorable labor market outcomes or higher incomes. This section looks at the characteristics of migrants and the main push and pull factors based on analysis of the 2021 LMS and the literature on migration in Ethiopia.

#### Why do people migrate?

**Ethiopians migrate mainly for economic reasons.<sup>38</sup>** Irrespective of the type of migration,

<sup>38</sup> “Economic reasons” include job search/offer and shortage of land where the dominant one is the first one; in 2021 and 2013, shortage of land accounted only for two percent and three percent of all migration, respectively. The role of shortage of land was higher in 2005 (15 percent of all migration and 36 percent of economic migration).

moving for economic reasons has become increasingly frequent over time, especially after 2005, which partly reflects expansion in education in recent decades (educated people are more likely to move). In the five years up to 2021, 43 percent of migrants mentioned economic reasons (including job search, job loss, and shortage of land) as their main reason for migrating (Figure 3.1). Over half of rural-to-urban migrants moved for economic reasons between 2016 and 2021, while shortage of land is an important motivator for rural-to-rural migration, especially for men. Migrating for education has become less important over time, while migrating due to shocks, such as conflicts and natural disasters, became more important in 2021. Between 2016 and 2021, approximately 7 percent of all internal migrants left their homes because of shocks. Other important motivations to migrate are family reasons—31 percent of adult migrants moved for family reasons between 2016 and 2021—which include marriage-related reasons and moving along with or to join family, especially among young people. Looking for work is by far

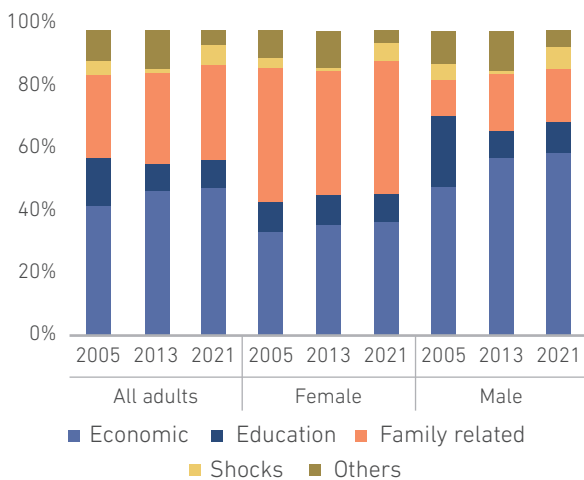
the main migration motivator for men, while both searching for work and marriage are important motivators for women.

**Many rural-to-urban migrants cross regional boundaries when migrating for economic reasons.**

Between 2016 and 2021, rural-to-urban migrants who migrate to another region than their region of origin, migrate mainly for economic reasons (57 percent) (Figure 3.2). On the other hand, rural-to-urban migrants who migrate to another location within the same region, are almost equally likely to migrate for family (38 percent) or economic (39 percent) reasons. For men, economic migration is the most important type of rural-to-urban migration. For women, economic reasons are more important for between-region migration, while family reasons are more important for within-region migration. Irrespective of sex, education is more important for within-region migration.

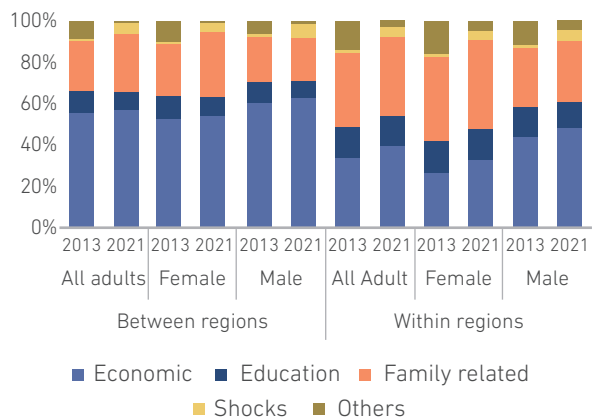
**Large cities tend to be a magnet for economic migrants from rural areas.** Addis Ababa is the main

**Figure 3.1: People mainly migrate for economic reasons**  
(Reasons for migration for recent migrants by year and sex)



Note: Recent migrants are those who lived in their current location (from another town or rural woreda in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. Source: Authors' estimation based on LFS 2005, 2013, LMS 2021.

**Figure 3.2: Many rural-to-urban migrants cross regional boundaries when migrating for economic reasons**  
(Reasons for migration for rural-to-urban migrants between and within regions by year and sex)



Note: Recent migrants are those who lived in their current location (from another town or rural woreda in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. Source: Authors' estimation based on LFS 2005, 2013, LMS 2021.

destination when rural-to-urban migrants move for economic reasons, followed by secondary cities. Between 2016 and 2021, 73 percent of rural-to-urban migration to Addis Ababa was for economic reasons and 46 percent to secondary cities. For rural-to-urban migration to small towns, the share of economic and family-related migration were the same (39 percent).

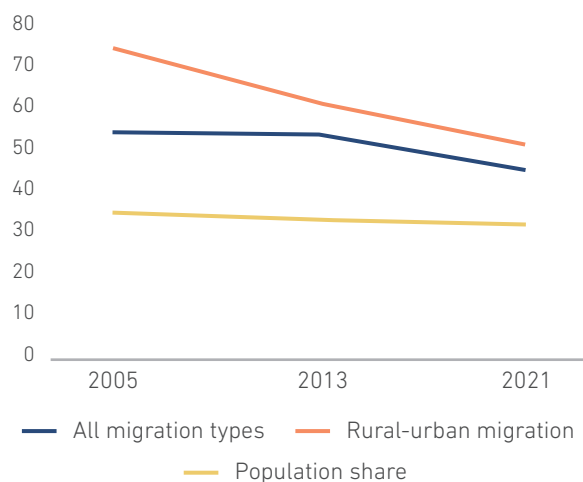
### Why do youth migrate?

**Youth are more likely to migrate, particularly to urban areas.** As youth education levels rise and access to social media reveals aspirational lifestyles in urban areas, migration will become a livelihood strategy among the growing rural youth as they look for off-farm employment in urban areas. Youth move for a myriad of reasons, including lack of job opportunities in their home residences, hopes for improving their lives, search for economic opportunities to support families, lack of access to land, and lack of educational facilities in their place of residence (Bundervoet 2018).

### Though the share of youth migrants is significantly higher than their population share, the relative importance of youth migration has decreased over time.

In 2005, the share of migrants defined as “youth”, those aged 15 to 24, accounted for 55 percent of all recent internal migrants, larger than the share of the population who was youth which was 35 percent (Figure 3.3). The share of migrants who were youth dropped to 45 percent in 2021—though the absolute number of youth migrants is higher in 2021 than in 2005 due to population growth—while their population share decreased only marginally to 32 percent. We observe a similar pattern for rural-to-urban migration; about three-fourth of the rural-to-urban migrants were youth in 2005 but their share fell to just about 50 percent in 2021. This is mainly due to a decrease in migration for education reasons since 2005, resulting from school expansion in rural areas over the past fifteen years. Rural-to-urban youth migration is usually to small towns, representing 65 percent of youth rural-to-urban migration in 2021, while 21 percent of youth migrated to secondary cities, and 14 percent to Addis Ababa (Figure 3.4).

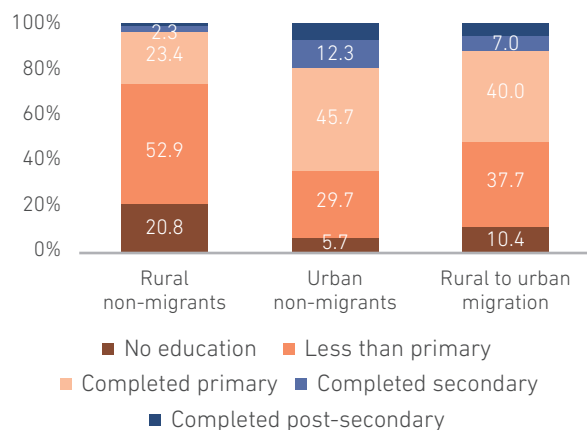
**Figure 3.3: Youth’s migration share is higher than their population share though the gap narrowed over time**  
(Share of youth among recent migrants and among population)



Note: Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above.

Source: Authors’ estimation based on LFS 2005, 2013, LMS 2021.

**Figure 3.4: Rural-to-urban migrant youth are more educated than rural non-migrant youth**  
(Share of rural-to-urban migration for youth by educational attainment)



Note: Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above.

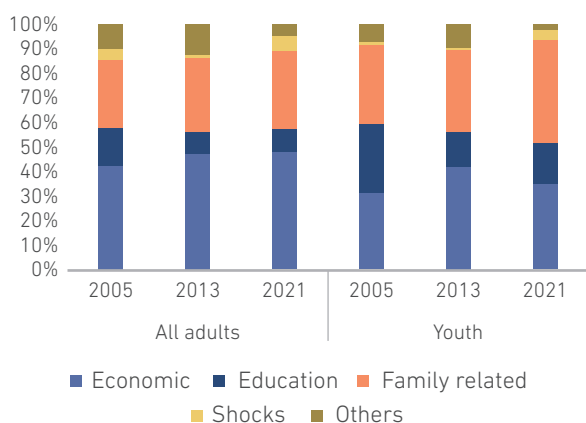
Source: Authors’ estimation based on LMS 2021.

**Rural-to-urban youth migrants in 2021 were more likely to be female and married compared to non-migrant youth.** Migrant youth, while having more education compared to rural youth, are still less educated than urban youth. In 2021, 72 percent of young rural-to-urban migrants were female, higher than for rural non-migrant youth at 48 percent, and urban non-migrant youth at 55 percent. About 29 percent of rural-to-urban youth migrants are married, compared to 23 percent for rural youth and 17 percent of urban youth, respectively. In 2021, educational attainment improved for all groups but gaps in primary school completion remain significant between rural and urban youth. Migrant youth have much higher primary school completion rates (52 percent) than their counterparts who remain in rural areas but this is still lower than for urban youth (65 percent) (Figure 3.4).

**Youth migrate mainly for family-related or economic reasons and unemployment rates for rural-to-urban migrants are lower than those of natives.** In 2021, more than two-thirds of youth migrated for family-related reasons (42 percent) or economic reasons (36 percent) (Figure 3.5). Though

the role of education as a reason for migration has decreased since 2005, it is still significant, with 16 percent of youth migrating for education reasons in 2021. Young men tend to migrate for economic reasons while young women tend to migrate for family reasons. Looking at types of migration for youth, economic reasons are most important for rural-to-urban migration in 2021. Not surprisingly, youth who migrated from rural to urban areas for economic reasons have more favorable labor market outcomes than those who migrated for other reasons. The labor force participation rate in 2021 was 90 percent for young migrants who migrated for economic reasons. Unemployment rates were also lower for rural-to-urban migrants who left their homes for economic reasons. Though still relatively high at 15 percent and higher than for rural youth at 8 percent, the unemployment rate of all rural-to-urban migrant youth was 22 percent and for urban non-migrant youth was 27 percent (Figure 3.6). There is a common belief that young migrants arrive in cities only to be unemployed, triggering social issues. Yet, we see that unemployment rates for young rural-to-urban migrants are lower than those of natives.

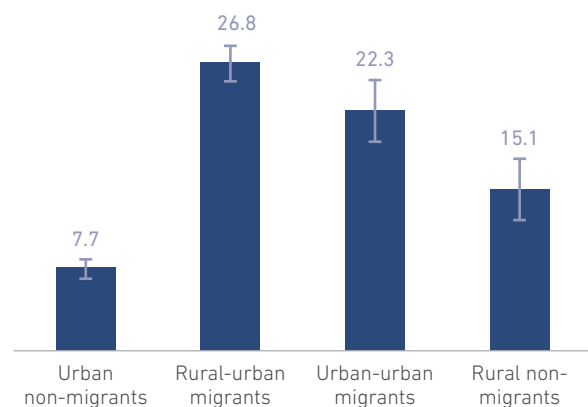
**Figure 3.5: Youth migrate mainly for family and economic reasons**  
(Share of reasons of migration for adults and youth)



Note: Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above.

Source: Authors' estimation based on LFS 2005, 2013, LMS 2021.

**Figure 3.6: Economic migration for the youth is associated with higher activity and lower unemployment rates**  
(Youth unemployment rate for migrant and non-migrant youth who migrated for economic reasons)



Note: Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years. Only working age population (people aged 15 to 64 years) are included. Bars indicate 95 percent confidence intervals.

Source: Authors' estimation based on LMS 2021.

