Federal Democratic Republic of Ethiopia
Ministry of Labour and Social Affairs

Report on
The Study of Expatriate Work Permit Service in Ethiopia

Consulting Firms:
WAAS International PLC, TechnoPack Business Solutions PLC and
Nolot Professionals PLC

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<th>Description</th>
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<tbody>
<tr>
<td>BoLSA</td>
<td>Bureau of Labour &amp; Social Affairs</td>
</tr>
<tr>
<td>BPR</td>
<td>Business Process Reengineering</td>
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<tr>
<td>DP</td>
<td>Dependent Pass</td>
</tr>
<tr>
<td>EP</td>
<td>Employee Pass</td>
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<tr>
<td>ESDP</td>
<td>Education Sector Development Program</td>
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<tr>
<td>FDRE</td>
<td>Federal Democratic Republic of Ethiopia</td>
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<tr>
<td>FGD</td>
<td>Focus Group Discussion</td>
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<td>FIA</td>
<td>Federal Investment Agency</td>
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<td>GTP</td>
<td>Growth &amp; Transformation Plan</td>
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<td>IDS</td>
<td>Industrial Development Strategy</td>
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<td>IOM</td>
<td>International Organization for Migration</td>
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<td>KII</td>
<td>Key Informant Interview</td>
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<td>LOC</td>
<td>Letter of Consent</td>
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<tr>
<td>MDG</td>
<td>Millennium Development Goal</td>
</tr>
<tr>
<td>MoFED</td>
<td>Ministry of Finance &amp; Economic Development</td>
</tr>
<tr>
<td>MOLSA</td>
<td>Ministry of Labour &amp; Social Affairs</td>
</tr>
<tr>
<td>MoM</td>
<td>Ministry of Manpower</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organization</td>
</tr>
<tr>
<td>PASDEP</td>
<td>Plan for Accelerated and Sustained Development to End Poverty</td>
</tr>
<tr>
<td>ROAN</td>
<td>Return of Qualified African Nationals</td>
</tr>
<tr>
<td>SPR</td>
<td>Singapore Permanent Residents</td>
</tr>
<tr>
<td>SWOT</td>
<td>Strength, Weakness, Opportunity &amp; Threat</td>
</tr>
<tr>
<td>TVET</td>
<td>Technical Vocational Education and Training</td>
</tr>
<tr>
<td>US</td>
<td>United States</td>
</tr>
<tr>
<td>WPD</td>
<td>Work Pass Division</td>
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<td>WPOL</td>
<td>Work Permit Online</td>
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</table>
Executive Summary

Nowadays, developments in the international business environment are forcing establishments to do businesses in one vast market and thus set up their manufacturing and marketing facilities in different countries to utilize the opportunities elsewhere. This world economic merging has contributed to the movement of labour in general and expatriates in particular across nations for employment purposes.

Expatriate employment has both advantages and disadvantages from the host countries points of view. If managed and regulated properly, it can have paramount importance for the host countries in the areas of technology, knowledge and skill transfer or filling competency and skill gaps. But, if not managed and regulated properly, it may contribute to unemployment, deskillung of local talents/ skills, security problems, capital repatriation, brain drains of local human capital, to mention the major ones. These challenges become more complex when it comes to developing countries like Ethiopia as globalization motivates free movement of labour which may cause migration of less expensive local human capital and in-flow of expatriates which are expensive in many terms. In order to regulate the expatriate employment, institutions responsible for the service and legal frameworks and instruments that these institutions apply are very important.

It is with this rationale that the FDRE Ministry of Labour and Social Affairs, which is mandated to regulate the expatriate employment in Ethiopia, commissioned this study project to come up with recommended policy options to better regulate expatriate employment to the best interest of the country. The study considers review of existing policies, laws, regulations, directives and procedures; assessment of the status of the current work permit service in Ethiopia; and review of best practices of other countries with similar development stage.

Though the finding of the study reveals some realized benefits from the expatriate employment, there are significant gaps in legislative instruments and implementation of same. The finding reveals that the current expatriate employment service level is more affected by implementation gaps. The root causes for implementation gaps include lack of communication and transparency of the service provision, lack of clarity on the legal
requirements, lack of collaboration and integration between stakeholders and key partners, lack of established recurrent reporting and communication framework in place, lack of exhaustive instruments to implement the directive in force, lack of disaggregated demand and supply side labour market information that shows the skills in excess or deficit, and lack of streamlined inspection service. In addition to the observed implementation gaps, there is no employment policy in place and the current labour proclamation also fails to have clear direction on how the expatriate employment shall be considered and managed. The current expatriate work permit service is also not well aligned to the existing policies directly or indirectly related to the service.

Therefore, for Ethiopia to benefit more from expatriate employment, attention should be given to address the observed gaps. First of all, the current expatriate work permit service hast to be revised in such a way that it plays its role towards realization of the GTP. This could be materialized through formulation of national employment policy and amendment of the current labour law to have clear direction on how to regulate and manage the expatriate employment to better serve the service users and keep the best interest of the country. Customization of best practices of the benchmarked countries also helps to come-up with realistic requirements to encourage the ones with potential benefits and discourage those with less benefit.
1. Introduction

1.1 Background

In the current era of globalization, the world economy is moving away from the traditional economic system (where national markets were considered as distinct entities - which were isolated from each other by different barriers) towards a modern economic system (where the national markets are merging into one huge global market). In effect, the developments in the international business environment are forcing companies to think of the world as one vast market, and thus the companies are being forced to set up their manufacturing and marketing facilities in different foreign countries in order to do business globally to utilize the opportunities elsewhere and survive sustainably. This world economic merging has contributed to the movement of labour in general and movement of expatriates across borders in particular.

Most literatures agree that expatriate employment has both advantages and disadvantages from the perspective point of host countries. Securing transfer of technology, transfer of knowledge and skill or filling gaps in these regards, development of management skills, organizational development, etc are the direct expected benefits of expatriate employment, among others. Encouraging investment, promoting good relationship between sending and host countries, etc are the potential indirect advantages of expatriate employment.

Expatriate employment of skilled persons has assumed increased importance in recent years reflecting the impact of globalization. In particular, stimulation of growth in the countries’ economy and the explosive growth in information and communications technology has increased interest on expatriate employment to address the skilled human capital requirement of the growing economy. A number of countries have recently liberalized their policies to some extent for the admission of highly skilled workers.

The problem lies on regulating the expatriate employment to the best interest of the hosting country. If not managed properly, it may contribute to unemployment, deskilling of local talents/skills, security problem, capital repatriation, immigration of skilled nationals, etc. It may also forfeit the very purpose why a hosting country resorts to the
employment of expatriate. While some extent of inflow of expatriates would be obviously important and necessary to fill internal gaps, a large inflow of skilled persons poses the threat of human capital competency dependency syndrome, which can adversely impact host country’s human capital development. The challenge in this regard becomes more complex as globalization causes loss of less expensive own skilled human capital of the developing countries like Ethiopia and importing expatriates which are expensive in many terms. This entails the need on the part of hosting countries to be more sensitive to the impact of depending on expatriate employment most importantly on regulating it from the perspective point of the host country. Therefore, the expatriates work permit service requires properly regulating the process of issuing work permits and their employment. In order to regulate the process of issuing work permits to the expatriates, institutions responsible for this service and legal frameworks that these institutions apply while delivering the stated service are very important.

It is in this context that the FDRE Ministry of Labour and Social Affairs, which is mandated to regulate the expatriate employment in Ethiopia, commissioned a team of three consulting firms namely, WAAS International PLC, TechnoPack Business Solutions PLC and Nolot Professionals Business PLC for carrying out this study project and come up with recommended policy options to better regulate expatriate employment to the best interest of Ethiopia.

1.2 Rationale and Scope of the Study

As aforementioned, the expatriate employment has both faces; it owes critical advantages and also owes critical disadvantages to the host countries. The scale of the benefit a hosting county gets out of expatriate employment depends on how best the expatriate employment is regulated and managed. This requires integrated efforts and commitments of all stakeholders of the service such as private employers of the expatriates, non-governmental organizations and religious organizations that employ expatriates, government organizations that employ expatriates or regulate or have stakes in the proper management of the expatriate service. This in turn requires getting a clear picture of where the service is now and what has been missing to making sure that the service provides to the country what is expected. To this end, conducting a study on this
subject has a paramount importance. In light of this, MOLSA commissioned this study project. Coverage wise, this study project is a sample based project that covers Tigray, Afar, Amhara, Oromia, Southern Nations Nationalities & Peoples Region, and Addis Ababa City Administration. The study refers only to those expatriates who are required to possess work permit to work in Ethiopia. With these particulars, this study project has limited scope as described below:

1. Assess the level of contribution of expatriate employment in knowledge and skill transfer;
2. Assess the positive and negative impacts of expatriate employment on utilization of local skilled manpower;
3. Assess policy interests of the country with regard to expatriate employment;
4. Identify disciplines with shortage of skilled manpower and excess skilled manpower;
5. Assess policy and legal framework gaps in managing expatriate employment service in Ethiopia;
6. Benchmark best practices from other countries with similar developmental stage; and
7. Analyze the findings, come up with recommended policy direction, and required legal frameworks.

2. Survey Methodology and Coverage

2.1 Survey Methodology

The study adopts both quantitative and qualitative research methods. These include review of relevant documents, use of structured questionnaires & checklists and direct observation of the service delivery process. The following documents are reviewed to get baseline information on existing national and international instruments, best practices of other countries, etc.

- International instruments, proclamations, policies and procedures on employment & migration;
- Country’s investment policy, investment law, tax laws, labour law, national immigration laws & directives;
- Expatriate work permit service related rules, procedures, guidelines, formats, requirements, etc; and

- Experiences of Tanzania, Singapore, Qatar & Kenya on issuing work permits to expatriates with particular reference to legal instruments & procedures.

Structured questionnaires are used to collect data from employer organizations and expatriate employees. Secondary data on employment opportunities through investment, supply side of local skilled manpower, history data of the work permits issued so far are collected using the formats developed for these purposes. Checklists are developed to guide both focus group discussions and key informant interviews. The consultants visited the work permit service centre of MO LSA to see the way the existing rules and regulations are exercised by the Ministry to provide the service to service seekers.

2.2 Survey Coverage

Among the identified sources of data for this survey include government institutions, employer organizations and expatriate employees of the employer organizations. Success levels of these survey tools are presented hereunder.

During survey planning, 28 organizations/ institutions were identified to participate in the focus group discussion according to their assumed level of input on legal frameworks, international & national instruments, supply and demand side of skilled manpower, knowledge & skill transfers, skill & competency gaps, tax & security issues. Coverage wise, 75% (see table 1) of the institutions selected for this purpose have participated in the discussion. As per the planning phase, 12 organizations/ institutions were also identified to participate in the key informant interviews depending on their stake levels particularly with focus on the level of work permit service delivery, inspection of expatriate work employment, skill verifications, laws / policies / directives and implementation of same. Coverage wise, about 92% of these institutions are covered.