## Who migrates where and why?

### Having more education is a driver of migration.

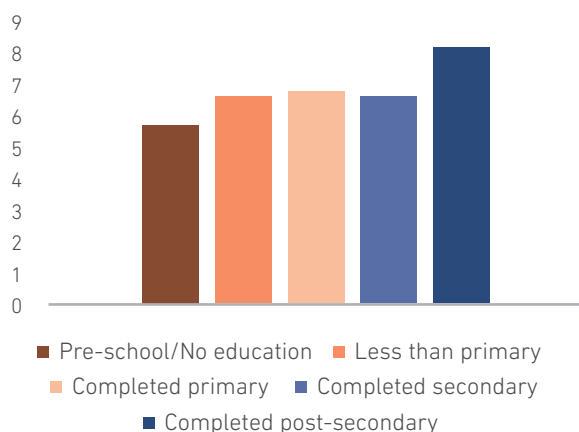
As noted, regardless of whether the origin area is rural or urban, migrants are younger and better educated compared to non-migrants from the same origin area. Rural dwellers who migrate, either to other rural or to urban areas, were more literate and accumulated more educational attainment. A similar pattern is found for urban-origin areas, where migrants (that is, those who moved to other urban areas) are younger and more educated compared to urban non-migrants. To examine the overall picture of the determinants of internal migration (irrespective of the type of migration), we used a *probit* model to estimate the propensity to migrate while controlling for individual, household, labor market, and locational indicators that could reflect push and pull factors.<sup>39</sup> Looking at the entire sample, the probability of internal migration

increased with education (Figure 3.7).<sup>40</sup> In terms of labor market characteristics, the likelihood of migrating to another rural or urban location within Ethiopia is highest among the unemployed and wage employed (Figure 3.8). Regionally, people are more likely to out-migrate from Benishangul-Gumuz or Amhara compared to Oromia.

### To examine drivers of types of migration, we estimate a multinomial *logit* regression.<sup>41</sup>

The determinants of the propensity to migrate may depend on the type of migration. In the specification, we model migration as a function of the migrant's demographic characteristics (age and sex), educational attainment, and the migrant's origin zone to proxy for potential push or pull factors (zone-level poverty rates, population density as a proxy for land holdings, and zonal infrastructure). We include origin region dummies to capture unobserved effects that may reflect regional variations.<sup>42</sup> In the

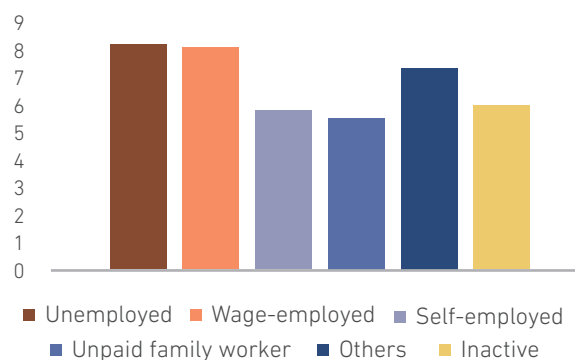
**Figure 3.7: In general, education drives migration**  
(Educational attainment and propensity to migrate, percent)



*Note:* The estimated propensities are based on a probit model that models the decision to migrate based on demographic characteristics of the individual and the characteristics of his/her origin. Figures of predicted probabilities were rescaled to percentages. Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above.

*Source:* Authors' estimation based on LMS 2021.

**Figure 3.8: The propensity to migrate is highest among the unemployed and wage employed**  
(Labor force status and propensity to migrate, percent)



*Note:* The estimated propensities are based on a probit model that models the decision to migrate based on demographic characteristics of the individual and the characteristics of his/her origin. Figures of predicted probabilities were rescaled to percentages. Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above.

*Source:* Authors' estimation based on LMS 2021.

<sup>39</sup> For details on the *probit* estimates on the propensity to migrate, please see Annex 2.

<sup>40</sup> Education also drives migration *aspirations*: Research on the Young Lives data find that over 70 percent of young people who completed primary education or more aspired to migrate to urban areas or abroad (Schewel and Fransen 2018).

<sup>41</sup> See Annex 4 for details on the methodology which is based on the resource provided by Katchova, 2013.

<sup>42</sup> For non-migrants, the origin region is their region of residence at the time of the survey.



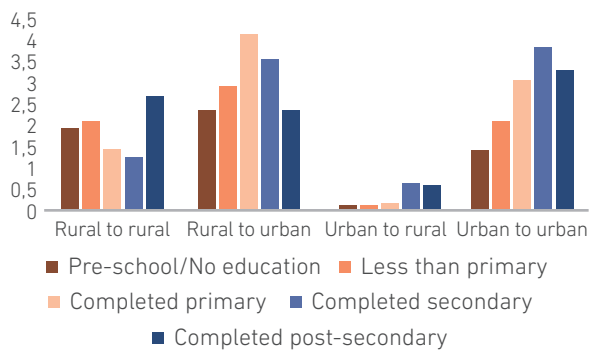
first step, we focus on migration out of rural areas, regardless of whether the destination is another rural area or an urban area. The base category for the analysis is rural dwellers who did not migrate in the five years preceding 2021 LMS. We estimated the regression separately for migrants from rural and urban areas. Annex 4 Table A 4 presents detailed results for migrants from rural areas using rural non-migrants as the reference category, with those who migrated to other rural areas as one category and those who migrated to urban areas as another category. In a second step, we focus on migration out of urban areas, regardless of whether the destination is another urban area or a rural area. Annex 4 Table A 5 includes results for the determinants of urban migrants using urban non-migrants as a base category.

**The better educated, wage employed, and women are more likely to move out of rural areas.<sup>43</sup>**

Considering migration out of rural areas, we found that educational attainment tends to play a distinctive role in determining the propensity to

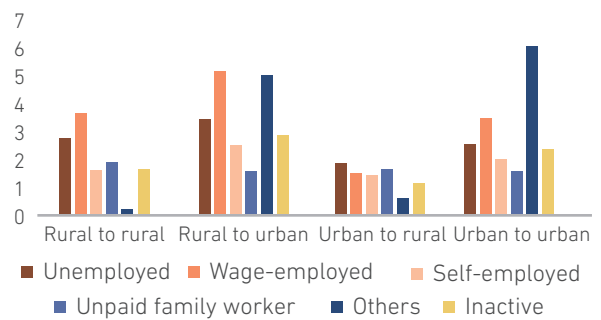
migrate. The likelihood of rural-to-rural migration is highest among people with a post-secondary education while people who have completed primary education exhibit the highest likelihood of rural-to-urban migration between 2016 and 2021 (Figure 3.9). Rural dwellers who had at least completed primary education have a 4-percentage point higher likelihood of migrating to an urban area compared to people with no education. For urban-to-urban migration, completed secondary education appears to be the most important factor. Wage-employees are more likely to have migrated from a rural setting or from one urban area to another compared to the unemployed (Figure 3.10). This is partly influenced by movement of public servants; many wage employees who relocate within rural or urban boundaries, or from urban to rural areas, tend to work in the public sector. However, a noticeable share of wage-employees who migrate from rural to urban areas work in the private sector as opposed to the public sector (67 percent versus 33 percent). In terms of sex, women are generally more likely to migrate from rural-to-

**Figure 3.9: In general, education drives migration**  
(Educational attainment and propensity to migrate by type of migration, percent)



Note: The estimated propensities are based on a multinomial logit model that models the decision to migrate based on demographic characteristics of the individual and the characteristics of his/her origin. Figures of predicted probabilities were rescaled to percentages. Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. Source: Authors' estimation based on LFS 2005, 2013, LMS 2021.

**Figure 3.10: The propensity to migrate is highest among the unemployed and wage employed**  
(Labor force status and propensity to migrate by type of migration, percent)



Note: The estimated propensities are based on a multinomial logit model that models the decision to migrate based on demographic characteristics of the individual and the characteristics of his/her origin. Figures of predicted probabilities were rescaled to percentages. Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. Source: Authors' estimation based on LFS 2005, 2013, LMS 2021.

<sup>43</sup> Generally, the propensity to migrate from urban-to-rural areas is rare so we cannot clearly distinguish the determinants associated with this type of migration. However, we find that the likelihood of urban-to-rural migration tends to be higher among people who originated from Addis Ababa.

urban or from urban-to-urban areas, while men are slightly more likely to migrate from rural-to-rural or urban-to-rural areas. In line with findings for the entire sample, people are more likely to out-migrate from Benishangul-Gumuz relative to other origin regions, particularly if the form of migration was rural-to-rural or rural-to-urban.

**Next, we employed a regression approach to better understand factors determining motives for rural-to-urban migration.** We adopt another multinomial logit specification to analyze the determinants of the five reasons for migration (economic, education, family, shocks, and other reasons) using data from the 2021 LMS. The analysis only considers recent rural-to-urban adult migrants between 2016 and 2021.<sup>44</sup> We include individual-level characteristics such as age, sex, marital status, educational attainment, ICT access, and a person's current labor force status as independent variables. We also controlled for some household level variables such as sex of the household head and dependency ratio (the share of children and elderly persons in the household in relation to household size). Furthermore, the analysis includes pull factors such as *woreda*-level employment rate at destination and whether the migrant was originally born in their destination zone of residence. Push factors in the regression include migrant's origin region and origin-zone poverty rates. Annex 4 Table A 6 summarize all results.

**Perhaps not surprisingly, age, sex, employment status, and education all increase the probability of economic migration.** In line with the descriptive statistics, female non-youth are significantly less likely to migrate for economic reasons but more likely to migrate due to family reasons compared to males. All else equal, older (or rather non-youth) men, the wage-employed, employers, and other types of employees are more likely to migrate for economic reasons. However, an economically

inactive individual is, on average, 29 percentage points less likely to have migrated for economic reasons compared to someone who is unemployed, with comparable effects for an unpaid worker. Furthermore, those who completed primary or secondary education (relative to no education or preschool), being born in destination zone, and living in a household with high dependency ratio exhibit lower likelihoods of economic migration than their respective counterparts. Surprisingly, we find no evidence to show that local destination labor market conditions provide strong pull incentives for people to migrate to urban areas. Similarly, lifetime migration inflows into destination and origin-zone poverty rates have little push influence on migration.

**As expected, people with higher education (relative to no education) tend to migrate for educational purposes.** This is particularly true for young men between the age of 15 and 24 compared to older counterparts. An unpaid family worker or an economically inactive individual is likely to move for educational or family reasons, while people living in households with a high dependency ratio migrate for the sake of the family or due to shocks. Migrants originally born in their destination zones are likely to return for educational or family-related reasons.

**Regional differences play a role in the purpose for why people migrate.** Considering Oromia as the reference group, people who previously lived in Afar, Benishangul-Gumuz and Gambela regions are less likely to have migrated because of economic reasons. The likelihood of migrating for educational purposes is lower among those who previously resided in Tigray,<sup>45</sup> Afar, and Harari regions while people who had previously lived in Gambela most likely migrated for family-related reasons. Also, people who previously resided in Tigray, Amhara and Dire Dawa have a lower probability of migrating as a result of shocks while in contrast, those who

<sup>44</sup> Note that we could not estimate the regressions for males and females separately given the small sample sizes and the number of independent variables we have included in the regressions.

<sup>45</sup> Note that although Tigray was not sampled in the 2021 LMS, there are migrants who said that their previous regions of residence was Tigray.

formerly lived in Afar or Benishangul-Gumuz regions are more likely to migrate due to shocks.

### What are some other push and pull factors?

**Potential gains in income draws people to migrate from rural to urban areas.** Rural areas provide few economic opportunities and rural-to-urban migration is therefore a pathway for improving access to better income-generating opportunities. The Rural Income Diagnostics Study (World Bank 2022) shows that migrants can expect substantial gains in average monthly wages from rural-to-urban migration. Once adjusting average monthly wages for hours worked, hourly wages in urban areas are three times higher than rural agricultural wages and significantly higher than average agricultural incomes.

**Lack of access to land accelerates migration in Ethiopia.** The literature explores land extensively as a reason for migration. The amount of land a young person expects to inherit can be a determining factor in the migration decision for rural Ethiopian youth. Larger expected land inheritances are found to significantly reduce the probability of permanent long-distance migration and permanent migration to urban areas. Lack of inheriting land is a much stronger predictor of permanent rural-to-urban migration and non-agricultural employment in areas with less dynamic land markets, in relatively remote areas, and in areas with poorer soil quality (Kosec et al. 2018). For example, youth in rural southern Ethiopia have limited access to agricultural land due to land scarcity and land market restrictions, forcing young people to abandon agriculture in search of other livelihoods. Bezu and Holden 2014 show that only 9 percent of rural Ethiopian youth plan to engage in agriculture as a livelihood. They also find a strong increase in migration of young people resulting from a lack of access to land which forces them to quit farming. Absence of land rights slightly encourages migration in Ethiopia (Brauw and Mueller 2012). Moreover, migration away from eastern Ethiopia in the Abbay River basin between 1984 to 1986 was due to scarcity of water, land, and rain, and migration positively affected the

livelihoods of migrants (Teweldebrihan, Pande, and McClain 2020).

**Places with better physical and social infrastructure attract migrants.** The existence of better opportunities, services, and amenities in other locations serve as pull factors of migration, especially to urban areas. Better opportunities and infrastructure in terms of education, health, and electricity particularly attract migrants (Grover, Lall, and Maloney 2022).

### Social networks play an important role in both internal and international migration decisions.

The existence of migrant networks can reduce costs and risks of migration (Groth et al. 2020). For example, Ethiopian women who migrate to the Middle East often do so by utilizing social networks, which reduces the cost of migration (Zewdu 2018). Similarly, the existence of family members in the destination of migration motivates other family members to join them as it reduces migration costs. The presence of an existing support network can help migrants establish themselves, for example by helping them find places to live, work, and socialize (Grover, Lall, and Maloney 2022). The Ethiopia Rural Income Diagnostics (World Bank 2022) also shows that the probability for a rural household member to migrate increases by 7.5 percentage points if networks are present. Hence both the decision to migrate and the success of migrants are closely linked to established networks.

## 3.2 WHAT ARE INSTITUTIONAL BARRIERS MIGRANTS FACE?

### Actions in destination locations can stifle migration even if no explicit laws or policies restrict mobility.

In Ethiopia, no official restrictions exist but strong barriers to migration such as language, xenophobia, uncertain employment prospects, and institutional barriers significantly complicate migration (de Brauw, Mueller, and Woldehanna 2018). Many migrants face a host of difficulties linked to policies and attitudes that explicitly or implicitly disadvantage them, and are partly linked to the absence of protection mechanisms. Despite the

positive effects of migration, institutional barriers exist that hinder mobility and easy integration. Contrary to their expectations, migrants often find it difficult to integrate into the new place of residence and find alternative sources of livelihood other than casual labor and petty trade (selling and buying goods at small scale) upon arrival in the destination. Institutional barriers prevent people from capitalizing on the differences in wellbeing across countries and geographic areas within Ethiopia.

**Rural-to-urban migrants face various challenges and costs due to lack of institutional support and/or policies that discourage or exclude migration.**

This sub-section draws its main findings from a qualitative research study of young rural migrants in urban areas in April and May 2017 as summarized in Bundervoet 2018. Challenges highlighted in the study include: (i) difficulty to settle and cover living expenses; (ii) difficulty in finding a job; (iii) difficulty in acquiring a resident ID and access to associated services; and (iv) negative perceptions of government officials on internal migration. We discuss each separately.

**Rural-to-urban migrants face difficulties settling and covering living expenses.** After migrants arrive from rural areas, they find it difficult and expensive to find a place to stay and cover other basic needs such as food. There is no support, financial or otherwise, to new migrants. To the contrary, migrants are not eligible to access existing government support such as subsidized housing, food, or access to social protection programs. This problem is more serious for those who do not have any family members or friends at the destination.

**Rural-to-urban migrants face difficulties finding employment.** Finding employment is difficult for a typical migrant, and more so for those who are not well connected. Lack of education, training, and reference letters make finding a job even more difficult for many migrants. As a result,

even when they manage to find a job, it is usually casual in nature with low and/or irregular payment and unfavorable working conditions. In general, migrants do not have access to employment support services, and other initiatives designed to reduce urban unemployment—such as the “youth revolving fund”—usually do not cover migrants. Migrants also mention nepotism, the need for bribes, and lack of transparency related to employment opportunities in general, and government jobs in particular. These challenges intertwine to complicate the situation; due to difficulties covering living expenses, the longer it takes a migrant to find a job, the harder it becomes.

**Rural-to-urban migrants face difficulties acquiring a resident ID and accessing associated services.** Many migrants do not have any form of ID from their place of origin. At their destination, it is difficult to acquire a Kebele ID for various reasons including not satisfying the requirement of living in the Kebele for a minimum period (usually six months), lack of release letter from their place of origin, and lack of housing address.<sup>46</sup> Lacking a Kebele ID also implies that they cannot access public and other subsidized services, such as government food and employment-related benefits. For example, a resident is required to have an ID to get a certificate of being “unemployed”, a prerequisite for government employment support including access to loans, training, and a workplace for self-employment. Moreover, not having an ID can also lead to police harassment and arrest as a migrant may be considered an illegal resident.

**Rural-to-urban migrants face negative government officials’ perceptions towards them.** Official views on internal migration at the city and regional levels are negative. Many offices and bureaus consider rural-to-urban migration as unacceptable, or even illegal, as it pressures urban job and services in urban areas. Negative attitudes officials have towards migrants are grounded in the belief that migration is not beneficial in general (including for the migrants

<sup>46</sup> Usually, someone who has a house has to go with the person who request an ID and inform the Kebele administration that the person is either part of her/his family or is a tenant.

themselves) and that rural youth should remain in rural areas and work on their land and receive government assistance in their places of origin. This perception is in sharp contrast to experiences of migrants themselves, who typically migrate due to lack of opportunity in their place of origin. Local government officials often do not consider migrants as constituencies in terms of service provision and employment support.

**Migrants abroad also face challenges in their migration process.** Smith et al. (2020) outlines the current process for regular international migration from Ethiopia and its barriers. The process of migrating internationally is lengthy and frequently disincentivizes migration. The current managed labor migration process in Ethiopia has a number of redundancies and unnecessary steps and is lengthy and not well-aligned with the needs of destination markets. The process is further complicated by poor coordination between relevant ministries and bodies, as well as an apparent disconnect between migration management at the federal and regional levels. The lengthy process places time and cost constraints on the worker, incentivizing them to pay an agent to take on this burden, or even to migrate irregularly to avoid the process altogether. This undermines the competitiveness of Ethiopian workers compared to workers from other countries. Beyond these process problems, significant gaps in protection systems while abroad, training prospective migrants, and reintegrating migrants upon return disincentivize international migration (Smith et al. 2020)..

### 3.3 WHAT ARE THE EFFECTS OF MIGRATION ON THE DIFFERENT DIMENSIONS OF WELFARE OF MIGRANTS AND THEIR FAMILIES?

**Measuring migration effects on households' and countries' welfare represents an important first step to designing policies to promote migration.**

Hence this section contributes to the evidence on the effects of migration not only on the individual but also on their household and destination areas.

#### How do migrants fare in the labor market?

**Profiles of labor market outcomes between migrants moving to urban areas and local residents show few differences in unemployment but differences in types of employment.** It is sometimes argued that migrants are not likely to benefit from moving to urban areas because of their relatively lower human capital and the already crowded urban labor market. Evidence shows that there are benefits to rural-to-urban migration and labor market outcomes for rural-to-urban migrants do not differ significantly from urban non-migrants. Table 3. 1 reports summary statistics on labor market outcomes of the adult working-age population (15 to 64 years old). On average, urban non-migrants are slightly less likely to be unemployed (18 percent) than rural-to-urban (20 percent) or urban-to-urban migrants (21 percent).<sup>47</sup> T-testing shows that these differences are significant at the 1 percent level. However, we observe important differences when looking at the quality of employment. Migrants are more likely to be wage-employed but urban non-migrants are more likely to be self-employed, including as employers or unpaid family workers. Typically, wage-employment is associated with higher wages, job security, and more regular working hours. Yet, we see mixed results on wages. Monthly wages for rural-to-urban migrants are considerably lower compared to those of urban non-migrants and urban-to-urban migrants, partly linked to the type and sector of jobs; many female rural-to-urban migrants work as low paid domestic workers. Rural-to-urban migrants are more likely employed in non-permanent jobs (either contractual or casual works) in the private sector, which may partly undermine their earnings

<sup>47</sup> Lower unemployment rate for rural-to-urban migrants compared to urban-to-urban migrants could be related to higher reservation wage and better education for urban-to-urban migrants.

potential. Differences in earnings may also depend on the type of occupation; rural-to-urban migrants and non-migrant natives are significantly more like

to be engaged in elementary positions compared to urban-to-urban migrants who are more likely engaged in highly-paid professional work.

Table 3.1: Labor market outcomes, recent migrants vs. non-migrants (adults)

	Rural-to-urban migrants	Urban-to-urban migrants	Urban non-migrants
<b>Labour force status:</b>			
Inactive	25.6%***	22.6%***	29.2%
Active	74.4%***	77.4%***	70.8%
<b>Employment status (active population):</b>			
Unemployed	19.5%***	20.9%***	17.7%
Employed	80.5%***	79.1%***	82.3%
<b>Type of employment:</b>			
Wage-employed	53.3%***	61.3%***	45.4%
Self-employed	35.3%***	29.5%***	41.9%
Employer	0%***	0.5%	0.5%
Unpaid family worker	9.9%**	7.4%***	11.1%
Others	1.4%*	1.3%	1.1%
<b>Income from wage employment:</b>			
Monthly wages	3,099***	5,387	5,457
<b>Terms of employment:</b>			
Permanent	43.8%***	66.7%**	63.9%
Temporary/contract	45.1%***	26.6%	26.5%
Casual	10.7%**	6.5%***	9.3%
Other	0.4%	0.2%	0.3%
<b>Occupation:</b>			
Managers	0.6%***	2.0%	2.0%
Professionals	6.5%***	20.5%***	10.6%
Technicians & associate professionals	7.2%	9.8%***	7.3%
Clerical support	1.0%***	2.5%	2.3%
Service & sales	37.7%***	30.0%	29.2%
Skilled agricultural, forestry & fishery	9.9%*	3.3%***	10.8%
Craft & related trades	6.1%	7.2%***	6.0%
Plant/machine operators & assemblers	3.1%***	5.1%***	6.5%
Elementary occupations	27.4%***	18.6%***	24.6%
Other occupations (e.g., armed forces)	0.5%	1.0%*	0.7%
<b>Sector of employment for wage employed:</b>			
Public sector	18.2%***	35.9%***	23.4%
Private sector	81.8%***	64.1%***	76.6%
<b>Industry of employment (Broad):</b>			
Agriculture, mining and extractives	13.1%	5.0%***	13.8%
Manufacturing	19.1%***	17.3%*	16.0%
Services	67.8%***	77.6%***	70.3%
Observations	5,847	5,222	55,689

Note: World Bank staff calculations using LMS 2021. The table reports summary statistics for only working age adults between 15 and 64 years. Migrants in this context refers to only recent internal migrants. Note that all non-wage employees are concentrated in the private sector while only 48% of wage-employees work in the public sector. T-tests of significant differences are reported for the respective migrant groups with reference to urban non-migrants \*  $p < 0.05$  \*\*  $p < 0.01$  \*\*\*  $p < 0.001$ .

Source: Authors' estimation based on 2021 LMS.

### How large are wage differentials for migrants?

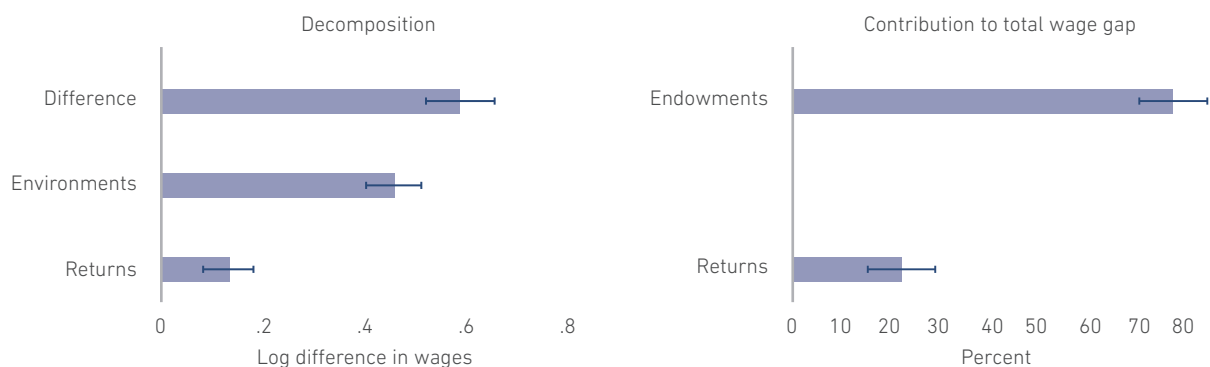
**We explored whether wage gaps between rural-to-urban migrants and non-migrants in urban destinations are primarily due to differences in human capital endowments, such as education, or due to differences in returns to these endowments, from factors such as discrimination.** We apply a simple Oaxaca-Blinder decomposition for linear regression models, which is often used to study differences in wages across groups (for example, sex and race). The analysis partitions the wage differential between two groups: a part explained by group differences in characteristics (endowments such as education or work experience) and a part that is unexplained by the differences in endowments, often used as a measure of discrimination.<sup>48</sup>

**Rural-to-urban migrants have lower wages compared to urban non-migrants and differences are mainly due to differences in characteristics such as education or work experience.** Annex 5 Table A 7 reports detailed results from our decomposition analysis. The mean predictions of (log) wages are significantly higher for urban non-migrants than rural-to-urban migrant workers,

with a difference of 0.59 log points (Figure 3.11); equivalent to a difference in wages between the two groups of approximately ETB 1,553. The estimates suggest that about 78 percent of the wage gap is due to differences in differences in characteristics (or endowments, such as education or type of job). The remaining 22 percent is explained by differences in returns to these endowments, this could include factors such as discrimination. We estimate that increasing migrant workers' endowments to those of non-migrants would increase migrants' wages by 58 percent, while a gap of 14 percent would remain unexplained.