Regarding employer organizations, 30 employer organizations were planned to be covered through the structure questionnaire developed to collect data from these organizations. Accordingly, 30 institutions were sampled from the work permit database of the Ministry. Out of these 30 organizations, 25 organizations (about 84%) are covered. The major reason for the 16% deficit is the fact that the database is not regularly updated on clearances and thus this resulted in
the absence of expatriates within the selected organizations during the survey period. The other reasons include non-willingness to participate in the survey (even though not directly stated) and non-applicability of work permit services due to bilateral agreements. As shown in table 12 (see annex 2), out of the total organizations covered by the survey, 44% belong to the services sector while 24% are from manufacturing industry and 16% belong to the construction industry. The remaining 16% are sampled from mining & quarrying; electricity & water; and transport, storage and communication industries. Therefore, the consultants believe that the sampling distribution balances view of expatriate work permit services over the stated industries proportional to the expected skilled manpower absorption level of the industries.

Concerning the expatriate employees, 260 expatriates issued with work permit from the 30 employer organizations were planned to be covered through the structured questionnaire developed to collect data from this group. Out of the 260 foreign nationals sampled from the work permit database of the Ministry, 196 (about 76%) are covered. In addition to the reasons indicated for the deficit in coverage of employer organizations, being out of the country for vacation/holidays, being on field works in remote areas or areas that require longer travels and non-willingness to participate in the survey are the major reasons for the 24% deficit in coverage on this part.

Table 1: Planned versus Actual Coverage of the Survey

<table>
<thead>
<tr>
<th>Instrument</th>
<th>Planned</th>
<th>Coverage</th>
<th>Success Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus Group Discussion</td>
<td>28</td>
<td>21</td>
<td>75%</td>
</tr>
<tr>
<td>Key Informant Interviews</td>
<td>12</td>
<td>11</td>
<td>92%</td>
</tr>
<tr>
<td>Employer Organizations</td>
<td>30</td>
<td>25</td>
<td>84%</td>
</tr>
<tr>
<td>Expatriates</td>
<td>260</td>
<td>196</td>
<td>76%</td>
</tr>
</tbody>
</table>

3. Deliverables

The goal of commissioning this project is to come up with policy options to establish legal framework and working procedures on issuing work permits to expatriates and follow-up of same. Accordingly, the major outputs of this project are indicative conclusions which will be used as input for policy review and legislations to regulate the expatriate work permit service to the level of expectation of all stakeholders. Two
reports, i.e., draft and final reports will be produced. The draft report will be enriched by a workshop to be arranged by MO LSA and will be submitted as final report.

4. Country’s Development Policy and Legal Frameworks

4.1 Overview of the Ethiopian Government Development Policies

Ethiopia’s population is growing by around two million people annually, putting tremendous strains on the country’s resource base, the ability to deliver services, and the labor market. However, in the Ethiopian workforce, around 35 million people are characterized by low skill levels and a very low average education. Only 10% of the urban population has completed a post-secondary school education. 75% of the workforce is concentrated in low skill employment sectors such as commerce, services, and elementary occupations.

Paradoxically, on the one hand, the population is growing fast while the industrialization process is slower and creates only meager jobs and on the other hand, there is no enough skilled manpower to satisfy the limited industries pushing employers to resort to expatriate employment as a one viable policy option until the balance is locally stroked. This is being exacerbated by the brain drain of highly trained manpower from developing countries to the developed world out of those very few highly skilled (Lowell, 2001). This is vividly true in the case of health professionals in Ethiopia among others. In explaining extent of the brain drain, the IOM argued: “there are more Ethiopian doctors practicing in the US city of Chicago than in Ethiopia” (Madamombe, 2006).

The Ethiopian government has committed itself to meet the Millennium Development Goals (MDGs) by 2015 and to meet the country’s vision of becoming a middle-income country in 2020 - 2023. Accordingly, the government has had formulated different instrumental policies, strategies and programs to realize objects of poverty eradication.

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1 IOM is working on supporting African countries repatriate their own highly skilled manpower abroad with a program called “The Return of Qualified African Nationals (RQAN)”. RQAN aims to develop a country’s economy by seeking persons who are highly trained and qualified to either return or find positions in each country that will benefit from the persons training. The RQAN is currently used by 10 African governments. Ethiopia is among the 10 countries targeted by the RQAN IOM Program (Lowell, 2001).
and achievement of sustainable development (PSDEP-MOFD, 2006; GTP-MOFED, 2010). Among these policies, strategies and programs; Plan for Accelerated and Sustained Development to End Poverty (PASDEP), the Education Sector Development Program (ESDP) IV, Technical Vocational Education and Training (TVET) Strategy, the Growth and Transformation Plan (GTP), etc are some in this regard worth of mentioning.

PASDEP’s main aim is to fight poverty through accelerated economic growth and employment creation, which are primarily to be achieved by the commercialization of agriculture and private sector development. PASDEP in general and the national TVET strategy in particular envisages that TVET will provide the necessary “relevant and demand-driven education and training that corresponds to the needs of the economic and social sectors for employment and self-employment” (GTP-MOFED, 2010).

Capacity development in general and efficient utilization and development of the human resource in particular is among the focus areas of the government strategy to materialize its ambitious plan and achieve fast and sustainable growth and development. With the implementation of PASDEP, the Industrial Development Strategy, and other sector development strategies, the Ethiopian government has initiated important steps towards economic and social development. Comprehensive capacity building and human capital formation are key pillars in these efforts. In light of this, the study in the latter section will discuss how the expatriate employment fits in to contributing to the success of the strategic development plans highlighted here above.

Despite the shortfall in the skilled manpower in meeting the demands of the quietly growing manufacturing sector of the economy, during the implementation period of PASDEP (according to the official report of MOFED), the country has achieved high and sustained economic growth and significant human and social development results (Ibid).

The Industrial Development Strategy (IDS) and the Education Sector Strategy Programme (ESDP) IV highlight the deficit in human resource in Ethiopia as a major reason for the low state of industrial development. Leaving aside the extent of the deficit, to a cross reference to the demand and supply side analysis section of this study, the
argument enshrined in the IDS and ESDP IV entails two things. Firstly, it entails the need to fill the gap at least immediately by skilled manpower from abroad, i.e., expatriate employment, and secondly, the need to go out of dependency syndrome by building own competence, skilled human capital that meets the need of the economy.

Subsequent to PASDEP, the Ethiopian government has formulated the Growth and Transformation Plan (GTP) 2011-2015 to succeed the PASDEP, which ended in 2010. In this development plan, the industrial sector is one of the priority sectors. According to this plan, this sector is expected to take over the leading role from the agriculture sector at the end of the executing period. It is also expected to play a significant role in sustaining faster economic growth in the country and contribute to the establishment of industry-driven development.² The establishment or the expansion of the industry sector requires skilled (trained and also experienced) manpower. Where does this skilled and experienced manpower comes from is a question left to be addressed by the education sector in particular and whole actors in the economy need to contribute in the human capital building efforts. Expatriate employment is critical here at least to transfer the skill in the newly developing manufacturing and other sectors.

The main development objective of the Ethiopian Government is poverty eradication and achieving sustainable development. Hence, the country's development policies and strategies of all sectors are expected to be geared towards this bigger end. Hence, the efforts of MOLSA in general and the expatriate employment service in particular need to align itself to the direction set forth in the GTP. This study is part of MOLSA's broader efforts towards realizing the GTP.

² The manufacturing sector in this period is expected to grow from its current 11 % per year to around 21 % annually. The textile and garment, leather products, agro-processing, and metal engineering industries are given special consideration.
4.2 Legal and Policy Frameworks of Expatriate Employment

4.2.1 Historical Overview

In this section, the legal and policy frameworks related to the expatriate employment are reviewed. The labour proclamation and the subsidiary rules, the immigration rules, the investment law, relevant tax laws among others are assessed hereunder.

Generally, there is no clear policy framework dedicated to the expatriate employment in Ethiopia. However, there are laws and rules regulating the expatriate employment service and the managements of the expatriates residing in the country.

The legislative historical development of expatriate employment goes back to the 1962 order no. 26/1962. The order prohibits foreign nationals from working in Ethiopia without having the work permit from the appropriate organ of the government. Sub-article “a” of article 15 of the Order reads: “No foreign national may be employed in Ethiopia in any private industrial, commercial, agricultural, or other employment activity unless he is in possession of a valid Work Permit issued by the Public Employment Administration” (Order No. 26/1962). Sub-article “b” of the same article of the order stipulates that the validity of employment service should not exceed 3 years while it also stipulates that the permit can be recurrently renewed for indefinite times. Article 18 of the same law empowers the appropriate authorities to issue regulations for the better implementation of the service. The Order has a clear policy direction that in the absence of especial treaty/agreement between the Ethiopian government and the other foreign country priority and preference for employment had been provided to Ethiopian nationals if they fulfill the skill requirement.

The 1975 labour proclamation, proclamation no. 64/1975, had also clearly stipulated the grounds for providing work permit to a foreign national. Pursuant to sub-article ‘a’ and ‘b’ of article 21 of the proclamation, an undertaking can be allowed to employ a foreign national on two grounds: when the required qualification is not available in Ethiopia or when a foreign national is necessary for installation of machinery, supervision of work, or to study a project, or to train workers. Pursuant to sub-article 2/a/ of the same article a foreign national representing a foreign firm and wants to undertake his activity in
Ethiopia can be provided with a work permit if his activity does not reduce the employment opportunity of Ethiopians. Generally, the law has a clear policy direction on what grounds work permit is provided to the expatriates. The provisions of the law have a clear protection to the employment opportunities of the Ethiopian nationals. The law set an obligation on the undertaking to make sure the expatriates provide training and develop Ethiopian counterpart. The intention of this provision is to limit the cycle of competency dependency syndrome on expatriate skill and knowledge.

The labour proclamation no. 42/1993 did not clearly outline the basic grounds of provision of work permit to expatriates. The proclamation in general terms stated that a foreign national must have a work permit from the Ministry to be employed in Ethiopia. What matters is the interpretation of the laws against the general policy direction of the government. The existing labour proclamation no. 377/2003 is a law promulgated to fit-in and serve the free market economic policy framework. Hence, the subsidiary rules also need to be designed in light of the overall government policy frameworks. Contents of the labour law in force and the subsidiary regulations and rule relevant to this study are reviewed hereunder.

The existing legal framework of expatriate employment emanates from the provisions of the country’s labour law (as amended and with its subsidiaries regulations and rules), the country’s investment law (as amended with its subsidiaries/ regulations and rules), the law of the land regulating the issuance of travel documents and visas and registration of foreigners in Ethiopia (with its subsidiary and rules), among others.