**Figure 3.11: Wages are significantly higher for urban non-migrants**  
(Oaxaca-Blinder decomposition analysis for rural-to-urban migrants vs. urban non-migrants)



Note: The decomposition analysis focusses on only the sample of recent rural-to-urban migrants and urban non-migrants who are wage employed and of working age. Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years. Working age population refers to people aged 15 to 64 years.

Source: Authors' estimation based on LMS 2021.

<sup>48</sup> See Annex 5 Annex 4 for details on the methodology.

**Sex, age, and level of education drive the endowment effect on wage gaps between urban-to-rural migrants and urban non-migrants.**

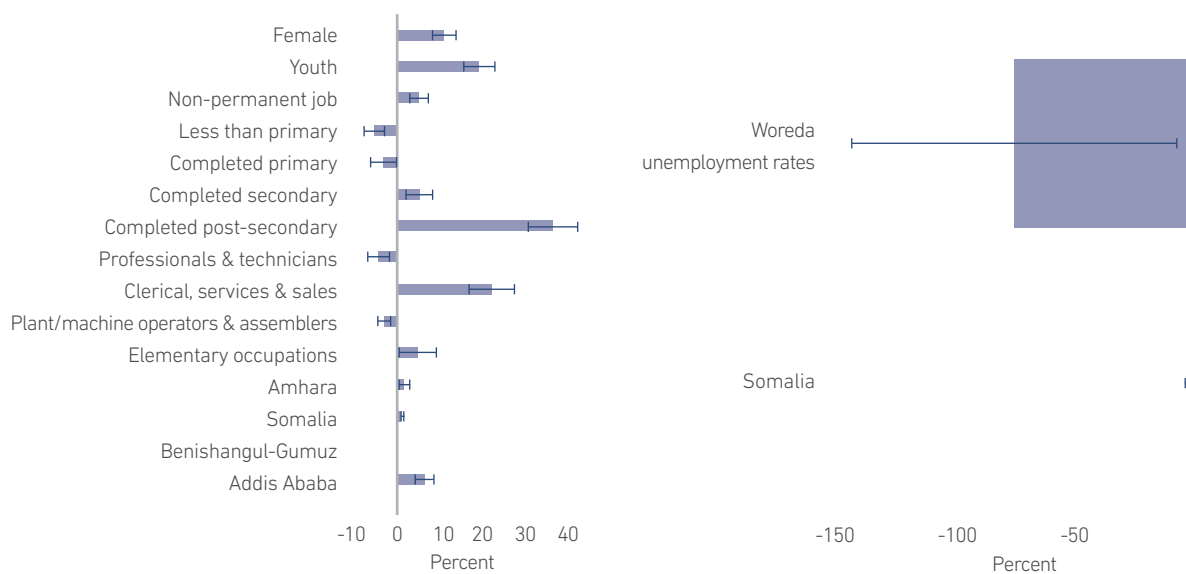
Using educational attainment as an example, our analysis shows that migrants who have less than primary education (relative to no education) earn 5 percent less than their urban non-migrants with less than primary education (Figure 3.12, Panel A). Conversely, estimates for completed secondary or post-secondary education are both positive and significant. Hence, if migrant workers had the same level of completed secondary education as their non-migrant counterparts (compared to being uneducated), their wage earnings would have been 5 percent higher. Moreover, if migrants had the same level of post-secondary education, their wages would increase by 36 percent. Though we observe that urban-to-rural migrants earn less, we also see that returns to education would be the same if they had higher levels of education.

**Differences in job type, temporary or permanent, and occupation contribute to endowment effects.**

Worker-specific endowments such as job type or occupation show that having a temporary or

permanent job and certain occupations contribute to observed endowment effects (Figure 3.12, Panel A). Urban-to-rural migrants are more likely to have temporary or casual jobs; only 44 percent of migrants have permanent jobs compared to 64 percent of non-migrants. If migrants had the same share of permanent jobs, wage earnings would increase by 5 percent. Relative to managerial roles, working as professionals/technicians or machinery assemblers have lower wages and working in clerical support, sales, and elementary occupations have positive endowment effects on the wage differential in favor of migrants. This is not surprising given that urban non-migrant workers are more likely to be in high-skilled jobs compared to migrant workers. Again, we find little evidence to support that returns to these worker-specific endowments explain the wage gap, meaning that the majority of the wage gap can be explained by differences in the type of job and occupation. However, some discrimination seems to be at play as can be seen in differences in the woreda unemployment rates. If we were to assume that urban-to-rural migrants live in woredas with the same unemployment rates as urban non-migrants, wage gaps would increase (Figure 3.12, Panel B).

**Figure 3.12: The endowment effect on the wage gap is driven by sex, age, and the level of education**  
(The contributions of endowments (panel A) and returns (panel B) to the wage gap)



Note The decomposition analysis focusses on only the sample of recent rural-to-urban migrants and urban non-migrants who are wage employed and of working age. Recent migrants are those who lived in their current location (from another town or rural woreda in Ethiopia) for less than five years. Working age population refers to people aged 15 to 64 years.

Source: Authors' estimation based on LMS 2021.



### What are the effects on migrants' families?

#### Migration of one household member can improve the wellbeing of the entire household left behind.

The main channel through which improvements in welfare manifest themselves is through improved consumption on food and non-food goods. Rural-to-urban migration can positively influence household food security in Ethiopia. Using data from a panel survey of 573 households and a differences-in-differences approach, Abebaw et al. (2020) found that, on average, rural out-migration significantly increased the number of daily calories an adult household member left behind consumes by 22 percent. The study also finds positive effects on the poverty gap and the severity of poverty. Rural-to-urban migration has positive benefits on originating households and communities through remittances, an important source of livelihoods equivalent to 31 percent of recipient household consumption expenditure nationally, and 70 percent among the bottom quintile in 2016 (World Bank 2020).

#### Rural-to-urban migration has positive effects on the productivity and unemployment in rural origin areas.

There is a common belief that rural-to-urban migration causes rural productive labor shortages and harms agricultural productivity. Contrary to this belief, Ethiopia's Rural Income Diagnostics (World Bank 2022) showed that rural-to-urban migration increases the intensity of labor use in migrant-origin households by 29 percent (Table 3.2). This implies that migration reduces disguised unemployment in rural areas. Moreover, rural-to-urban migration increases agricultural output per worker by 18 percent and thus enables the remaining household members in rural areas to adequately feed off their land. Migration also increases the share of households that rented out land by 1.2 percentage points, translating into a 6.6 percent increase in the amount of land rented out. All of these aspects point to the positive effects that urban-to-rural migration not only has on migrants and their families but also on productivity in rural agriculture.

Table 3.2: Urban-to-rural migration has positive impacts on factor markets in origin communities

Statistics	Cultivated land (ha per capita)	Land rented out	Family labor supply (days per capita)	Value of crop harvest (Birr per capita)
ATT	0.065**	0.012**	120**	938.5**
Standard Errors	0.001	0.017	21.302	369.5
97.5% Confidence Interval	(0.045; 0.083)	(-0.024; 0.042)	(79.958; 161.455)	(235.67; 1678.94)

Note: ATT is the Average Treatment Effects on Treated. (a) Cultivated land per capita is the area in hectare that the household utilized for crop production. (b) Land rented out is the probability of households renting/sharing out agriculture land. (c) Value crop harvest is the Ethiopia birr value of the total production. \*\* result statistically significant at the 5 percent level.

Source: Rural Income Diagnostics (World Bank 2022), estimation based on ESS 2011/12; 2013/14; 2015/16.



**Migration can contribute to family income at the place of origin and lead to development spillovers for their communities.**

We will use the 2012 and 2016 rounds of ESS panel data to answer the question on whether migration (from rural-to-urban or international) positively affects the welfare of family members back home by comparing pre and post-migration outcomes. We divide the dataset into households that have at least one household member who migrated between the two interviews in 2012 and 2016 and those households who do not have a migrant. We then look at household outcomes in 2012, before the household member migrates, and in 2016, after the household member migrates.

**Rural-to-urban migration is associated with welfare improvements for household members who remain in rural areas.**

Before migration, 32 percent of households with a migrant were in the lowest welfare quartile; while after migration, only 24 percent of households that have a member who migrated were in the lowest welfare quartile (Figure 3.13). Similarly, 48 percent of households with a migrant were in the bottom 40 percent before migration but only 38 percent were in the bottom 40 percent after migration (Figure 3.14). We also observe welfare effects on migrant households; the share of consumption they

spend on food decreased after migration, a clear indication of improvements in welfare.

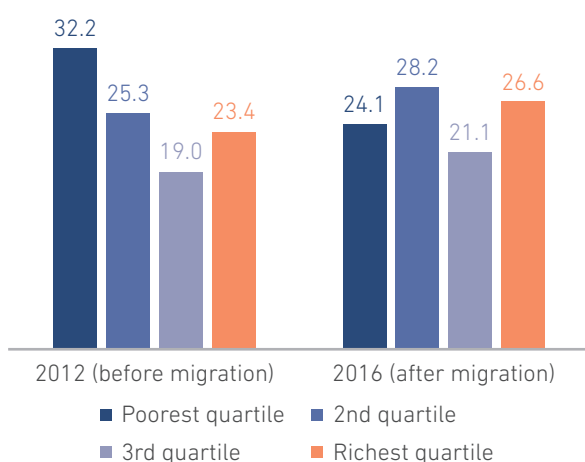
**3.4 WHAT ARE THE MIGRATION EFFECTS ON DESTINATION AREAS?**

**Rural-to-urban migration is at the core of economic development, reallocating population from villages to cities and across sectors (Kuznets 1964; Harris and Todaro 1970).**

Once in urban areas, migrants do not allocate themselves randomly across neighborhoods or at the cities' frontier. They choose where to live, typically in low-rent, low-amenities areas and segregated migrant neighborhoods with limited public services (Huang and Tao 2015; Jedwab, Christiaensen, and Gindelsky 2017; Bharathi et al. 2021). Climate change may reinforce this dynamic: climate shocks-induced migrants may be more likely to crowd into unplanned settlements, thus contributing to deteriorating living conditions and cities' ability to generate economic growth. To capture the multifaceted effects of migration on city growth and economic development, it is important to understand and address challenges from rapid urbanization, including urban sprawl, segregation, living conditions (congestion and pollution), and structural transformation (industrialization).

**Figure 3.13: Rural-to-urban migration is associated with improvements in welfare**

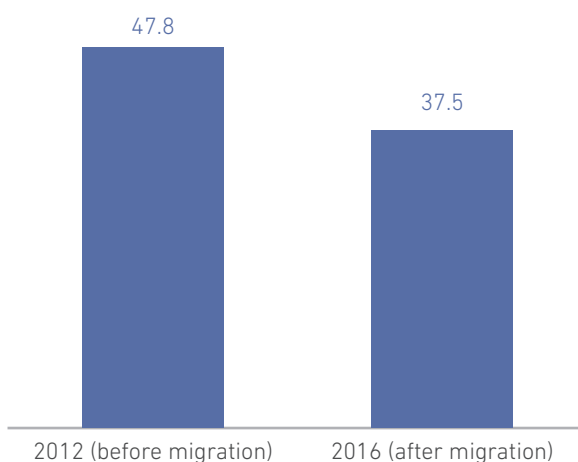
*(Share of households of rural-to-urban migrants within certain consumption quartile)*



*Note:* Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. *Source:* Authors' estimation based on ESS 2012, 2016.

**Figure 3.14: Migration moves households out of the bottom 40 percent of the welfare distribution**

*(Share of households of rural-to-urban migrants in bottom 40 percent of consumption distribution)*



*Note:* Recent migrants are those who lived in their current location (from another town or rural *woreda* in Ethiopia) for less than five years. Adult population refers to people aged 15 years and above. *Source:* Authors' estimation based on ESS 2012, 2016.

**Although how migration and migrants' location choices affect urbanization and development is unknown, it is possible for rural-to-urban migration to have negative environmental, social, and labor consequences.** Rural migrants go to urban areas in search of employment and to use urban services and facilities. Since the continuous outflow of rural migrants seek basic urban facilities, the migrants pressure the socio-economic and environmental conditions of the host area already experiencing housing shortages, unemployment, rising cost of living, lack of access to social services, rising crime, and expanding informal sectors (Habtamu 2015). Ethiopia is experiencing important urbanization challenges. First, if rapid urban growth—with an urbanization rate of 5.2 percent per year since 2018—continues, the United Nations, Department of Economic and Social Affairs, and Population Division (2019) projects that Ethiopia's urban population will reach 50 million by 2034. Second, Ethiopian cities face acute urban sustainability issues with many urban dwellers suffering extremely limited access to basic infrastructures and services (Lall et al. 2017) and cities seemingly failing to match labor demand with supply (Franklin 2018; Wieser and Mesfin 2021). Third, its large, fragile, and diverse agricultural sector sets the stage for large, unexpected migrant flows triggered by agricultural shocks. Ethiopia's history of food insecurity and the consequences of

regional climate change mean that migration as a risk-coping mechanism will significantly influence Ethiopia's development. Migration should thus constitute a major policy concern for leaders and urban planners for decades to come.