As per proclamation no.471/20053 article 32/3/ and pursuant to the cumulative readings of labour proclamation no.377/2003 (articles 170(1e), 172(3), 174, 177), the responsibility of administering expatriate employment is vested on Ministry of Labour and Social Affairs. However, pursuant to the provisions of the Investment Proclamation (Proclamation no.280/2002), the Federal Investment Agency or the Regional Investment organ as appropriate are provided with delegated responsibility to provide a work permit

3Proclamation no.471/2005 is a proclamation to provide the definition of powers and duties of the Executive Organs of the Federal Democratic Republic of Ethiopia.
to expatriates upon the request by the foreign investors at the time of receipt of investment license. The purpose of this delegation is to provide investors one-stop shop service. Sub-article 1 of Article 24 of the Investment Proclamation (Proclamation no. 280/2002) reads: “The issuance of the business licenses, the granting of work permits to expatriate employees, and the registration of business organizations as required under the relevant laws shall ... be carried out by the Authority or by Regional Investment organ as may be appropriate, representing the competent Federal or Regional executive bodies respectively”. Sub-article 3 of the same article requires the investment authority to undertake their function in compliance with the appropriate laws. This entails that the authority is bound to respect and undertake its delegated function of issuing work permit to expatriates with a due diligence towards the requirements set forth by the appropriate laws and other subsidiary instruments.

4.2.2 Labour Proclamation No. 377/2003 and the Work Permit Requirements in Force

As aforementioned, MOLSA is the responsible government executive body to regulate the expatriate employment service in the country. The role of MOLSA in regulating expatriate employment can be streamlined from two perspectives. On the one hand, regulating the provision of work permit which includes the provision of the permit, renewal, and cancelation of work permit and regulating in line with the policy interest of the country, and on the other hand, making sure that expatriate employees’ work place rights are protected in accordance with the labour law of the land and appropriate international labour right instruments.

The scope of the responsibilities and powers of MOLSA is determined by the provisions proclamation no. 471/2005 and the labour proclamation no. 377/2003 as aforementioned. Pursuant to the cumulative reading of Article 174 sub-article 1-4, Article 172 sub-article 3 and Article 170 sub-article 1/e of proclamation no. 377/2003, the Ministry is responsible to regulate the expatriate employment in the country. The reading of article 174 sub-article 1 stipulates that having a work permit from the Ministry is a mandatory requirement for a foreigner to be employed for any type of work in Ethiopia. In sub-articles 2, 3 and 4 the law determines the validity period of a work permit, the power of the Ministry to renew or cancel the permit of an expatriate and its power to levy
a service charge in accordance with the law for the service of issuance, renewal and replacement of a work permit. Article 170 sub-article 1(e) of same law empowers the Minister to issue a directive regarding the type of work which requires work permits and the manners of issuing work permits.

Nevertheless, the labour proclamation no.377/2003 has not provided a clear direction on the interest of the country from the expatriate employment service. It also failed to clearly indicate the scope of application of the provisions of the law on expatriate employment of foreign nationals. The investment law better explicitly indicates the policy interest of the country than the labour proclamation in terms of employment of expatriates in the country. The relevant provision to this discussion, Article 36 sub-articles 1 and 2 of the investment law (proclamation no. 280/2002) reads as follows:

1. “Any investor may employ duly qualified expatriate experts required for the operation of his business.”

2. “An investor who employs expatriates pursuant to sub-article 1 of this article, shall be responsible for replacing, within a limited period, such expatriate personnel by Ethiopians by arranging the necessary training thereof.”

Through sub article 1, the law informs that an expatriate to be employed needs to be a qualified expert in the area he is employed. This entails no expatriate without the required qualification shall be provided with work permit. Sub article 2, on the other hand, informs the policy interest of the country on skill transfer from the expatriate to the Ethiopian counterpart.

The labour proclamation short of being clear in reflecting the policy interest of the expatriate employment seems left to the Ministry to fill the gap in a directive. Pursuant to sub article 1(e) of article 170 of this law, the Ministry had issued a directive (in Amharic language) in February 2010. The directive tries to stipulate the scope of application of the requirement of having work permit, conditions which enables the expatriate to get work permit, manner of presenting application for work permit, the duty on the part of the employer to make sure the expatriate trains an Ethiopian counterpart during her/his employment period, employers and expatriate employee’s obligations, the requirements (for new work permit, for renewal of work permit, and for replacement of work permit), among others.
The directive has treated some issues in detail. Whether a directive can go to determine some of the basic issues which the law does not clearly provide delegation to the Ministry to incorporate in the directive is contestable. Generally, the directive has some gaps. To start with, the definition part of the directive, article 3, is not exhaustive. It also fails to define an expatriate worker or manager, which is important in defining the scope of application of the provisions of the law. The conditions set in article 6 of the directive, conditions whereby an employer can hire an expatriate, in some cases not clear and some have shortfalls. Article 7, 11, 12, 13, 15, etc have some gaps. The directive stipulates the requirements in to different categories, i.e., for new work permit, for renewal, for replacement, and for extending work permit as annexed herewith (see annex 1).

5. Other Countries’ Experiences in Expatriate Employment

The experience of two African countries (Tanzania and Kenya) and two Asian countries (Singapore and Qatar) is benchmarked. The benchmarking focuses on the basic requirements and the administration of expatriate employment.

5.1 Expatriate Work Permit Services in Tanzania

The expatriate employment permit in Tanzania is associated with resident permit. Resident permits are issued to those intending to reside in the United Republic of Tanzania for business or work or for any other acceptable purpose. The power to issue a residence permit is vested in the Director of Immigration Services. There are three types of residence permits available in Tanzania. These are:

Class A: for self-employed foreigners (investors);

Class B: for foreigners with jobs; and

Class C: other classes of foreigners such as missionaries, students, volunteers.

Investors are required to apply for a Class A permit while foreign employees can apply for a Class B permit. Class C permits are relevant for other categories of residents such as students and missionaries. Applications for Class A and C permits can be forwarded directly to the Director of Immigration Services while applications for Class B permits can be forwarded to the
Director of Immigration Services through the Labour Commissioner. The Labour Department is only involved in the issuance of Class B permits.

Documentary Requirements

There are different categories of requirements for the different classes of permits. Accordingly, Certificate of Competence from the Tanzania Investment Centre (T.I.C.), Curriculum Vitae, Educational Certificates (if appropriate), Company registration, Memorandum and articles of association, Evidence of business premises, Sectoral approval from any relevant ministry, Share certificate (if needed), Copy of passport to confirm nationality and validity of passport, etc are requirements for Class A permits. Alternatively, those who do not qualify under the T.I.C. should provide a bank proof of 300,000 USD to be considered for the Class A Permit by the Director of Immigration Services.

Class B permit applicants are applicants who are looking for a work in Tanzania. These category of applicants are required to produce the following documents: Letter of appointment, Curriculum vitae, Academic qualifications (preferably copies of diplomas), Job description for each individual expatriate, organizational structure of a company showing clearly the number and types of posts filled in or lined up for expatriates, Letter of clearance from the Government for anyone to be employed in a parastatal organization, Membership certificates or clearances from local professional bodies for testing and monitoring the professional integrity of expatriates, i.e., doctors, lawyers, nurses, engineers, pilots, surveyors, accountants and the like, Employment contract, Photocopy of passport pages to authenticate nationality, validity, and the current immigration status (if the applicant is already in the country), Evidence to show that the company has tried to fill the position with a Tanzanian by producing copies of advertisements announcing the vacancy as well as the C.V. of a Tanzanian alternative etc.

Class C Permit category includes Students, Missionaries, Researchers, Retired persons, Dependents, etc. Requirements for this class permit are clustered per each category. Students are required to produce at least curriculum vitae, copies of passport, admission letter, and photographs. In case of researchers, curriculum vitae, copies of passport, permit to conduct the research from Commission for Science and Technology are required. Missionaries on the other hand need to produce support letter from the religious organizations, copy of passport, academic and professional certificates, testimonials & curriculum vitae while retired persons are required to produce curriculum vitae, previous residence permit, release authority from previous employer (or letter of retirement). Children, spouse, aged families and those unable to support themselves
are treated with especial requirements. They are required to provide legal authentication of relationship to the resident (birth certificate, marriage certificate, etc).

In the case of expatriates in government-funded projects and working in government institutions, applications should pass through their respective ministries in which they are intending to work. The applications should be forwarded to the Ministry of Manpower for approval to enable the issuance of an Exemption Certificate by the Director of Immigration Services. Basic attachments to the application include letter from the applying Ministry or organization and copies of passport pages.

**Lessons Learnt**

Generally, the Tanzanian expatriate work permit requirements clearly entail the policy interest of the government. As one can understand from the requirements, the policy direction is that foreigners are allowed to work in Tanzania in cases where there are no Tanzanians available for the job. The following are best experiences drawn from this benchmarked country.

**Lesson 1:** They have different classes/ categories of work permits:

a. Class A for investors/ self employers;

b. Class B for employment seekers (their primary purpose is employment); and

c. Class C for people for specific purpose (Researchers, Students, Missionaries, etc).

The categorization of work permits enables to put specific and realistic requirements to the specific class of permit. This also helps to discriminatedly put rigorous requirement to the class of work permit, which the country wants to discourage and to put simple requirements to other classes of work permits where the country does not have more concern.

**Lesson 2:** The requirements require the authorities seek to investigate the competence and skill of the expatriate requesting the permit. The burden of proofing no national is available for the post to be filled by an expatriate is vested on the employer. This is good and simple to regulate.

**Lesson 3:** In the case of Class A work permit, the capital requirement as an alternative to certificate of competence from the investment centre is good to discourage those pretending as
investors and want to exploit local opportunities at the expense of nationals with their meager investment.

**Lesson 4:** In the case of Class C the requirements are relatively not conservative. As the basic purpose of this group of people is not for employment per se, making the requirements flexible and loose does not affect the country’s interest of preserving job opportunities of citizens/nationals. Rather it would benefit the country to encourage research, bilateral relations, capital flow and free skill/ talent transfer (like in cases of missionaries).

5.2 Expatriate Work Permit Services in Singapore

The Ministry of Manpower (MoM) is responsible for foreign nationals work permit in Singapore. Particularly, the Work Pass Division (WPD) of the Ministry facilitates and regulates the employment of foreign nationals through application of three types of work passes namely: Employment Pass, S Pass and Work Permits as described below.

Employment Pass - The Employment Pass (EP) is the main type of work permit meant for company owners or skilled employees interested to work in Singapore. Employment passes are applied to foreign nationals who earn a fixed monthly salary above SGD$2,500 and possess acceptable degrees, professional qualifications, or special skills. There are two types of Employment Passes namely: P Pass and Q Pass.

The P Pass - is for foreign nationals seeking professional, managerial, or executive and specialist jobs. These foreign nationals are again categorized as P1 and P2.

P1 Pass - applies for applicants earning a fixed monthly salary of more than SGD $7,000.

P2 Pass - applies for applicants earning a fixed monthly salary of more than SGD $3,500 and up to SGD $7,000 and s/he possesses recognized qualifications.

The Q Pass - applies for applicants earning a fixed monthly salary of more than SGD $2,500 and s/ he possesses recognized qualifications.

S Pass - The purpose of S Pass is to increase the flexibility and responsiveness of the country’s foreign manpower policy to meet industries’ demands for middle level skilled manpower. Foreign nationals who earn a fixed salary of SGD $1,800 and above can apply for S Pass.
Work Permits – Any foreigner who wishes to work in Singapore with a monthly basic salary of not more than SGD $1,800 needs a Work Permit with the following exemptions:

(a) Singapore Permanent Residents (SPR);

(b) Dependant’s Pass (DP) holders under the Employment Pass scheme. They are, however, required to apply for a Letter of Consent (LOC) from the Work Pass Division, Ministry of Manpower, for employment in Singapore;

(c) Full-time matriculated or registered students who are on vacation as stated in the Work Permit (Exemption) (Consolidation) Notification; and

(d) Full-time matriculated or registered students from approved institutes of higher learning whose working hours do not exceed 16 hours a week as stated in Work Permit (Exemption) (Consolidation) Notification.

In general, the number of foreign employees an employer may engage under the Work Permit schedule is dependent on the number of local workers of the employer, and again this varies from industry to industry. Industries are categorized into three areas, namely, Construction, Manufacturing and Services sectors. There are accompanying levy and dependency controls for S Pass and Work Permits to ensure that the country will obtain the desired profile of foreign manpower. By imposing levies and limits on the number of foreign nationals a company can employ, the country ensures that the economic objectives are met and that the total workforce, including both local and foreign nationals, benefit from the country’s growth.

As to the service efficiency is concerned, the Singapore expatriate work service employs an online application system in addition to the other forms of applications. Applications for work permits can be submitted online via Work Permit Online (WPOL). The online application system is less expensive and efficient method to both the applicant and the service provider.

**Documentary Requirements**

The documentary requirements also vary as per the service type required and type of profession as described below.

For New Work Permit: In-Principle approval letter, completed application form, a copy of applicant’s educational documents and past employment testimonials, passport-sized photograph, a copy of travel documents (relevant part), any relevant medical documents
together with chest X-ray and blood test reports, in some professional areas support letter from professional associations or accredited agency, and additional requirements for regional representatives.

For Renewal: Original e-Renewal notification letter, completed renewal application form, applicant’s original Work Pass Card, original passport or travel documents, completed original security bond form (optional) and employer’s authorized letter (optional).

**Lessons Learnt**

As the case in Tanzania, in Singapore the work permits are clustered in to different categories. Basically, there are three types of Work permits/ work passes, namely, Employment Pass, S Pass and Work Permit. The classifications explicitly depend on the level of earning (salary) and implicitly depend on the qualification level. Besides, the industries are clustered into specific groups so that the work permit administration categorically limits the number of expatriates per industry by utilizing accompanying levies in order to obtain the desired number of foreign manpower as per the need of the industries. Among the work permits, S pass type of work permit is arranged to be flexibly applicable to meet the manpower requirement of the industries.

In general, the practice in Singapore is worth of being benchmarked. The following are drawn as lesson to be customized.

**Lesson 1:** Categorization of work permits on the basis of fixed income (salary). This can serve many purposes; it enables the earnings of the expatriate are disclosed at its start hence may decrease tax evasion and the authority can know how expensive is the expatriate, among others.

**Lesson 2:** Flexibility and responsiveness of the expatriate employment, in particular, the S pass permit would serve to meet demands of the industries.

**Lesson 3:** Permanent residents in Singapore are not required to have a work permit. Requiring permanent residents for work permit every time would not be fair to the foreigner; and it would be a futile exercise for the work permit provider. Therefore, defining the limit for the “permanent residence” and provide permanent modality of managing it would be better than treating them like non-permanent ones.

**Lesson 4:** The expatriate employment service of Singapore has a mechanism to regulate expatriates’ dependant work permit. The experience of Singapore would help in developing a
regulatory mechanism for the dependants of expatriates who needs to participate in the workplace.

**Lesson 5**: Online application and feedback for application through different means of communications such as public hotlines, e-mails, faxes, hardcopy correspondences and counter services simplifies the service to the service users.

5.3 Expatriate Work Permit Services of Qatar

Non-Qatari workers may not be employed otherwise than after approval of the Immigration Department and their obtaining of permits to work in the State in accordance with the rules and procedures in force.

The work permit shall be issued to the non-Qatari subject to the following conditions:

- The non-availability of a qualified Qatari worker registered in the registers of the Department and to carry out the work in respect of which the work permit is applied for.
- The non-Qatari applying for the work permit shall be in possession of a residence permit.
- The non-Qatari national shall be medically fit.

The validity period for the work permit shall be limited to the permitted residence period so that it may not exceed five years unless the approval of the Immigration Department is obtained.

Work permits may be obtained only by local sponsors. Employees satisfying certain criteria may sponsor their immediate family to enable them to obtain a residence permit. Holders of work visas require an exit permit to leave Qatar; however, their dependents do not require such a permit while traveling abroad.

Applications for residence permits are made after arrival in Qatar through the Immigration Department. Family dependents’ also receive residence permits, and are deemed under the sponsorship of the family member employed in Qatar. For long-term visitor’s and residence visas, it is necessary to complete various health and fingerprint examination procedures.

A person employed in Qatar may not work for anyone other than his or her sponsor. Sponsorship cannot be transferred until an employee has worked with the original sponsor for at least 2 years, and has been granted a release letter by that sponsor.
Lessons Learnt

There is a clear protection to citizens’ job opportunities as one of the conditions is non-availability of a qualified Qatari worker registered in the registers of the Immigration Department.

5.4 Expatriate Work Permit Services of Kenya

Foreigners who want to own or run a business in Kenya need to have a work permit from the Ministry of Immigration or Risk Deportation. There are generally two types of permits that foreigners would apply for: Class H permit or Class A permit. The type of permit applied for depends on whether the foreigner will be an owner of the business or simply an employee.

Once the application is submitted at the Ministry of Immigration, it shall be presented to a committee for approval. This process may take between two and six months depending on how many times the committee sits and the number of applications they process. The committee will usually consider the following points when deciding whether to approve or reject the application:

1. The amount of investment and its impact on Kenya’s economy, which is determined by the auditors’ report or bank statement.

2. The number of jobs that will be created for Kenyans, which is determined by the application letter submitted by the applicant’s agent.

3. The nationality of the applicant. An applicant has a higher chance of approval of his application if his or her country of origin has a stronger economy than that of Kenya and low criminal statistics and security threats.

A Class H Work Permit is applied for by foreigners who will be shareholders in the business. To apply for a Class H Work Permit, it is necessary that the company first be registered. For certain types of businesses, there are legal restrictions on foreign ownership either wholly or partly. For example, there is restriction on foreigners’ engagement in petty businesses.

A foreigner may choose to apply for a Class A Work Permit where he expects to be employed by any registered company. This is a relatively more difficult permit to get especially if the work for which the applicant is employed is something that local expertise can meet. This stems from ministerial policy to prevent companies from giving foreigners work which Kenyans can do.
Documentary Requirements

Class H Work Permit: Documents that certify legality of organization of the applicant, proof of sufficient capital, list of directors issued from the Companies Registry, a tax PIN certificate, a duly filled application form, and certificate of payment of the prescribed fees.

Class A Work Permit: Application for an entry permit, copies of the applicant’s educational and professional certificates, originals of the applicant’s educational and professional certificates which the immigration office will verify and return, curriculum vitae signed and dated and a letter from the employer explaining why the applicant is suitable for the position and why the applicant was offered the job as opposed to a Kenyan citizen and setting out the applicant’s strengths, e.g., experience, training ability, qualifications, etc.

Lessons learnt

Lesson 1: Application of different classes of permits, i.e., for investors and for employment seekers. This is good to manage them differently for the best interest of the country.

Lesson 2: Clear policy direction - restriction on foreigners’ engagement on petty business and highly discouraging employment of foreigner while there are Kenyans who fits to the position (the employer has to write acceptable justification).

Lesson 3: The requirements like the amount of investment and its impact, the contribution in creating jobs for citizens, the country of origin, etc.

6. Survey Findings

As aforementioned, different methods of data collection were used to collect qualitative and quantitative data/information from different sources. A half-day focus group discussion was made at the Ministry of Labour & Social Affairs’ meeting hall. The composition of participants includes representatives of government institutions, private institutions, NGOs and religious organizations. Key informant interviews have also been organized to collect information from work permit service providers and other government institutions that have stake on expatriate work permit service directly or indirectly. The discussion points for focus group discussion and key informant interview focus on the very rationales or purposes of issuing work permits to foreign nationals, strengths, weaknesses, opportunities and threats of the current expatriate work permit service, potential gaps, the role of the FGD and KII participant organizations, the level
and extent of collaboration between stakeholders, policy, legal and practical gaps and the preferred corrective actions to bring the service to the best level it serves the country and the service users as well, among others. Brief descriptions of survey findings are presented hereunder.

6.1 Expatriate Work Permit Service in Ethiopia - SWOT Matrix

In light of the socio-economic and political environment of the country, participants have streamlined the context based rationale of the expatriate employment and the need for properly regulating it. The composition of the participants was so diverse. As a result, the discussion session was very interactive and was able to clearly scan the status of the expatriate employment service in the country. The status of the service is presented in a SWOT matrix as strength, weakness, opportunity, and threat. Needless to re-mention, the participants identified, debated, and finally agreed and summarized the strengths, the weaknesses, the opportunities and the threats as presented in the SWOT matrix table (see table 2).

As the summary of the views of the participants reveals, expatriate employment in the context of Ethiopia has economic, political, and social rationale. These include filling skill & competency gaps, knowledge skill & technology transfer, bilateral relations and image building, among others.

MOLSA’s internal institutional BPR and implementation of same, development of expatriate database to support the expatriate work permit service, and better coordination between MOLSA and the Immigration & Nationality Affairs Department, among others, have been identified as strengths of the service in the current scenario.

Lack of strategic focus (lack of strategic vision, lack of leadership focus and weak inter-institutional coordination and integration), weak implementation efforts of the existing laws, weak follow up systems and poor management of relevant data and information important to decision making during work permit service provision are the major weaknesses spelt out to explain the status quo.