**Critics often claim that migrant workers displace native workers from jobs and reduce wage rates, harming destination areas.** To explore this point, we estimate the relationship between the size of migration flows and local labor market conditions for rural-to-urban migrants and urban non-migrants in the working-age population. We control for the share of individuals by educational attainment, access to information, occupation, sector or employment, and town size at the *woreda* level. Annex 6 Table A 8 indicates that a larger share of rural-to-urban migrants in a *woreda* does not significantly increase unemployment. However, it may push down wages at the destination but this effect is small; a 1 percent increase in the share of rural-to-urban migrants induces a reduction in wages by 0.34 percent. Additionally, *woredas* with a larger share of workers with post-secondary education (high-skilled) are strongly negatively associated with unemployment rates and weakly positive associated with wage rates. Put more clearly, *woredas* with a higher concentration of migrants are more likely to have lower unemployment overall and slightly higher wages than places with people who are unskilled.

## 4. CONCLUSION AND POLICY DIRECTIONS



In this section we look at policy directions related to strengthening benefits from migration while reducing challenges.

### Shift policy focus from preventing to leveraging migration

**Reshaping policy perspectives and overall attitude towards migration could encourage a positive policy shift.** Policymakers' concerns relate to both urban destinations and rural origin areas. For cities, the current belief is that migrants expand urban populations and overwhelm urban services. For rural origin areas, concerns on the damaging effects on the agriculture sector related to the outflow of labor. Recent analysis, however, suggests the opposite effects: rural-to-urban migration is an important pathway for facilitating both agricultural transformation and linking rural youth to off-farm opportunities (World Bank 2022). Creating opportunities for dialog around the positive and negative aspects of migration could contribute to changing attitudes and encouraging less restrictive migration policies and migration-focused development approaches.

### Reduce barriers to migration

**Removing free labor movement constraints can increase migration and encourage migration to locations with better economic opportunities.** In Ethiopia, government intervention has controlled the movement of labor by requiring households to register and the need to obtain a Kebele ID. But a migrant is required to live in a certain area for six months before being able to register their new address and request a Kebele ID that reflects his or her residence. While Kebele IDs are required to obtain access to government services, migrants often cannot obtain ID cards, either because they are unable to obtain a leave letter from their home kebele or they face urban government officials' reluctance to provide them with the ID card. As a result, it is difficult or impossible for migrants to move freely within the area of destination, obtain bank books, or join associations that would allow them to access services such as housing, credit, or to buy subsidized foodstuffs (Bundervoet 2018). To facilitate migrants' freedom of movement and facilitate their integration, policymakers can remove restrictions on urban ID requirements

such as requiring a minimum length of stay and removing the requirement for a release letter.

**Reducing migration cost can encourage migration and enhance returns to migration.** Migrants face high migration costs due to challenges related to integrating into destination areas, potentially discouraging migration and not allowing liquidity-constrained households to reap returns to migration. Returns from migration are positive in the medium term—the average monthly wage (adjusted for hours worked) in urban areas is three times higher than rural agricultural wages and significantly higher than average agricultural incomes—but non-wage factors make integration into destination areas challenging and costly for migrants (World Bank 2022). For example, migrants face high job search costs due to lack of local administration support and networks. Many migrants also struggle to transition into urban life, with female migrants facing additional challenges (Bundervoet 2018). Costs are mainly driven by: (i) “frictions” in the job matching process, and (ii) barriers to accessing public services.

**Job-matching “frictions” can lead to high job search costs, unaffordable for poor migrants without savings.** Connecting migrant jobseekers to employment opportunities can reduce social and economic costs. Interventions that help connect migrant jobseekers with jobs, such as job intermediation services and youth apprenticeship programs, and signal migrants’ skills to prospective employers can improve job-matching. Though the GoE is currently strengthening its labor market information systems, migrants can typically not access these services. Enhancing public employment services and allowing migrant workers to participate in these systems can reduce job-matching frictions.

**Streamlining administrative procedures can reduce barriers to accessing public services.** Streamlined administrative procedures can improve migrants’ access to public services and facilitate their integration and adjustment to urban life. As discussed, minimizing burdens related to obtaining

Kebele IDs (see above) and streamlining ID reforms and household registration would be helpful.

**Facilitating access to credit and financial services can enable migration from poor households.** Liquidity constraints currently limit migration in Ethiopia. The migration process can be costly (Bundervoet 2018) and poor (rural) households can often not send migrants and reap benefits from migration due to liquidity constraints. Lack of access to liquidity and credit therefore means poor households are unable to finance the upfront costs of migration. Recent research shows that households with more access to credit and those receiving cash transfers are more likely to send migrants (World Bank 2022). Policies can reduce liquidity constraints by facilitating poor households’ access to credit or provide them with cash transfers.

#### Adapt urban areas to fast growing populations

**Ethiopia is experiencing important urbanization challenges, and migration will constitute a major policy concern for leaders and urban planners for decades to come.** Authorities should recognize that migration is a natural process, especially during fast economic growth and transformation. Labor migration should therefore be encouraged rather than deterred and national government programs should promote internal migration and urban-rural linkages and attempt to reverse the negative perception of migrants. Ethiopia needs to actively pursue urban development strategies, particularly for cities with large shares of migrants, to avoid the negative consequences from large population influxes.

**Adapting urban areas for population growth can better integrate migrants socially and economically.** As mentioned, there is a strong belief that migrant-fueled expanding urban population overwhelms urban services. Analysis in this report showed that, as a share of their population, small towns and secondary cities attracted most rural migrants. Yet, small towns and secondary cities have larger informal employment and insufficient public infrastructure and services (World Bank Group

2015). Despite progress in building infrastructure and services, Ethiopian cities have low coverage for water and sanitation services, solid waste management, and road density (World Bank Group 2015). Since an influx of migrants may exacerbate existing challenges, it is vital to continue expanding public infrastructure and services in main migrant destination cities. Moreover, existing urban social protection schemes should include migrants.

**Investing in housing infrastructure can relieve some pressure migration poses to existing housing challenges.** Addis Ababa faces massive housing shortages fueled by rapid in-migration from rural areas and a high natural population growth. Households often tend to trade-off housing quality for easier access to jobs, or move to city outskirts with limited connectivity and services (World Bank 2021). An influx of migrants exacerbates this situation. Policies focusing on increasing housing supply and upgrading informal settlements—where migrants typically live—can ease housing market pressures. Moreover, improving access to infrastructure and basic services could improve living conditions for migrants and local residents. Enhancing water and sanitation, solid waste management, and electricity services and reliability are especially important (World Bank 2021). Careful reallocation of budgets towards locations with the largest anticipated migration inflows, including investments to make small towns and secondary cities more attractive, must accompany sound urbanization policies. Investments in smaller cities and towns can avoid over-concentration of people in large cities. In addition, research has shown that development of towns and secondary cities has a bigger poverty-reduction effect than concentration of populations in mega-cities (Christiaensen and Todo 2014; Christiaensen, De Weerd, and Todo 2013).

### Improve process of international labor mobility

**International mobility from Ethiopia has a complex history, with many factors motivating the decision to migrate as well as the modality and choice of destination.** Historically, Ethiopian migration has been predominantly due to

displacement, beginning with the 1985 famine; however, in recent years, voluntary migration has become increasingly important. Both stocks and flows of migrants from Ethiopia rose after 2000, concentrating in a few main destination countries, but they remain very low. Migration dynamics seem to vary significantly by destination region, with labor migrants comprising the majority of migrants to the MENA countries (Smith et al. 2020).

**In addition to improving the regulatory framework for international labor migration, reducing barriers to the process of migration can expand labor flows from Ethiopia.** The current process for regular migration is lengthy and disincentivizes migrating legally. The Ethiopia Labor Mobility Diagnostic (Smith et al. 2020) outlines the regular migration process and highlights that it is long and complex, involving the securing and validating of 14 different documents (including a passport, birth certificate, emergency contact, police record, contract, health certificate, certificate of eighth grade completion, and certificate of competence). The process has a number of redundancies and unnecessary steps, as evidenced by the fact that only eight of the 14 documents are widely known by actors within the process itself. Moreover, some requirements on the Ethiopian side are not necessary for worker to receive authorization in destination markets. Removing redundancies, facilitating the process, and improving alignment of destination market needs could promote larger migration flows abroad. Moreover, improving coordination between relevant ministries and bodies, and fostering communication federal and regional migration management could better support outgoing migrants. Currently, the process places a significant time and cost burden on the worker, incentivizing payments to an agent to take on this burden or even to migrate irregularly to avoid the process altogether. This undermines the competitiveness of Ethiopian workers compared to workers from other countries.

**Better aligning incentives between workers, agents, and government entities could improve the development potential of labor mobility.** The

intermediation system—the processes through which vacancies abroad and jobseekers are identified, vetted, and matched—is rebuilding following a ban by GoE on overseas recruitment from 2013 to 2018 to Gulf Cooperation Countries (the primary destination countries for Ethiopia). Approximately 700 intermediation agencies are registered with GoE, although only 100 of have active operations. The lengthy agency administrative processing time due to complex is a key reason for the low migration outflows and threaten further decrease. For example, Saudi Arabia reallocated a significant portion of the visa allocation it had given to Ethiopia to other countries as Ethiopia was not able to process workers visas in sufficient time to facilitate overseas employment. Agencies seeking to abide by existing regulations are not able to earn sufficient revenue to finance their operations. This incentivizes workers to step outside of regulation and pay informally for intermediation and brokering to avoid burdensome administrative processes and reach employment abroad more quickly. Better aligning incentives of all actors and promoting formal recruitment channels could enhance the

number of migrants and benefits from international migration (Smith et al. 2020).

**Reducing gaps in protection systems while abroad, increasing the skills of prospective migrants, and reintegrating migrants upon return could improve development outcomes.**

Employment abroad entails a number of risks for the migrant worker not adequately mitigated in the existing system. Most of these risks are tied to the quality of employment and that employment terms and conditions are not those stipulated in the contract: pay is not as stipulated, employment circumstances are abusive, or violation of labor laws. These risks increase for female migrants, particularly domestic workers, as a result of being employed in a private or semi-private sphere. This frequently results in abuse, including sexual assault. Non-employment risks include passport retention, violations of immigration or criminal law, and health and insurance concerns. Undertaking steps to strengthen protection and increase quality assurance throughout the process can improve outcomes for migrants (Smith et al. 2020).

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# ANNEX 1: MOBILITY FRAMEWORK FOR INTERNATIONAL LABOR MIGRATION IN ETHIOPIA



**Laws for international labor migration evolved in recent years.** Ethiopia was a signatory to the Global Compact for Safe, Orderly and Regular Migration (GCM) from its inception. To implement the GCM, the Government of Ethiopia (GoE) works closely in partnership with various stakeholders who are directly or indirectly involved in migration management interventions such as IOM, AU, IGAD, UNHCR, and non-governmental organizations (Federal Democratic Republic of Ethiopia 2020). Since the adoption of the GCM, GoE has developed and revised several practices, proclamations, directives, and policies to better govern migration. For example, GoE is currently working on a National Migration Policy. Proclamation on the Prevention and Suppression of Trafficking in Persons and Smuggling of Migrants (No. 909/2015) was replaced by a revised Proclamation on Prevention and Suppression of Trafficking in Persons and Smuggling of Migrants which was passed in 2020 (No. 1178/2020) (Federal Democratic Republic of Ethiopia 2020).

**The primary instrument to govern international labor mobility in Ethiopia is the Overseas Employment Proclamation No. 923/2016 (hereafter referred to as No. 923).** Before No. 923 was passed in 2016, labor migration was regulated by legislation first introduced in 1998 to regulate private recruitment agencies, which was augmented in 2009 by the Employment Exchange Services Proclamation No. 632/2009 (Smith et al. 2020). Under these regulations, irregular migration was common, and migrants frequently ended up in vulnerable employment situations. As a result, GoE banned the migration of Ethiopian workers to employment in Gulf Cooperation Countries (the primary destination countries for Ethiopia). This ban both blocked intermediation activity of private employment agencies to source vacancies and connect them with Ethiopian workers, and to approvals for Ethiopian workers applications to

work abroad. The ban was, however, not successful in its aims as Ethiopians resorted to illegal channels for migration. Within two years of Ethiopia banning labor mobility to the UAE, as many as 30,000 Ethiopians were detained there for irregular migration (Smith et al. 2020). No. 923 was adopted in 2016 in order to prepare the regulatory structure to resume managed labor migration, prior to lifting the ban which was legally lifted in 2018 and operationalized in 2019. The principal objectives of No. 923 are to cover the establishment of bilateral agreements, the fight to human trafficking, and clearly define and regulate the role of the private sector in overseas employment exchange service. It provides for a more streamlined governance than the previous regulation and allows for three recruitment channels: (a) government-to-government; (b) via private employment agencies; and (c) direct recruitment by a foreign employer (IOM 2017). It was only recently, through the formation of the Jobs Creation Commission (now part of the Ministry of Labour and Skills), that GoE policy shifted towards actively facilitating labor mobility rather than deterring it.

**No. 923 was amended and Ethiopian’s Overseas Employment (Amendment) Proclamation No. 1246/2021 was approved and signed into law in 2021.** The amendments aim at widening the scope of implementation as well as mitigate challenges faced during implementation and are related to educational requirements to access regular labor migration channels, bilateral labour agreement (BLA) requirements, contract approval, licensing and registration of private employment agencies (PEAs). Other improvements in the labor mobility framework include a directive issued in 2019 to determine how private employment agencies should provide employment services in the country (including those for overseas employment and a National Reintegration Directive (No. 65/2018) issued in 2018 to place a legal framework around

the reintegration of returnees (Federal Democratic Republic of Ethiopia 2020).

**To form the mobility framework, international agreements with partner countries are critical to complementing domestic regulations.** Ethiopia currently has four Memorandums of Understanding (MoUs) on the movement of Ethiopian workers with Saudi Arabia, the UAE, Jordan, and Qatar. These MoUs appear to focus largely on migration of Ethiopian domestic workers to these markets, leaving little scope for managed migration outside of these narrow corridors (Smith et al. 2020).

**Inefficiencies in the international labor mobility process remain.** Numerous barriers to expanding labor mobility flows from Ethiopia persist and are outlined in Smith et al. (2020). The current process for regular migration is lengthy and disincentivizes

migrating regularly. This process seems to have a number of redundancies and unnecessary steps and is not well-aligned with the needs of destination markets. MoLS is currently putting Proclamation No. 1246/2021 into action, adapting the current labor mobility process, and digitizing the overseas employment administration, the process is lacking coordination between relevant ministries and bodies, as well as an apparent disconnect between migration management at the federal and regional levels. The lengthy process places a very real time and cost burden on the worker, incentivizing them to pay an agent to take on this burden or even to migrate irregularly to avoid the process altogether and further undermines the competitiveness of Ethiopian workers with workers from other countries. Beyond this process, there are also significant gaps in systems for offering protection while abroad, skilling prospective migrants, and reintegrating migrants upon return.

**ANNEX 2: LABOR MARKET OUTCOMES: RETURNEES VS. NON-RETURNEES**

Table A 1: The probability of unemployment - returnees vs. non-returnees

	(1) National	(2) Urban	(3) Rural
Returnee	0.425*** (0.069)	0.430*** (0.056)	0.476*** (0.140)
Youth	0.196** (0.077)	0.287*** (0.066)	0.141 (0.156)
Female	0.788*** (0.067)	0.603*** (0.059)	0.922*** (0.132)
<b>Education: Ref. – No education</b>			
Less than primary	0.197* (0.101)	0.112 (0.102)	0.234 (0.166)
Completed primary	0.285*** (0.097)	0.166* (0.101)	0.192 (0.184)
Completed secondary	0.344*** (0.120)	0.127 (0.121)	0.634 (0.453)
Completed post-secondary	0.048 (0.113)	-0.154 (0.112)	0.084 (0.525)
Married	-0.170*** (0.066)	-0.062 (0.057)	-0.390*** (0.137)
Access to/use of any ICT	0.210* (0.125)	-0.132 (0.141)	0.177 (0.175)
Dependency ratio	-0.177 (0.147)	-0.102 (0.115)	0.009 (0.298)
Zone population density	-0.000 (0.000)	-0.000* (0.000)	0.000** (0.000)
Zone population density squared	0.000 (0.000)	0.000 (0.000)	-0.000** (0.000)
<b>Region: Ref: - Oromia</b>			
Afar	0.169 (0.133)	-0.238** (0.107)	1.246*** (0.321)
Amhara	0.036 (0.084)	0.064 (0.069)	-0.048 (0.170)
Somali	-0.083 (0.154)	-0.535*** (0.175)	0.683** (0.269)
Benishangul-Gumuz	-0.978*** (0.107)	-0.426*** (0.115)	-0.828* (0.477)
SNNP	-0.197** (0.094)	-0.196*** (0.069)	-0.006 (0.197)
Gambela	-0.065 (0.170)	-0.156 (0.112)	1.214*** (0.444)
Harari	-0.555*** (0.118)	-0.423*** (0.132)	0.083 (0.416)
Addis Ababa	0.164** (0.066)	0.107* (0.061)	
Dire Dawa	-0.010 (0.094)	-0.075 (0.108)	0.812*** (0.272)
Constant	-1.478*** (0.164)	-0.920*** (0.161)	-2.955*** (0.525)
Observations	12328	10409	1919

Note: The analysis focuses on only the working age population. Robust standard errors are reported in parentheses. \* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01. Source: Authors' estimation based on 2021 LMS.

Table A 2: Multinomial logit estimates of the type of employment

	Wage-employed		Self-employed agriculture		Self-employed non-agriculture		Unpaid family worker
	Marg.Eff.	Coeff.	Marg.Eff.	Coeff.	Marg.Eff.	Coeff.	Marg.Eff.
Returnee	-0.0531** (-3.19)	0.552* (2.40)	0.0225 (0.89)	0.681*** (3.65)	0.0554** (3.04)	0.277 (1.31)	-0.0313 (-1.53)
Youth	0.0211 (1.42)	-0.133 (-0.54)	-0.0119 (-0.34)	-0.699*** (-3.95)	-0.122*** (-4.93)	0.527** (2.75)	0.119*** (5.04)
Female	-0.0233 (-1.84)	-0.663*** (-3.47)	-0.195*** (-8.35)	0.417** (2.99)	0.0708*** (4.45)	0.846*** (5.15)	0.154*** (8.07)
Less than primary	0.0347 (1.69)	-0.836*** (-3.42)	-0.107*** (-3.78)	-0.0764 (-0.34)	0.0582* (2.33)	-0.376 (-1.54)	0.00913 (0.36)
Completed primary	0.0775*** (4.09)	-1.670*** (-6.65)	-0.197*** (-6.34)	-0.249 (-1.17)	0.107*** (4.54)	-0.823*** (-3.42)	0.0136 (0.52)
Completed secondary	0.141*** (5.64)	-2.997*** (-6.87)	-0.362*** (-5.30)	-0.670** (-2.70)	0.144*** (4.02)	-1.257** (-3.29)	0.0649 (1.16)
Completed post-secondary	0.333*** (14.08)	-5.302*** (-10.14)	-0.490*** (-5.96)	-2.528*** (-10.44)	0.0881* (2.03)	-3.093*** (-9.17)	0.0495 (0.93)
Married	-0.0365** (-2.93)	0.877*** (4.16)	0.124*** (4.12)	0.307* (2.28)	-0.00891 (-0.46)	-0.0404 (-0.24)	-0.0849*** (-3.87)
Access to/use of any ICT	-0.0268 (-1.05)	-0.434 (-1.41)	-0.126** (-2.99)	0.920** (2.86)	0.177*** (4.49)	-0.567* (-2.02)	-0.102*** (-3.94)
Dependency ratio	-0.0691** (-2.70)	1.550*** (3.80)	0.169** (3.01)	-0.174 (-0.58)	-0.187*** (-4.99)	1.187*** (3.37)	0.0649 (1.51)
Zone population density	-0.000000221*** (-12.03)	0.00000392*** (11.00)	0.00000397*** (7.29)	0.00000131*** (6.15)	-0.00000152*** (-5.26)	0.00000235*** (8.87)	-6.02e-10 (-0.02)
Zone population density squared	4.88e-14*** (8.36)	-8.65e-13*** (-7.74)	-8.71e-14*** (-5.07)	-2.79e-13*** (-4.23)	3.58e-14*** (3.79)	-5.39e-13*** (-6.62)	-3.45e-15 (-0.28)
Afar	-0.0458* (-2.52)	1.154*** (3.66)	0.137** (2.80)	-0.569* (-2.00)	-0.150*** (-7.69)	0.969** (3.28)	0.0647 (1.36)
Amhara	0.0181 (0.93)	-0.330 (-1.43)	-0.0393 (-1.32)	-0.0939 (-0.49)	0.0142 (0.63)	-0.217 (-1.03)	-0.00546 (-0.23)
Somali	-0.0786*** (-5.22)	1.692*** (5.59)	0.168*** (3.64)	0.339 (1.12)	-0.102*** (-3.71)	1.221*** (4.19)	0.0226 (0.53)
Benishangul-Gumuz	-0.126*** (-12.54)	2.909*** (11.10)	0.227*** (5.77)	1.552*** (6.92)	-0.0709** (-2.76)	2.030*** (8.52)	-0.0203 (-0.66)
SNNP	-0.0263 (-1.70)	0.00600 (0.03)	-0.0613* (-2.12)	0.162 (0.88)	-0.00927 (-0.42)	0.663*** (3.32)	0.101*** (3.92)
Gambela	-0.0902*** (-4.81)	2.237*** (5.21)	0.270*** (5.72)	0.590 (1.57)	-0.100*** (-3.49)	0.921* (2.26)	-0.0737* (-2.14)
Harari	-0.0349* (-2.18)	1.137*** (4.05)	0.191*** (4.53)	-0.0487 (-0.21)	-0.0834*** (-3.42)	0.146 (0.56)	-0.0630* (-2.05)
Addis Ababa	0.231*** (7.67)	-3.680*** (-6.56)	-0.317*** (-10.03)	-0.694*** (-4.66)	0.156*** (4.56)	-1.935*** (-6.98)	-0.0800** (-2.67)
Dire Dawa	0.0748*** (3.30)	-0.692** (-2.67)	-0.0290 (-0.74)	-0.436* (-2.24)	0.0150 (0.52)	-1.004*** (-3.95)	-0.0708* (-2.51)
Constant		-2.001*** (-4.20)		-1.393*** (-3.33)		-1.288** (-3.02)	
Observations	8837	8837	8837	8837	8837	8837	8837

Note: Only employed individuals of working age are included the regressions. For brevity, we have excluded the estimates for employers and other types of employees due to small sample sizes and non-significance. t statistics are reported in parentheses. \* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01. Source: Authors' estimation based on 2021 LMS.

**ANNEX 3: PROPENSITY TO MIGRATE - PROBIT ESTIMATES**

Table A 3: The propensity to migrate

	(1) All	(2) Rural-to-urban
<b>Individual characteristics</b>		
Female=1	-0.082** (0.042)	0.161** (0.073)
Youth=1	0.516*** (0.061)	0.371*** (0.110)
Female=1 # Youth=1	0.425*** (0.071)	0.378*** (0.128)
Married=1	-0.187*** (0.039)	-0.103 (0.074)
<b>Education: Ref. – Pre-school/No education</b>		
Less than primary	0.128*** (0.048)	0.235*** (0.067)
Completed primary	0.148*** (0.050)	0.582*** (0.081)
Completed secondary	0.128* (0.070)	0.457*** (0.170)
Completed post-secondary	0.330*** (0.057)	0.123 (0.127)
Access to/use of any ICT=1	0.245*** (0.049)	0.659*** (0.069)
<b>LM outcomes: Ref – Unemployed</b>		
Wage-employed	-0.015 (0.052)	0.515*** (0.129)
Self-employed	-0.326*** (0.055)	-0.417*** (0.115)
Unpaid family worker	-0.365*** (0.070)	-0.839*** (0.130)
Others	-0.112 (0.143)	0.333 (0.297)
Inactive	-0.300*** (0.054)	-0.305*** (0.118)
<b>Household characteristics:</b>		
Female-Headed HH	0.040 (0.043)	0.200** (0.085)
Dependency ratio	-0.573*** (0.068)	-1.059*** (0.114)
<b>Destination pull factors:</b>		
Lifetime migrant inflow at destination ('000)	-0.001*** (0.000)	0.000* (0.000)
Woreda emp. rates at destination	0.080 (0.146)	-3.953*** (0.277)
Woreda wages at destination (log)	-0.055* (0.030)	0.489*** (0.055)
<b>Origin push factors:</b>		
Origin zone poverty rate	-0.046 (0.139)	-1.267*** (0.213)
Origin zone density	-0.000*** (0.000)	0.000 (0.000)
Origin zone density squared	0.000*** (0.000)	-0.000 (0.000)



	(1) All	(2) Rural-to-urban
<b>Previous region of residence: Ref. – Oromia</b>		
Tigray	-0.183 (0.114)	-0.404* (0.210)
Afar	0.061 (0.080)	0.692*** (0.173)
Amhara	0.145*** (0.044)	0.248*** (0.076)
Somali	-0.485*** (0.091)	-0.948*** (0.123)
Benishangul-Gumuz	0.298*** (0.078)	0.713*** (0.131)
SNNP	-0.040 (0.042)	0.072 (0.072)
Gambela	-0.117 (0.082)	-0.635*** (0.120)
Harari	-0.119 (0.217)	-1.314** (0.572)
Addis Ababa	-0.091 (0.074)	
Dire Dawa	-0.057 (0.226)	-0.711*** (0.263)
Constant	0.059 (0.295)	-1.420*** (0.502)
Observations	79954	32391

Note: World Bank staff calculations using LMS 2021. Only people aged 15 or more are included in the regressions. Data on zonal poverty rates, rural remoteness index and ecological zones were extracted from Ethiopia's PTI data. Robust standard errors are reported in parentheses. \* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01.