Skilled manpower demanding development plan like the GTP and the in-flow of Foreign Direct Investment accelerated by technological change in developed countries, among others, have been categorized as opportunities available to be utilized. On the other hand, cultural erosion, deskilling of local talent, capital out flow in the form of remittance or repatriation and market intelligence (market spy by expatriates) have been considered as threats.
Table 2: Rationale, Strengths, Weaknesses, Opportunities, and Threats of the existing Work Permit Services

<table>
<thead>
<tr>
<th>Discussion Points</th>
<th>Findings</th>
</tr>
</thead>
</table>
| **Rationale / Purposes** | **As an Opportunity for Humanitarian Support;**  
**As an Opportunity to Improve Working Culture;**  
**To Encourage Voluntarism;**  
**As opportunity for Aids/ Support;**  
**For Experience Benchmarking; and**  
**As Opportunity for Bilateral Relations An Opportunity for Technical Support;** |
| **Strengths** | **Strong coordination between MOLSA and Immigration & Nationality Affairs Department;**  
**Quality service with minimal service charge and reasonable service delivery time**  
**Decentralization of tasks to the expert level within MOLSA & FIA.** |
| **Weaknesses** | **Lack of Clear Vision of the Expatriate Work Permit;**  
**Lack of Leadership Focus;**  
**Lack of Motive or Interest at Expert Level;**  
**Lack of Center of Ownership (Unnecessary Intervention);**  
**Lack of Established Shared Routine Lack of Continuous Awareness Creation Forums; and**  
**Weak Record Management Skills.** |
| **Opportunities** | **Technological Shift of other Countries (Pushing Factors); and**  
**Flow of Foreign Direct Investment (FDI) Positive Remark.** |
| **Threats** | **Deskilling of Local Talents;**  
**Out-Flow of Capital as Remittance;**  
**Unemployment Escalation and Labour Market Price Distortion.** |

Source: Expatriate Work Permit Services Survey, 2011

6.2 Benefits out of Expatriate Employment in the Ethiopian Reality

With all the identified weaknesses stated above, need to assess the perceived benefits of the service in reference was also among the core discussion points. Reflections from both the focus group discussions and key informant interviews show that there are observed benefits in the areas of skill, knowledge & technology transfers, to mention the major ones. The participants
further indicated that the expatriate employment has contributed to increase in labour productivity, bilateral relations with the sending countries, investment promotions & increase in employment opportunities, improvements in working cultures, free capital & labour flows, resource mobilization, and country’s image building, among others.

Among the potential strategies to realize benefits from expatriate work permit is designing succession plan (to transfer skill and knowledge and curve competency dependency syndrome) by employer organizations and implementation of same. According to the data collected and summarized, there are expatriate employer organizations that have succession plans. In some cases they have the plan but they do not implement it. As can be seen from table 3, out of those who implemented the succession plans, about 37% believe that they are benefited from expatriate employment in knowledge and skill transfer, about 22% believe that there is an achievement in filling skill & competency gaps, and about 22% believe that there is a gain in project implementation efficiencies. The expected benefits are also viewed from national interest point of view. Accordingly, about 35% of the respondents believe that the country has benefited from expatriate employment in knowledge & skill transfer, about 20% believe that skill & competency gaps have been filled, about 13% believe that there is improvement in project implementation efficiencies and nearly 11% indicated that there are some benefits in technology transfers. The response on the benefits of expatriate employment in experience sharing, resource mobilization, leveraging organization wide support is also significant (nearly 22%).

Table 3: Perceived Benefits from Expatriate Employment

<table>
<thead>
<tr>
<th>Type of Benefit</th>
<th>Response (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Company Level</td>
</tr>
<tr>
<td>Knowledge &amp; Skill Transfer</td>
<td>36.80%</td>
</tr>
<tr>
<td>Filling Skill / Competency Gaps</td>
<td>22.40%</td>
</tr>
<tr>
<td>Inter county Experiences, Resource Mobilization, Leveraging Global &amp; Organization wide Support</td>
<td>10.20%</td>
</tr>
<tr>
<td>Efficiency (Timely Completion of Projects)</td>
<td>22.40%</td>
</tr>
<tr>
<td>Technology Transfer</td>
<td>8.20%</td>
</tr>
</tbody>
</table>

Source: Expatriate Work Permit Survey, 2011 - Response from Employer Organizations

In total, about 45% of the respondents believe that employer organizations in particular and the country in general benefited from the transfer of knowledge, skill, and technology through the
expatriate employment service. This reveals that benefits related to transfer of skill, knowledge and technology is the area the country benefited more according to the views of the expatriate employer organizations' representatives. For better understanding, findings in this part from the employed data sources are summarized and presented in Box 1 hereunder.

Box 1: Perceived Benefits

- Skill & knowledge transfers;
- Filling skill & competency gaps;
- Employment opportunities for citizens and increase in investment projects;
- Contribution to labour productivity;
- Contribution to bilateral relations;
- Improvements in working culture of citizens through learning from the expatriates;
- Opportunities for free capital and labour flows;
- Contribution to country's image building;
- Contribution to talent development;
- Multicultural experiences & resource mobilization;
- Increased project accomplishing efficiencies; and
- Opportunity for technology transfer.

6.3 Challenges and/ or Problems of the Current Work Permit Service

In performing the day-to-day activities of the service, MOLSA and the FIA encounter challenges because of different factors attributed to internal and external to the service providers. The service users as well encounter challenges in the process of getting the service. As per the reflections from the participants of the FGD and KII, the following are some of challenges the service providers encounter.

1. Underestimation by foreign nationals of local skills, talents, and local laws related to employment of foreign nationals.

2. Imposition from employer organizations by reasoning project objectives with respect to bilateral agreements.

3. Lack of clear understanding of requirements on expatriate work permit services by service users and other stakeholders.
4. Validation of genuine documents (prevalence of forged documents).

5. Federal & regional inspectors’ role confusion.

6. Challenges at courts because of lack of clarity on existing laws / directives / procedures.

7. Lack of access to employment contract information by the service providers.

8. Problem related to work permit renewal service from the viewpoint of service users.

The FGD and KII participants have also emphasized employment contract between the employee and the employer is a basic document and can serve as a basic information source through which the rights and duties of each party can be clearly stipulated and can be used as a point of reference in addition to what is stipulated in the legal and policy frameworks during follow-up and control. Reference in this part is made to the finding as per the data collected from employer organizations and expatriate employees. Summary of the finding is presented in the following table.

<table>
<thead>
<tr>
<th>Description</th>
<th>Respondent Group</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Employer Organizations</td>
</tr>
<tr>
<td>Sign Contract</td>
<td>80.00%</td>
</tr>
<tr>
<td>Contract Signing Place</td>
<td>In Ethiopia</td>
</tr>
<tr>
<td></td>
<td>Outside Ethiopia</td>
</tr>
<tr>
<td></td>
<td>24.00%</td>
</tr>
</tbody>
</table>

Source: Expatriate Work Permit Survey, 2011

As can be seen from table 4, 80% of the employers and 85% expatriates indicated that they sign employment contracts. However, the place of the signing of most contracts confirmed to be outside Ethiopia. As per the result of the survey, only 25% of the representatives of employer organizations and only 24% of the expatriates interviewed indicated they have signed their employment contracts here in Ethiopia. The rest 75% and 76% of the representatives of the organizations and expatriates respectively confirmed they signed their employment contract outside Ethiopia.

In addition, according to the service user organizations, unclear directive and requirement, lengthy process to get support letter, integrity problem on the part of service providers and
instability of requirements are challenges in their order of importance. The service users have also indicated that the requirements are not clearly communicated and accessible to all. The integrity problem indicated by about 19% of the respondents is significant and can be considered as a big challenge.

Table 5: Challenges Faced by Employer Organizations

<table>
<thead>
<tr>
<th>Type of Challenge</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lengthy Process to get Support Letter</td>
<td>33.33%</td>
</tr>
<tr>
<td>No Clear Directives &amp; Requirements</td>
<td>38.10%</td>
</tr>
<tr>
<td>Requirements Change Now &amp; Then</td>
<td>9.52%</td>
</tr>
<tr>
<td>Lack of Integrity on the part of Service Providers</td>
<td>19.05%</td>
</tr>
</tbody>
</table>

Source: Expatriate Work Permit Survey, 2011

Even though categorization of some issues as challenges or problems is debatable, assessment of problems directly or indirectly related to the expatriate work permit service is another area of concern. Accordingly, the following are major problems identified:

1. Lack of clear boundary between federal & regional service providers – interpretation depends on individual understanding.

2. Differences in requirements and application of same, and role confusion between Ministry of Labour & Social Affairs and Federal Investment Agency.

For better attention, summary of the major challenges/problems related to the expatriate work permit service is presented in Box 2 hereunder.

Box 2: Challenges/Problems of the Current Expatriate Work Permit Service

- Underestimation of local skills, talents and local laws by foreign nationals;
- Impositions from employer organization;
- Validation of genuine documents;
- Federal & regional inspectors’ role confusion;
- Challenges at courts due to lack of clarity on existing laws/ directives/ procedures;
- Lack of access to contract and other basic information for follow up and local tax purposes;
- Lack of clear boundary between federal & regional service providers;
- Role confusion between MOLSA & FIA;
- Lack of Integrity between the frontline service Providers;
- Lengthy process to get work permit renewal service due to the fact that the service is being rendered only at federal MOLSA.
6.4 Gaps on Existing Laws, Policies & Directives

The consultants have made thorough discussions with the representatives of the key informant institutions and focus group discussion participants on observed gaps related to existing laws, policies and directives related directly or indirectly to the expatriate work permit services. Accordingly, the following are the major gaps identified by the key informants and focus group discussion participants.

Box 3: Gaps on Existing Laws, Policies & Directives

- Lack of separate law or expatriate work permit focused articles within labour proclamation no. 377/2003;
- Lack of clarity on the existing directives on expatriate work permit service;
- Lack of clear procedures related to work permit services to foreign nationals;
- Lack of manual or guideline on industrial relation and employment service related laws applicable to expatriate work permit service;

6.5 Supply and Demand Side of Skilled Manpower

6.5.1 Supply Side of Skilled Manpower

It is mentioned in this document that one of the core purposes of issuing work permit to foreign nationals is filling skill gaps. To assess this part, secondary data over the period of 2005 - 2010 on enrollments and graduates is collected from the Ministry of Education as presented in tables 7 & 8 (see annex 2).