## ANNEX 4: MULTINOMIAL LOGISTIC REGRESSION MODEL

The multinomial logistic regression model is a generalization of the binary logistic model such that the probability that person  $i$  will chose alternative  $j$  is:

$$Pr_{ij} = Pr(y_i = j) = \frac{\exp(X_i' \beta_j)}{\sum_{k=1}^m \exp(X_i' \beta_k)} \quad (1)$$

Where the dependent variable  $y$  is an unordered categorical variable, the alternative choices (e.g., type of migration or reasons for migration) are represented by  $j=1,2,\dots,m$ , while  $X_i'$  is a vector of independent variables with its associated vector of  $\beta$  parameters to be estimated. The likelihood of selecting each alternative sums up to one (i.e.,  $\sum_{i=1}^m Pr_{ij} = 1$ ). There are  $j-1$  sets of coefficients to be estimated because one set of coefficients needs to be normalized to zero to estimate the models (usually  $\beta_1=0$ ). This implies that the coefficients of other alternatives are interpreted in reference to the base outcome (in this case, being a non-migrant or economic reasons for migration). The interpretation of alternative  $j$  in comparison to the base outcome is 'a change in an independent variable  $X_i$  makes the selection of alternative  $j$  more or less likely' (depending on the sign found on the associated  $\beta$  coefficient).

Hence the marginal effect of a change in an independent variable on the probability of selecting alternative  $j$  is written as:

$$\partial Pr_{ij} / \partial X_i = Pr_{ij} (\beta_j - \bar{\beta}_i) \quad (2)$$

where  $\bar{\beta}_i$  is an average of all the coefficients. For this reason, the marginal effects in a multinomial logistic model do not necessarily coincide with the sign and significance of the coefficients. Although there may be  $j-1$  set of coefficients because one set is normalized to zero, there are  $j$  sets of marginal effects to be estimated. Additionally, the coefficients that are obtained depend on the choice of the base category while the marginal effects are the same regardless of the base outcome selected (and this is because the marginal effects are not interpreted with respect to a base category). Marginal effects can be interpreted as a unit change in an independent variable which changes the probability of selecting alternative  $j$  by the marginal effect expressed as a percent. The marginal effects sum up to zero because a person is likely to select as many choices as there are; hence if an individual is more likely to select the first two alternatives, they are going to be less likely to choose the last alternative which makes these effects cancel out and sum up to zero.

Table A 4: Drivers of rural migration

	(1) Rural-to-rural	(2) Rural-to-urban
<b>Individual characteristics:</b>		
Female=1	-0.204 (-0.94)	0.223 (1.54)
Youth=1	0.893*** (3.10)	0.747*** (3.66)
Female=1 # Youth=1	0.866*** (2.67)	0.658** (2.76)
Married=1	0.0722 (0.34)	-0.145 (-1.04)
<b>Education: Ref. – Pre-school/No education</b>		
Less than primary	0.206 (1.06)	0.426** (3.22)
Completed primary	-0.0885 (-0.34)	1.036*** (6.66)
Completed secondary	-0.356 (-0.59)	0.686* (2.06)
Completed post-secondary	0.453 (1.31)	0.120 (0.50)
Access to/use of any ICT=1	0.291* (1.65)	1.293*** (8.92)
<b>LM outcomes: Ref – Unemployed</b>		
Wage-employed	0.672* (1.84)	0.997*** (3.80)
Self-employed	-0.817** (-2.52)	-0.732*** (-3.34)
Unpaid family worker	-0.748** (-2.33)	-1.474*** (-5.92)
Others	-2.617*** (-2.62)	0.440 (0.72)
Inactive	-0.755** (-2.31)	-0.498* (-2.20)
<b>Household characteristics:</b>		
Female-Headed HH	0.652*** (2.65)	0.548*** (3.37)
Dependency ratio	-1.489*** (-4.83)	-1.805*** (-8.55)
<b>Destination pull factors:</b>		
Lifetime migrant inflow at destination ('000)	-0.000595 (-0.68)	-0.0000286 (-0.07)
Woreda emp. rates at destination	2.121 (1.59)	-8.773*** (-11.79)
Woreda wages at destination (log)	0.0385 (0.35)	0.955*** (7.98)
Drought prone, highland	0.795*** (3.61)	-0.0569 (-0.36)
Drought prone, lowland	-0.0115 (-0.04)	0.686** (3.28)
Moisture reliable, lowland	-0.490* (-1.79)	-0.449** (-2.64)
Pastoralist	-1.065** (-2.06)	-2.316*** (-6.19)
<b>Origin push factors:</b>		
Origin zone poverty rate	0.603 (1.08)	-2.167*** (-4.84)

	(1) Rural-to-rural	(2) Rural-to-urban
Origin zone density	-0.00000110** (-2.25)	-1.26e-08 (-0.04)
Origin zone density squared	1.08e-14* (1.81)	-2.61e-15 (-0.72)
Origin rural remoteness index	0.00145 (0.17)	-0.0119 (-1.89)
<b>Previous region of residence: Ref. – Oromia</b>		
Tigray	-1.258 (-1.51)	-1.375** (-2.72)
Afar	-0.603 (-1.42)	1.067** (2.64)
Amhara	0.328 (1.48)	0.453** (3.13)
Somali	-0.211 (-0.34)	0.208 (0.57)
Benishangul-Gumuz	1.167*** (2.81)	1.646*** (5.25)
SNNP	-0.198 (-1.01)	0.0351 (0.23)
Gambela	0.161 (0.50)	-0.745** (-2.81)
Harari	-2.020*** (-3.67)	-3.780*** (-3.29)
Dire Dawa	-3.236*** (-2.92)	-0.273 (-0.36)
Constant	-3.791** (-2.07)	-1.137 (-1.03)
Observations	32725	32725

Note: World Bank staff calculations using LMS 2021. Only people aged 15 or more are included in the regressions. Data on zonal poverty rates, and rural remoteness index and ecological zones were extracted from Ethiopia's PTI data. t statistics are reported in parentheses. \* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01.

Table A 5: Drivers of urban migration

	(3) Urban to rural	(4) Urban to urban
Female=1	0.0590 (0.21)	0.449* (2.49)
Youth =1	1.411*** (4.66)	0.302 (1.20)
Female=1 # Youth =1	-0.314 (-0.81)	0.643* (2.14)
Married=1	-0.877*** (-3.91)	-0.128 (-0.79)
<b>Education: Ref. – Pre-school/No education</b>		
Less than primary	0.660* (2.37)	0.846*** (4.39)
Completed primary	0.938** (3.02)	1.713*** (8.10)
Completed secondary	2.356*** (5.40)	2.558*** (7.49)
Completed post-secondary	2.621*** (7.08)	2.314*** (8.87)
Access to/use of any ICT=1	1.072*** (3.65)	1.974*** (8.43)
<b>LM outcomes: Ref – Unemployed</b>		
Wage-employed	-0.0995 (-0.26)	0.678* (2.45)
Self-employed	-0.541 (-1.44)	-0.656* (-2.54)
Unpaid family worker	-0.417 (-1.13)	-1.112*** (-3.57)
Others	-0.770 (-0.65)	2.070** (3.18)
Inactive	-0.755 (-1.94)	-0.332 (-1.30)
<b>Household characteristics:</b>		
Female-Headed HH	0.0359 (0.14)	0.496** (2.90)
Dependency ratio	-0.270 (-0.70)	-2.777*** (-9.68)
<b>Destination pull factors:</b>		
Lifetime migrant inflow at destination ('000)	-0.00206* (-2.13)	0.00344*** (6.68)
Woreda emp. rates at destination	0.886 (0.74)	-9.494*** (-12.97)
Woreda wages at destination (log)	-0.590*** (-4.69)	1.311*** (9.36)
Drought prone, highland	0.135 (0.56)	-0.770*** (-3.96)
Drought prone, lowland	-0.416 (-1.12)	0.132 (0.42)
Moisture reliable, lowland	-1.520*** (-3.31)	-1.539*** (-7.08)
Pastoralist	-2.683*** (-4.07)	-2.957*** (-8.51)
<b>Origin push factors:</b>		
Origin zone poverty rate	-0.590 (-0.90)	-3.222*** (-6.68)

	(3) Urban to rural	(4) Urban to urban
Origin zone density	-0.00000360*** (-5.79)	-0.00000255*** (-6.46)
Origin zone density squared	4.11e-14*** (5.44)	2.84e-14*** (5.92)
<b>Previous region of residence: Ref. – Oromia</b>		
Tigray	0.120 (0.28)	-0.457 (-1.22)
Afar	-0.415 (-0.72)	0.122 (0.23)
Amhara	0.531 (1.86)	0.459* (2.44)
Somali	0.476 (0.70)	1.467*** (4.05)
Benishangul-Gumuz	0.758 (1.16)	1.400*** (3.41)
SNNP	-0.227 (-0.87)	-0.377* (-2.02)
Gambela	-0.311 (-0.63)	0.435 (1.26)
Harari	0.621 (0.93)	-1.082 (-0.84)
Addis Ababa	1.817*** (4.39)	1.677*** (4.39)
Dire Dawa	0.123 (0.06)	1.375 (1.69)
Constant	2.010 (1.24)	-4.626*** (-3.79)
Observations	31941	31941

Note: World Bank staff calculations using LMS 2021. Only people aged 15 or more are included in the regressions. Data on zonal poverty rates, and rural remoteness index and ecological zones were extracted from Ethiopia's PTI data. t statistics are reported in parentheses. \* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01.

Table A 6: Determinants of migration motivations for rural-to-urban adult migrants

	Economic	Education	Family		Shocks		Other motives		
	Marg.Eff.	Coeff.	Marg.Eff.	Coeff.	Marg.Eff.	Coeff.	Marg.Eff.	Coeff.	Marg.Eff.
Female=1	-0.136*** (-4.64)	0.428 (0.88)	-0.00150 (-0.11)	1.470*** (5.82)	0.138*** (5.53)	0.273 (0.87)	-0.00219 (-0.41)	0.112 (0.31)	0.00173 (0.19)
Youth=1	-0.187*** (-5.89)	1.931*** (4.78)	0.0726*** (4.95)	1.834*** (6.18)	0.176*** (6.32)	-0.446 (-1.01)	-0.0207** (-2.81)	-1.614 (-1.79)	-0.0412*** (-3.81)
Female=1 # Youth=1		-0.500 (-0.94)		-1.229*** (-3.72)		-0.337 (-0.65)		0.331 (0.35)	
Married=1	-0.0942** (-2.67)	-0.958*** (-3.86)	-0.0598*** (-5.19)	0.790*** (4.33)	0.150*** (4.76)	0.472 (1.30)	0.00712 (0.97)	0.0000770 (0.00)	-0.00312 (-0.50)
Less than primary	-0.0496 (-1.28)	0.926* (2.14)	0.0174* (2.38)	0.237 (1.10)	0.0348 (1.04)	-0.221 (-0.70)	-0.00812 (-0.95)	0.215 (0.59)	0.00548 (0.42)
Completed primary	-0.113* (-2.56)	2.212*** (5.08)	0.0866*** (4.86)	0.428 (1.86)	0.0572 (1.56)	-0.155 (-0.41)	-0.00886 (-0.93)	-0.838 (-1.69)	-0.0224* (-1.98)
Completed secondary	-0.331*** (-4.31)	3.516*** (6.71)	0.223*** (4.54)	1.140** (3.05)	0.136* (2.12)	-0.0355 (-0.04)	-0.0152 (-1.02)	0.116 (0.16)	-0.0137 (-0.83)
Completed post-secondary	-0.104 (-1.61)	2.979*** (5.78)	0.204*** (3.99)	-0.103 (-0.30)	-0.0436 (-0.96)	-1.590* (-2.42)	-0.0265** (-3.13)	-1.846* (-2.42)	-0.0305** (-2.83)
Access to/use of any ICT=1	0.0950 (1.87)	-0.0330 (-0.10)	0.00602 (0.41)	-0.483* (-2.06)	-0.0873 (-1.93)	-0.730* (-2.02)	-0.0161 (-1.44)	-0.0382 (-0.10)	0.00238 (0.32)
Wage-employed	0.454*** (10.16)	-0.699 (-1.94)	-0.00116 (-0.06)	-2.638*** (-10.16)	-0.453*** (-11.17)	-1.565** (-3.21)	-0.0195 (-1.84)	0.219 (0.40)	0.0199 (1.60)
Self-employed	0.138** (3.26)	-0.184 (-0.42)	0.00114 (0.05)	-0.862*** (-4.01)	-0.152*** (-4.11)	-0.415 (-1.14)	-0.00460 (-0.60)	0.578 (1.22)	0.0174 (1.65)
Unpaid family worker	-0.178** (-2.87)	1.890*** (3.78)	0.0874** (3.21)	0.634* (2.07)	0.0852 (1.64)	-0.196 (-0.38)	-0.0101 (-0.97)	0.965 (1.50)	0.0156 (1.12)
Others	0.483*** (4.08)	0.335 (0.41)	0.0567 (1.37)	-0.632 (-1.09)	0.0203 (0.20)	-14.42*** (-18.56)	-0.301*** (-5.34)	-12.36*** (-20.70)	-0.259*** (-4.27)
Inactive	-0.291*** (-6.24)	2.850*** (8.20)	0.130*** (5.65)	1.011*** (4.70)	0.133*** (3.61)	0.142 (0.39)	-0.00643 (-0.87)	1.984*** (4.07)	0.0345** (2.92)
Female-Headed HH	0.0200 (0.58)	-0.120 (-0.57)	-0.00486 (-0.48)	-0.178 (-0.99)	-0.0344 (-1.12)	0.310 (0.87)	0.00748 (1.01)	0.499 (1.51)	0.0118 (1.57)
Dependency ratio	-0.211*** (-3.34)	-0.121 (-0.28)	-0.0235 (-1.16)	1.123*** (3.38)	0.187*** (3.32)	1.315** (2.76)	0.0220* (2.05)	1.471* (2.28)	0.0257 (1.92)
Lifetime migrant inflow at destination ('000)	0.000164 (1.17)	0.00144 (1.68)	0.0000905* (2.11)	-0.000957 (-1.29)	-0.000165 (-1.29)	-0.00379** (-3.02)	-0.0000781* (-2.45)	-0.000759 (-0.54)	-0.0000115 (-0.38)
Born in destination zone	-0.188*** (-4.58)	1.270*** (4.75)	0.0533*** (3.56)	0.781*** (3.60)	0.116** (3.13)	0.403 (1.26)	0.00271 (0.40)	0.999** (2.60)	0.0160 (1.91)
Woreda emp. rates at destination	-0.287* (-1.97)	-1.636 (-1.54)	-0.111* (-2.04)	1.788* (2.38)	0.314* (2.50)	2.819* (2.19)	0.0526 (1.92)	1.817 (1.32)	0.0309 (1.04)h
Origin zone poverty rate	0.1000 (0.79)	0.787 (0.95)	0.0503 (1.26)	-0.918 (-1.42)	-0.178 (-1.63)	-1.041 (-0.98)	-0.0196 (-0.85)	1.971 (1.60)	0.0471 (1.83)
Tigray	-0.0651 (-0.34)	-3.214** (-2.65)	-0.0743*** (-5.10)	0.731 (0.90)	0.186 (0.97)	-13.32*** (-28.42)	-0.0317*** (-5.27)	-0.998 (-0.78)	-0.0154 (-1.31)
Afar	-0.497*** (-9.31)	-1.026 (-1.34)	-0.0704*** (-4.86)	0.851 (1.89)	-0.0937* (-2.22)	4.529*** (11.33)	0.673*** (11.85)	0.737 (0.97)	-0.0115 (-1.19)
Amhara	0.0386 (1.07)	-0.508* (-2.12)	-0.0279* (-1.97)	-0.0677 (-0.36)	-0.00222 (-0.07)	-1.160** (-2.79)	-0.0212** (-3.06)	0.383 (1.09)	0.0127 (1.30)
Somali	-0.183 (-1.56)	0.217 (0.33)	-0.00813 (-0.20)	0.943 (1.74)	0.182 (1.55)	0.876 (1.62)	0.0231 (1.02)	-0.538 (-0.57)	-0.0133 (-1.33)
Benishangul-Gumuz	-0.192* (-2.45)	-0.189 (-0.47)	-0.0319 (-1.86)	0.381 (1.00)	0.00750 (0.13)	2.476*** (6.31)	0.235*** (4.10)	-1.353* (-2.17)	-0.0188** (-2.71)

	Economic	Education	Family		Shocks		Other motives		
	Marg.Eff.	Coeff.	Marg.Eff.	Coeff.	Marg.Eff.	Coeff.	Marg.Eff.	Coeff.	Marg.Eff.
SNNP	-0.000284 (-0.01)	-0.483* (-1.99)	-0.0295* (-2.13)	0.162 (0.86)	0.0376 (1.18)	0.134 (0.43)	0.00453 (0.44)	-0.764 (-1.59)	-0.0123 (-1.63)
Gambela	-0.330*** (-3.88)	0.833 (1.78)	0.0108 (0.34)	1.590*** (3.80)	0.306*** (3.57)	1.101 (1.66)	0.0156 (0.59)	0.589 (0.78)	-0.00246 (-0.17)
Harari	-0.182 (-0.99)	-14.01*** (-18.11)	-0.0770*** (-5.33)	0.417 (0.56)	0.0204 (0.19)	1.819 (1.45)	0.109 (0.78)	2.218* (2.34)	0.130 (1.27)
Dire Dawa	0.124 (0.98)	-1.864 (-1.94)	-0.0628*** (-3.42)	-1.301 (-1.34)	-0.145* (-2.16)	-14.11*** (-22.64)	-0.0317*** (-5.27)	1.616 (1.53)	0.115 (0.94)
Constant		-4.637*** (-4.47)		-4.018*** (-5.16)		-3.781** (-2.83)		-5.959*** (-3.88)	
Observations	4186	4186	4186	4186	4186	4186	4186	4186	4186

Note: Interaction terms do not have marginal effects because mathematically, Female#Youth cannot change while both Female and Youth are held fixed which is a requirement for calculating the marginal effects. t statistics in parentheses \* p<0.05 \*\* p<0.01 \*\*\* p<0.001.



## ANNEX 5: OAXACA-BLINDER DECOMPOSITION METHODOLOGY

Here we conduct the Oaxaca-Blinder decomposition (Blinder 1973; Oaxaca 1973) to identify the source of disparities between migrants and native workers in urban areas. The decomposition allows the division of the observed wage differential between migrants and native workers, into the explained component (i.e., differences in characteristics or endowments such as education or work experience), and the unexplained component which is the differences in coefficients or returns to these endowments).

$$Y_i^M = \alpha_i^M + \beta^M X_i^M + \varepsilon_i^M \quad (3)$$

$$Y_i^N = \alpha_i^N + \beta^N X_i^N + \varepsilon_i^N \quad (4)$$

Where  $Y$  is the dependent variable (log wages) and  $\alpha$  is a constant, while  $X$  is a vector of independent variables and  $\beta$  the associated vector of parameters to be estimated. The superscripts  $M$  and  $N$  in equation 1 and 2 represent the distinguishes the wage equation for migrant and native workers, respectively. Subtracting the two equations above yields a two-part decomposition of:

$$\left( Y_i^N - Y_i^M \right) = \beta^N \left( X_i^N - X_i^M \right) + \left( \alpha_i^N - \alpha_i^M \right) + X_i^M \left( \beta^N - \beta^M \right) \quad (5)$$

The explained portion of the wage differential ( $Y_i^N - Y_i^M$ ) in equation 5 is captured by the term  $\beta^N(X_i^N - X_i^M)$ , which is the differential attributable to the differences in the mean of observable characteristics between migrant (**M**) and native (**N**) workers. The unexplained component is the differences in constant and coefficient estimates that are respectively captured by the terms  $(\alpha_i^N - \alpha_i^M) + X_i^M(\beta^N - \beta^M)$  which is the wage differential that would remain if native workers had the average characteristics of migrant workers. The sum of the explained and unexplained components represents the total wage differential at means between migrant and native workers.

Table A 7: Oaxaca wage decomposition between recent rural-to-urban migrants and urban non-migrants

	<b>Coeff.</b>
overall	8.158***
Urban non-migrants	(0.011)
	7.569***
Rural-urban migrants	(0.033)
	0.589***
difference	(0.035)
	0.458***
explained	(0.028)
	0.131***
unexplained	(0.025)
explained	0.050***
Female	(0.007)
	0.088***
youth	(0.010)
	-0.023***
Less than primary	(0.006)
	-0.014*
Completed primary	(0.007)
	0.024***
Completed secondary	(0.007)
	0.166***
Completed post-secondary	(0.019)
	0.006
Public sector	(0.004)
	0.024***
Non-permanent job	(0.005)
	-0.019***
Professionals & technicians	(0.006)
	0.101***
Clerical, services & sales	(0.014)
	0.001
Skilled agricultural, forestry & fishery	(0.002)
	-0.002
Craft & related trades	(0.003)
	-0.013***
Plant/machine operators & assemblers	(0.003)
	0.022**
Elementary occupations	(0.010)
	-0.002
Other occupations	(0.001)
	-0.000
Woreda unemp. rates at destination	(0.001)
	-0.000
Afar	(0.000)
	0.008***
Amhara	(0.003)
	0.006***
Somali	(0.001)
	0.001**
Benishangul-Gumuz	(0.000)
	0.005*
SNNP	(0.003)
	0.000

	<b>Coeff.</b>
Gambela	(0.000) 0.000
Harari	(0.000) 0.029***
Addis Ababa	(0.005) -0.000
Dire Dawa	(0.000)
unexplained	
Female	-0.050* (0.027)
youth	0.033 (0.025)
Less than primary	-0.020 (0.023)
Completed primary	-0.003 (0.023)
Completed secondary	0.010 (0.009)
Completed post-secondary	0.039 (0.037)
Public sector	-0.058 (0.042)
Non-permanent job	0.009 (0.037)
Professionals & technicians	-0.044 (0.035)
Clerical, services & sales	0.026 (0.052)
Skilled agricultural, forestry & fishery	0.007* (0.004)
Craft & related trades	-0.015 (0.010)
Plant/machine operators & assemblers	0.009 (0.008)
Elementary occupations	-0.049 (0.041)
Other occupations	0.001 (0.002)
Woreda unemp. rates at destination	-0.100** (0.043)
Afar	-0.000 (0.001)
Amhara	0.011 (0.017)
Somali	-0.003*** (0.001)
Benishangul-Gumuz	-0.002 (0.002)
SNNP	-0.006 (0.011)
Gambela	-0.001 (0.001)
Harari	-0.001 (0.001)

	<b>Coeff.</b>
Addis Ababa	-0.024* (0.013)
Dire Dawa	-0.003* (0.001)
Constant	0.364* (0.189)
Observations	17010

*Note:* Authors' estimation based on 2021 LMS. The results are only for the working age population (between 15 and 64 years old) in wage employment. Robust standard errors are reported in parentheses. \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$ .

## ANNEX 6: EFFECTS ON DESTINATION AREAS

Table A 8: The effect of rural-to-urban migrant share on labor market indicators at woreda level

	(1) Unemployment	(2) Wages
Share of rural-urban migrants	0.003 (0.038)	-0.340** (0.166)
Share of females	0.108 (0.100)	0.146 (0.442)
Share of youth	-0.041 (0.076)	-0.271 (0.285)
<b>Education: Ref. – No education</b>		
Share of less than primary	0.014 (0.063)	-0.337 (0.301)
Share of completed primary	0.100 (0.075)	0.051 (0.282)
Share of completed secondary	-0.020 (0.099)	-0.127 (0.401)
Share of completed post-secondary	-0.325*** (0.110)	0.513 (0.331)
<b>Occupational segregations: Ref. Managers</b>		
Share of professionals/technicians	-0.064 (0.200)	-0.346 (0.618)
Share of clerical, services & sales	-0.236 (0.204)	-1.433** (0.595)
Share of skilled agricultural workers	-0.295 (0.197)	-1.393** (0.640)
Share of crafts/related trades	-0.118 (0.208)	-0.808 (0.639)
Share of plant/machinery workers	0.006 (0.259)	-0.984 (0.684)
Share of elementary occupations	-0.273 (0.194)	-1.367** (0.581)
Share of other occupations (e.g., armed forces)	-0.228 (0.324)	-1.698** (0.802)
<b>Sector: Ref. – Agriculture</b>		
Industry	0.024 (0.078)	-0.404 (0.270)
Services	0.026 (0.057)	-0.134 (0.214)
Town size	0.000* (0.000)	0.000 (0.000)
Town size squared	-0.000 (0.000)	-0.000 (0.000)
Addis Ababa woredas	0.029 (0.018)	0.040 (0.066)
Constant	0.298 (0.207)	9.700*** (0.640)
Observations	411	401
R <sup>2</sup>	0.144	0.249

Note: The analysis focuses on only the working age population. Robust standard errors are reported in parentheses. \* p < 0.10, \*\* p < 0.05, \*\*\* p < 0.01. Source: Authors' estimation based on 2021 LMS.