One can see from figure 1 that the supply side of local skilled manpower shows promising increase. But the existing data on skilled manpower is not organized in a manner that one can assess the skill areas with excess and deficit skilled manpower. On the other hand, as can be seen from table 13 (see annex 2), the major reason indicated for employing foreign nationals is lack of required skill & knowledge locally (about 54%) followed by lack of information on the availability of local skilled manpower (20%). Here, one can argue that it is difficult to conclude that supply side of local skilled manpower does have significant deficit but there is lack of information on local skilled manpower.
6.5.2 Demand Side of Skilled Manpower

One can see from figure 2 below that about 36% of the foreign nationals are professionally from the engineering fields and nearly 29% belong to social sciences. Those from health/medical fields are about 14% while those from communication and information technology are fairly above 12%. If one categorizes the proportions into two, i.e., science & technology and social sciences & humanities as per the education policy of the country, 64.80% belong to the science & technology fields while 35.20% belong to social sciences and humanities fields. This reveals that demand for skilled manpower from science & technology fields has upper hand.
As can be seen from figure 3 and secondary data from the work permit database (see table 10 of annex 2), significant proportion (about 62%) of the expatriates issued with work permit possess lower level achievements (diploma & certificate). This reveals shortfalls in enforcing the existing requirement particularly the requirement on education.

Figure 3: Award Level of Expatriate (Source: Work Permit Database, 2011)

6.6 Assessment on Existing Requirements for Expatriate Work Permit Services

Out of the comments on requirements on experience, 28% of the comments (see table 6) indicate that the requirements on this part should be more conservative than the existing ones. About 32% have shown reservations on the existing support letter requirements and pointed possible amendments. About 28% commented that their employees shouldn’t be required to produce competency certificate and 8% indicated that competency certificates may be requested for specific sectors like health sector. Some 28% indicated that visa validity period should be revised in order to accommodate the lengthy processes to get work permit. More than 75% of the respondents confirmed that the existing service charge is fair and reasonable.

Table 6: Comments on Existing Requirements

<table>
<thead>
<tr>
<th>Requirement Category</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>The existing requirement is rational (76%)</td>
</tr>
<tr>
<td></td>
<td>Should be flexible (4%)</td>
</tr>
<tr>
<td>Experience</td>
<td>The existing one is rational (48%)</td>
</tr>
<tr>
<td></td>
<td>Should be more Strict (28%)</td>
</tr>
<tr>
<td>Requirement Category</td>
<td>Comments</td>
</tr>
<tr>
<td>-----------------------</td>
<td>----------</td>
</tr>
<tr>
<td><strong>Support Letter</strong></td>
<td>The existing procedure is rational (56%)</td>
</tr>
<tr>
<td></td>
<td>Support letter from previous employer is enough (20%)</td>
</tr>
<tr>
<td></td>
<td>Support letter shouldn’t be required for renewal (4%)</td>
</tr>
<tr>
<td></td>
<td>Support letter shouldn’t be required at all (8%)</td>
</tr>
<tr>
<td><strong>Competency Certificate</strong></td>
<td>The existing requirement is rational (40%)</td>
</tr>
<tr>
<td></td>
<td>Not necessary at all (28%)</td>
</tr>
<tr>
<td></td>
<td>Shouldn’t be required for renewal (4%)</td>
</tr>
<tr>
<td></td>
<td>Should be sector specific such as medical, etc (8%)</td>
</tr>
<tr>
<td><strong>Visa Requirement</strong></td>
<td>The existing requirement is rational (40%)</td>
</tr>
<tr>
<td></td>
<td>Validity period should accommodate work permit processing time (28%)</td>
</tr>
<tr>
<td></td>
<td>Should be easy / not complicated (8%)</td>
</tr>
<tr>
<td><strong>Service Fee</strong></td>
<td>The current service fee is fair (76%)</td>
</tr>
</tbody>
</table>

Source: Expatriate Work Permit Services Survey, 2011

Even though the existing requirements say nothing about the manner of issuing work permit to dependants of foreign nationals working in the country, one can see from figure 4 that fairly above 50% of the foreign nationals employed in Ethiopia are married. This reveals demand for clear directives & guidelines on issuance of work permit to dependants of the foreign nationals issued with work permit.

Figure 4: Marital Status of Expatriates (Source: Work Permit Database, 2011)
6.7 Suggestions Forwarded by FGD & KII Participants

Both the FGD & KII sessions were not only limited to analyzing the existing situations and identify shortfalls but also entertained discussion points in the areas of the way forward to solve the identified service shortfalls and improve the service to the level of best expectation. In this regard, the forwarded suggestions regarding future actions to improve the work permit service to foreign nationals are summarized hereunder categorized into policies, laws, regulation, directives & procedures; requirements; and systems and technologies.

**Policies, Laws, Regulations, Directives & Procedures**

1. Revise existing article under labour law 377/2003 on work permit services to foreign nationals in such a way that it gives room for improvement to revise the existing directives and regulations on work permit to foreign nationals.

2. Develop clear procedures on application of the existing laws & directives on work permit services to foreign nationals.

3. Develop employment policy that clearly addresses expatriate employment.

**Requirements**

1. Make the existing requirements accessible in such a way that service seekers can have complete knowledge of the requirements in force.

2. The requirements shall be regulated by one institution preferably MOLSA or there should be integrity between all institutions that have stake in expatriate work permit service delivery.

3. Devise and implement clear requirements for work permit service to dependants of foreign nationals.

4. Continuous and standard reporting mechanism should be specified as mandatory requirement for employer organizations.
Systems and Technologies

1. Device and implement strong follow-up system to check realizations of the very purpose of issuing work permits to foreign nationals (knowledge and skill transfer; filling skill and competency gaps).

2. Create clear service boundary between federal and regional service providers; align inspection services by MO LSA & BOLSAs.

3. Establish strong communication & timely information exchange system between stakeholders and key partners.

4. Provide continuous awareness creation and capacity building training sessions on existing laws and directives, procedures & regulations on work permit services to foreign nationals, and implementation of same.

5. Make periodical review of skill gaps.

6. Develop framework for strong justifications on required skills that can be used as reference for decision making on applications for work permit to foreign nationals.

7. Establish national labour market information system.

8. Strengthen inspection system and controlling legal services at all appropriate places.

9. Establish registration desk of expatriate with business visa at Bole International Airport for timely registration and follow-up.

10. Put in place the state-of-art technologies to support the process of work permit services to foreign nationals.

7. Analysis of Findings

In this part, the consultant team analyzes the survey findings from importance of the service, level of the service, and service shortfalls points of view.

7.1 Importance of the Service

It is an established fact that no single country is self sufficient for itself regardless of its level of development. As stated in the background part of this study, globalization has accelerated the
interdependences between nations. Ethiopia's development strategies and efforts towards poverty eradication and ensuring sustainable growth and development as briefly described in chapter four of this study signifies the critical role that need to be made in building the human capital. The country also needs more in-flow of capital as well since it is in a development road.

The skilled manpower required to satisfy the needs of the economy is in shortfall or it is disproportionate. Though the information on the supply side vs. demand side of the labour market as described under section 6.5 of this study reveals that there is lack of easily accessible information on local skilled manpower, reflection from other information sources used for this study shows that the labour market is in shortfall in particular when it comes to high level quality of labour. Among the key informant interview participant organizations, Ministry of Health has described the critical contribution of the expatriate employment in filling the competency gaps the Ministry is encountering because of lesser supply caused by the education system and exacerbated by the drain of physicians.

Obviously, the countries stretched development plan (the GTP) requires the labour market to feed job-fit skilled, experienced, and competent manpower to drive the intended industrial growth and development. However, despite the strategic shift of the education planning to the 70% science and technology and 30% social science and humanities proportion, and the TVET strategy and the efforts being made in this regard to meet market need at least with immediate effect, the need for the expatriate competence is pertinent to ensure the transfer of technology, skill, knowledge and to fill competency gaps. Apart from filling the labour market shortfalls, there are benefits the country can acquire from the expatriates employment (see section 6.2 of this study). This entails that at this point in time or at least in the short run, expatriate employment for Ethiopia is not a last resort but in particular to some exceptional skills, which one cannot find internally and which the country needs to meet its development plan, would be a strategic need. What is important is to make the service purposeful to support the development efforts.

7.2 Level of the Service

From the review of relevant documents, FGD and KII discussions, and the survey data from the sampled expatriates and employer organizations, the study team is able to scan where the service is now. The expatriate employment service is organized at case team level under one of the directorates of MOLSA, i.e., Employment Service Promotion Directorate. This entails that
the service has at least a unit solely responsible for the service. The service is computerized though limited to internal use only and also has gone through BPR & implementation of same.

The organizational setup, i.e., dedication of a unit to the service, application of a work permit database to support the service delivery, application of the outcomes of the BPR, decentralization of the service to the expert level, etc are believed to be among the strengths of MOLSA to provide the service in reference.

Availabilities of framed policies and strategies (like education policy, the TVET strategy), legislative frameworks (the labour law, the investment law, and other relevant laws), conducive opportunities for Foreign Direct Investment, government’s focus on economic diplomacy and already established good diplomatic relations, government’s Growth and Transformation plan and determined commitment to materialize it, etc are opportunities for MOLSA on the one hand, and require MOLSA to gear the expatriate work employment service to fit in and play its part to the country’s development efforts underway on the other hand.

The experiences of benchmarked countries show that the expatriate work permit service has a clear policy direction reflecting the interest of the country out of the service. The requirements they stipulated in most cases have a room for flexibility to entertain particular requirements customized per service by preserving the best interest of the host country. The experience of Singapore and Tanzania is worthy of mentioning in this regard. In the case of Ethiopia, the study found out that first and for most, the expatriate service lacks strategic focus (lack of strategic vision, lack of leadership focus and weak inter- institutional coordination and integration) as identified by the participants of the FGD and the KII participants.

The review of the previous labour laws in Ethiopian shows that there had been clear policy reflections on expatriate employment. The 1962 order, order 26/1962 had a clear policy direction. It stipulates that employment of expatriates is allowed in the absence of qualified Ethiopians in the area or if the employment of the expatriate is intended to train the Ethiopians. The 1975 labour proclamation, proclamation no. 64/1975, as well limits the employment of a foreign national into two conditions: in the absence of qualified Ethiopian or if it is for installation and supervision of projects. On the other hand, the current labour proclamation fails to point out under which conditions shall the expatriate employment be considered and which interests of the country have to be protected. The FGD and KII participants as well as MOLSA’s relevant staffs argued that the labour proclamation in force, Proclamation no. 377/2003, has failed to be clear and informative regarding the expatriate employment, unlike the
experiences of the benchmarked countries and the previous Ethiopian labour proclamations described herein above. MOLSA has tried to fill this gap with a directive in force (issued in Amharic language) though whether MOLSA has the discretion to go that extent without a clear delegation by the proclamation to that specific scope is contentious.

The study finding from the FGD and KII reveals that weak implementation & follow-up efforts and poor disaggregated data/information, lack of communication system among stakeholders, lack of competency assessment mechanisms are among the identified weaknesses. In addition to this, results of data from the sampled expatriates and employer organizations reveals that unclear requirements, instability of requirements, and integrity problem on the part of service providers, lengthy process from support letter providers, etc are spelt out to explain the problem areas of the service in its totality.

7.3 Major shortfalls of the Expatriate Service in Ethiopia

Pursuant to the findings on the current shortfalls of the expatriate employment service in Ethiopia, we learned that the shortfalls could be streamlined into two basic categories for analysis purpose. Accordingly, some of the problems and stipulated gaps fall under policy and legal framework related gaps or problems while other identified gaps or problems can be categorized as implementation problems. A brief analysis of each category is presented hereunder.

7.3.1 Policy and Legal Framework

In principle, policy framework precedes legal frameworks as it is believed that laws and their subsidiaries (regulations, directives, and procedures) are instruments for implementation of the policies. In this regard, in the context of Ethiopia, there is no employment policy in general or expatriate employment focused in particular. In the absence of such policy, other relevant policies or relevant laws can be taken into consideration to know the policy interest of the government in a particular area of public functioning. In this regard, the investment law, proclamation no. 280/2002, has a clear reflection on its interest in allowing the investors to hire an expatriate. Pursuant to article 36 sub-article 3, the law provides an investor with unrestricted right to hire expatriates for top management positions upon obtaining prior consent from Federal Investment Agency. In sub-article 1 of the same provision, the law requires the investor to make sure that the expatriate be qualified one for the operation. Besides this, sub-article 2 of same article levies a duty on the investor to make sure that the expatriate is replaced by an Ethiopian successor in specified period of time. To this effect, the law levies a duty on the
investor to make sure that the expatriate trains an Ethiopian counterpart. The reading of article 36 of the investment law has two important messages: the first message is the interest to encourage investors and develop their confidence on the management of their business while the second message is the long-range interest, i.e., the replacement of expatriates by Ethiopians. On the other hand, proclamation no.377/2003 does not clearly inform its interest on expatriate employment. Therefore, the investment law is more informative than the labour law in force. The directive issued pursuant to the current labour proclamation sets out the requirements of expatriate work permits. The review of the directive by the study team spelt out some shortfalls as listed below.

1. Article 3 of the directive fails to define an expatriate worker or manager, which is important in defining the scope of application of the provisions of the law.

2. The conditions set in article 6 of the directive are not clear or have some gaps. The provision sets out the preconditions whereby an employer can log a request to hire an expatriate.
   a. One of the conditions set in sub-article 1 of article 6 empowers MOLSA to determine whether the expatriate the employer intends to hire has the relevant skill and is important. However, how the Ministry assesses the competence the expatriate is required to have is not clear.
   b. Sub-article 2 of the directive stipulates that when an expatriate intends to work for an NGO, the importance of his/ her employment has to be first confirmed. But, how this can be evaluated is not clear.
   c. Sub-article 6 of this article does not define what senior/ higher/ top management is. Hence, it is subject to individual interpretation and thus leading to inconsistent decisions.

3. Article 8 requires the employer organizations to report on the training of the Ethiopian counterpart by the expatriate. However, the provision fails to specify the time of reporting.

4. The cumulative reading of sub-article 3 and 5 of article 11 shows that the employer is in command of the work permit. The provisions also levy on the employer organizations the responsibility to return the work permit to the Ministry. This entails the following:
a. This narrows the right of the expatriate since the work permit ID certifies the legality of the expatriate.

b. The intention of keeping the work permit ID with employer is to restrict the expatriate from moving away from the employer or to restrict the expatriate from trying to work for other employers. This has to be managed through control and inspection; otherwise, giving such controlling power to the employer against the very liberty of movement on the part of the expatriate may be termed as having some element of bonded labour, which is unacceptable by any of the international labor organization instruments and international instruments of human rights.

c. The study team observed the fact that the expatriates do not keep their work permit IDs with themselves due to reasons mentioned in b above. This may backfire and contributes to the expansion of unlawful expatriate employments as it is not possible for an authorized person to differentiate the legal ones from the illegal ones while undertaking inspection services.

5. Article 12 of the directive lists the obligations of the expatriate. However, the provision does not put an obligation for training an Ethiopian counterpart which is very important for knowledge and skill transfer.

6. Article 15 of the directive sets the conditions for which an expatriate work permit can be extended. Among the conditions, extension is possible when an Ethiopian counterpart is not yet able to take over the expatriate’s position. This condition may discourage the expatriate from training an Ethiopian as training and capacitating the Ethiopian in sense means the expatriate is pushing out himself/ herself. In sub-article 2 of the same article, it is not clear how MOLSA censures the importance and continuity of the job the expatriate is assigned to.

7.3.2 Implementation Shortfalls

Both the FGD and KII participants believe that the implementation gap outweighs the gaps related to the legal frameworks. The implementation gap starts from lack of communication and transparency of the service provision. The minimum starting point in this regard is communicating and enabling the service regulator bodies (like BOLSAs), service users (the employers and the expatriates), key partners and stakeholders to clearly understand what is
required of each and create alignment towards the achievement of what the country expects to get out of the service.

Despite the fact the staffs of the MOLSA claim that the stakeholders in general and BOLSAs in particular have been communicated for the requirements stipulated in the directive in force, the finding shows that almost all stakeholders including BOLSA staffs know less about the contents of the directive in force. The KII participants from BOLSAs argued this lack of clarity on the legal requirements contributed to their lesser focus to play their part in regulating the service. Informants of the study, especially the participants from employers of the expatriates commented that taking into consideration the service users (especially expatriates), the language of the directive makes the directive not user friendly.

The nature of the service requires the involvement and collaboration of all relevant stakeholders. However, the findings from the FGD and KII reveals that except the collaboration between MOLSA and Immigration and Nationality Affairs Department, which the finding termed as good, the collaboration and integration between MOLSA and stakeholders, even between MOLSA and BOLSAs, is rated as weak. The BOLSAs emphasized that there is no as such established recurrent reporting and communication channel in place.

The other implementation gap identified is lack of enabling environment to implement all what are required. The provisions of the directive empower MOLSA to assess the preliminarily required conditions and decide to proceed to the evaluation of the requirements (as stipulated in article 6 of the directive). However, it has no instrument of assessing and the competence to do so. There is also lack of disaggregated demand and supply side labour market information which is believed enables MOLSA to know the areas of competence in deficit.

One of the root causes of irregularities committed by the employers and/or the expatriate in relation to expatriate employment is lack of well organized inspection service. Different kinds of irregularities have been mentioned like employing or allowing an expatriate to work without having work permit, assigning the expatriate in a position other than what the work permit states. Despite the fact that MOLSA and BOLSAs have the responsibility to undertake inspection on the expatriate employment service, the finding of the study reveals that inspection in this regard is not to the expected level and thus contributed to the irregularities in relation to expatriate service. The finding in this regard is almost a consensus by the FGD and KII participants.
8. Conclusion and Recommendation

8.1 Conclusion

The Ethiopian government has formulated policies, strategies, programs and has committed itself to eradicate poverty and meet the Millennium Development Goals. As an instrument towards this end, the government has endorsed its Growth and Transformation Plan (GTP). The GTP is a stretched plan and requires the government to exert wide-range development efforts from all actors. This requires all sectors and institutions to align efforts towards these strategic development directions. Besides, the global situations at large levy both negative and positive influences. What is required of a nation at this point in time is to be cautiously adjusting oneself and fit-in within the global environment and maximize its benefit out of it. Obviously, globalization has increased the interdependence among independent nations. One of the manifestations of this is the inflow and outflow of technology, capital, and labour across boundaries. Regulating this is critically important to ensure the country benefits more out of it. As reflected in this study paper in the section dealing with benchmarking, other countries regulate the inflow of expatriate differently with the intent to make sure they benefit most out of the expatriate employment service.

In the context of Ethiopia pursuant to proclamation no. 471/2005 and proclamation no. 377/2003, the responsibility of administering expatriate employment is vested on the Ministry of Labour & Social Affairs. Regulating this service requires a clear policy direction and legislative frameworks. The policy and legislative frameworks need of course to be instrumental to serve all government’s development efforts.

The thorough analysis of the government’s policies, strategies, and programs entails the critical need to build the human capital. Hence, this requires knowing the place of expatriate employment in contributing towards the country’s development efforts to achieve its development goals and regulating it in the way it contributes to the best interests of the country. In light of this, the finding of this study reveals that expatriate employment service is not to the level it can contribute to the overall development efforts of the country. First and for most, one may find and infer the country’s interest out of the expatriate employment service here and there from different legislations and policy documents, otherwise, there is no as such employment policy at large and expatriate employment policy in particular.
The review of the appropriate legislative instruments entails that the investment law in force is better informative of the policy interest of the country than the labour law in force as far as the expatriate employment is concerned. The subsidiary of the labour law, the expatriate employment service directive, seems to be detailed but contentious with regard to its scope. Besides, it is not as such adequate to regulate the service to the level required to make the country benefit most out of the service.

To draw lessons from other countries, two African and Two Asian countries’ experiences with regard to expatriate employment have been considered in this study. The experiences of these benchmarked countries show that there are potential lessons which Ethiopia can learn to improve its expatriate employment service. The other focus area of the study is identifying where the service is now. In this regard, findings of the study divulge that not only are there implementation gaps but also the implementation gaps outweighs gaps related to the legislative frameworks.

In general, the conclusion of this study draws that on the one hand, the expatriate employment service intact lacks policy clarity and implementation shortfalls and on the other hand, as the country is in a wave of development, wide-range development efforts presumably need the service to have strategic and practical alignment with all or relevant development actors to put a milestone in the shared efforts underway. The expatriate employment in terms of filling competency gaps, serving the purpose of transfer of technology, skill and knowledge, could not be the last resort but could be a strategic option at least in the short-run and be means to an end in the long run. Therefore, the following strategic options and practical transformations are recommended.

8.2 Strategic Options

1. The Ministry of Labour and Social Affairs shall clearly redefine its strategic roles with respect to the employment of expatriates to contribute to the overall development efforts of the country. This needs identifying key partners of the service and streamlining the service to fit-in the strategic direction of the country’s development efforts.

2. There is a need for the service to have well organized and disaggregated labour market information which clearly shows the demand and supply side of labour market balance. To this effect, MOLSA shall work and cooperate with key stakeholders, most
importantly, with the Ministry of Education, TVET Agency and relevant industries. Realization of same requires MOLSA to develop a platform for the required cooperation.

3. The Ministry of Labour and Social Affairs shall review the existing expatriate employment directive to accommodate flexible and realistic requirements that serve the needs of the economy in general and the industries in particular. The directive needs to be user friendly and accessible to service users, regulatory bodies, key partners and other stakeholders.

4. In order to provide the work permit renewal service at arm’s length of the service users, the Regional Bureaus of Labour & Social Affairs shall be empowered to provide this particular service.

5. Networking and communication:

   5.1 To provide the expatriate employment service in a coordinated manner to the best interest of all parties, institutional network between stakeholders and key partners is of paramount importance. To this effect, MOLSA shall play a focal role towards the establishment of the network.

   5.2 Established and shared reporting mechanism between all actors of the service in reference can add value to service efficiency. In this regard, MOLSA shall establish a platform for periodic and recurrent reporting system between key partners and other stakeholders.

   5.3 The Ministry of Labour and Social Affairs shall establish online expatriate employment service information system that supports online application, application processing & feedbacks, and real-time information exchange between key partners, service users and other stakeholders.

6. Inspection and follow-up:

   6.1 Proper inspection service requires accessibility to required information. In this regard, MOLSA shall ensure accessibility of basic expatriate work permit service information like employment contracts, issued/renewed work permits, etc to inspectors.
6.2 In order to provide a coordinated inspection service on expatriate employment, inspection plans at federal and regional levels shall be aligned. To this end, MOLSA shall work and cooperate with BOLSAs and establish a platform for shared inspection planning.

6.3 Application of policies and legal frameworks on expatriate employment service requires clear understanding of same. Therefore, MOLSA & BOLSAs shall jointly or individually undertake capacity building activities to capacitate the inspectors in this regard.

8.2 Policy Recommendation

1. The policy direction on the expatriate employment is presumed to be reflected in the country’s employment policy. Thus, it is strongly recommended that MOLSA shall facilitate the formulation of the country’s employment policy which clearly addresses the expatriate employment.

2. Subsequent to the issuance of the employment policy, there is a need either to amend the labour law in force or enact a separate law which regulates the expatriate employment service.
Annex 1: Existing Requirements for Work Permit to Expatriate Employment

I. Requirements to Issue New Work Permit to Expatriates

A. For Governmental Organizations

1. An application form from the employing organization.
2. Support letter from the immediate project supervising government organization.
3. Photocopy of passport of the employee and valid Business visa.
4. Four passport size recent photos of the employee.
5. Support letter from the Ministry of health or education, if the employee is going to work in health or education sector, respectively.
6. Educational certificate and work experience.
7. Work permit service fee, Birr 600.00 (six hundred Birr).

B. For Private Organizations

1. Four copies of an application form from the employing organization.
2. Investment Certificate issued by the Investment Agency, or Business license issued by the Ministry of Trade, or Trade license of the Organization if the head office of the same is outside Ethiopia.
3. Photocopy of passport of the employee and valid business visa.
4. Support letter from the Ministry of Health or Education, if the employee is going to work in health or education sector, respectively.
5. Support letter from appropriate organization.
6. Five passport size recent photos of the employee.
7. Educational certificate and work experience.
8. Work permit service fee, Birr 600.00 (Six Hundred Birr).

C. For Non Governmental Organizations

1. Four copies of an application form from the employing organization.
2. Registration Certificate from Charities and Societies Agency.
3. Support letters:
o Support letter from the Ministry of Agriculture, for project Experts/staff.

o Support letter from the Ministry of Health or Education, if the employee is going to work in health or education sector, respectively.

o Support letter from appropriate organization for the employee of Association.

o Support letter from Ministry of Federal Affairs when the expatriate is involved in religious activity.


5. Photocopy of passport of the employee and valid business visa.

6. Four passport size recent photos of the employee.

7. Work permit service fee, Birr 600.00 (Six Hundred Birr).

II. Renewal of Work Permit

A. For Governmental Organizations

1. Two copies of work permit renewal applications form.

2. Support letter from project implementing governmental organization.

3. Support letter from the Ministry of Health or Education, if the employee is working in the health or education sector, respectively.


5. Work permit card of the employee, (if there is no extra page of work permit card, one passport size photo of the employee).

6. Work permit service fee, Birr 500.00 (Five Hundred Birr).

7. Report on skill and knowledge transfer to Ethiopian Counter Parts.

For Private Organizations

1. Two copies of work permit renewal application form.

2. Investment certificate issued by the Investment Agency, or business license issued by Ministry of Trade, or Trade license of the organization if the head office of the same is outside Ethiopia.

3. Support letter from the Ministry of Health or Education, if the employee is working in the health or education sector, respectively.

4. Support letter from appropriate organization.

5. Photocopy of the employee’s Residential Permit.
6. Work permit card of the employee, (if there is no extra page of work permit card, one passport size photo of the employee).

7. Work permit service fee, Birr 500.00 (Five Hundred Birr).

8. Report on skill and knowledge transfer to Ethiopian Counter Parts.

B. For Non Governmental Organizations

1. Two copies of work permit Renewal application form.

2. Registration Certificate from Chariest and Societies Agency.

3. Support letters:
   - Support letter from Ministry of Agriculture, for project Experts/ staff.
   - Support letter from the Ministry of Health or Education, if the employee is going to work in health or education sector, respectively.
   - Support letter from appropriate organization for the employee of association.


5. Work permit card of the employee, (if there is no extra page of the work permit card, one passport size photo of the employee).

6. Work permit renewal service fee, Birr 500.00 (Five Hundred Birr).

III. Requirements for Work Permit Replacement

1. A letter of application for replacement of work permit card from the employing organization.

2. Evidence for, police about the lot work permit card.

3. 400 Birr (Birr, four hundred) to replace damaged/lost work permit.

IV. Extension of Work permit

1. Notwithstanding other conditions in this directive:
   
   a) When an Ethiopian counterpart employee is not yet able to take over the assignment

   b) If MoLSA confirms that the job of the expatriate is very important and the expat is important as well
2. Notwithstanding with what is provided in sub article one, when a foreign investor who invests here in partnership or by her/himself requests for extension of a work permit period for an expat working at a managerial level

V. **Requirements for Work Permit Clearance**

1. A letter of application for clearance from the employing organization.

2. The work Permit Card of the employee.
Annex 2: Survey Finding Tables

Table 7: Enrollments

<table>
<thead>
<tr>
<th>Year</th>
<th>Program</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>TVET</td>
<td>106,336</td>
<td>123,557</td>
<td>191,151</td>
<td>229,252</td>
<td>308,501</td>
<td>353,420</td>
</tr>
<tr>
<td></td>
<td>Diploma</td>
<td>49,402</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Undergraduate</td>
<td>138,159</td>
<td>173,901</td>
<td>203,399</td>
<td>263,001</td>
<td>309,092</td>
<td>420,387</td>
</tr>
<tr>
<td></td>
<td>Post Graduate</td>
<td>3,604</td>
<td>6,216</td>
<td>7,057</td>
<td>7,355</td>
<td>10,125</td>
<td>14,272</td>
</tr>
</tbody>
</table>


Table 8: Graduates

<table>
<thead>
<tr>
<th>Year</th>
<th>Program</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Undergraduate</td>
<td>28,455*</td>
<td>25,335</td>
<td>29,845</td>
<td>47,979</td>
<td>55,770</td>
<td>66,999</td>
</tr>
<tr>
<td></td>
<td>Post Graduate</td>
<td>1,127</td>
<td>1,388</td>
<td>2,671</td>
<td>2,664</td>
<td>3,257</td>
<td>4,873</td>
</tr>
</tbody>
</table>

* Sum of diploma & undergraduates


Table 9: Expatriates’ Fields of Study

<table>
<thead>
<tr>
<th>Areas of Study</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health/ Medicine</td>
<td>13.80</td>
</tr>
<tr>
<td>Engineering Fields</td>
<td>36.20</td>
</tr>
<tr>
<td>Communication/ Information Technology</td>
<td>12.20</td>
</tr>
<tr>
<td>Social Sciences</td>
<td>29.10</td>
</tr>
<tr>
<td>Agriculture/ Rural Development</td>
<td>2.60</td>
</tr>
<tr>
<td>Other (Theology, etc)</td>
<td>6.10</td>
</tr>
</tbody>
</table>

Source: Expatriate Work Permit Survey, 2011
Table 10: Expatriates Issued with Work Permit by Award Level

<table>
<thead>
<tr>
<th>Level of Education</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificate</td>
<td>28.44%</td>
</tr>
<tr>
<td>Diploma</td>
<td>24.40%</td>
</tr>
<tr>
<td>BA/ BSC</td>
<td>18.09%</td>
</tr>
<tr>
<td>MA/ MSC</td>
<td>13.63%</td>
</tr>
<tr>
<td>PhD</td>
<td>1.00%</td>
</tr>
<tr>
<td>Not Stated</td>
<td>14.44%</td>
</tr>
</tbody>
</table>

Source: Expatriate Work Permit Database, MO LSA, 2010/2011

Table 11: Expatriates Issued with Work Permit by Education Level

<table>
<thead>
<tr>
<th>Education Level</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Formal Education</td>
<td>5.60%</td>
</tr>
<tr>
<td>Elementary</td>
<td>1.46%</td>
</tr>
<tr>
<td>Junior Secondary</td>
<td>1.57%</td>
</tr>
<tr>
<td>Secondary</td>
<td>9.98%</td>
</tr>
<tr>
<td>Technical/ Vocational</td>
<td>12.68%</td>
</tr>
<tr>
<td>College</td>
<td>40.77%</td>
</tr>
<tr>
<td>University</td>
<td>21.46%</td>
</tr>
<tr>
<td>Others</td>
<td>1.17%</td>
</tr>
<tr>
<td>Not Stated</td>
<td>5.30%</td>
</tr>
</tbody>
</table>

Source: Expatriate Work Permit Database, MO LSA, 2010/2011
Table 12: Profile of Employer Organizations by Industry/Engagement

<table>
<thead>
<tr>
<th>Industry/Engagement</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mining &amp; Quarrying</td>
<td>4.00</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>24.00</td>
</tr>
<tr>
<td>Electricity, Gas &amp; Water</td>
<td>8.00</td>
</tr>
<tr>
<td>Construction</td>
<td>16.00</td>
</tr>
<tr>
<td>Transport, Storage and Communication</td>
<td>4.00</td>
</tr>
<tr>
<td>Community, Social &amp; Personal Services</td>
<td>44.00</td>
</tr>
</tbody>
</table>

Source: Foreign Work Permit - Employer Organizations Survey, 2011

Table 13: Distribution of Employer Organizations by Reasons of Employing Expatriates

<table>
<thead>
<tr>
<th>Reasons</th>
<th>Number</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of required skill &amp; knowledge locally</td>
<td>19</td>
<td>54.30</td>
</tr>
<tr>
<td>Lack of information on availability of local manpower</td>
<td>7</td>
<td>20.00</td>
</tr>
<tr>
<td>More trust on expatriate (organizational custodianship)</td>
<td>4</td>
<td>11.40</td>
</tr>
<tr>
<td>Company Policy</td>
<td>5</td>
<td>14.30</td>
</tr>
</tbody>
</table>

Source: Foreign Work Permit - Employer Organizations Survey, 2011
References:


Foreign Work Permit System in Qatar: http://www.qatarembassy.net/Work%20Permits.asp

Foreign Work Permit System in Tanzania: http://tanzania-gov.de/content/view/10/4/


Order 26/ 1962, Public Employment Administration order.