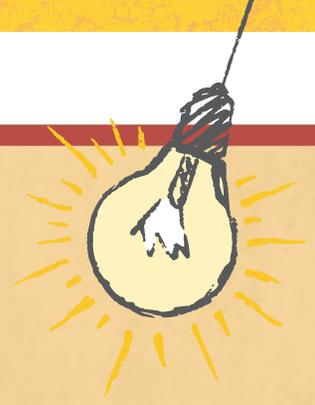


HAWASSA INDUSTRIAL PARK COMMUNITY IMPACT EVALUATION



What is the impact of factory employment on workers and the rural communities from which they originate?

Hawassa Industrial Park

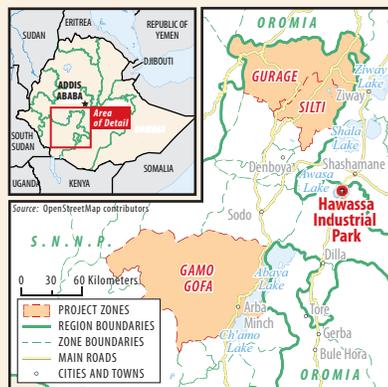
The Hawassa Industrial Park, which opened in July 2016, has been described as the Ethiopian government’s “flagship” industrial park. It is anchored by global textile firm PVH (formerly Phillips Van Heusen), but 18 other firms have invested as well. Production started at relatively small scale late 2016, with the first exports mid-2017. By early 2019, about 25,000 workers were hired across the 52 factory sheds of the park. At full capacity, the park is expected to employ 60,000 workers, working on a double shift. PVH alone expects to export \$100m worth of clothing per year from Hawassa. In total, the government projects that the park could generate about \$1 billion of exports per year.



Context

Ethiopia is a low-income country with ambitious plans to become Sub-Saharan Africa’s leader in light manufacturing. The Government of Ethiopia has embarked on an industrialization strategy based on the creation of special economic zones as centers of export-oriented light manufacturing. The flagship industrial park of this strategy is located in Hawassa, a city with around 300,000 inhabitants in southern Ethiopia. At full capacity, the Hawassa Industrial Park (HIP) will provide employment to 60,000 workers, most of whom will be women aged 18 to 35 coming from outside Hawassa, from the wider Southern Nations, Nationalities, and Peoples’ Region (SNNPR).

Relatively little is known about the impact of such industrial employment on the economic, physical, and social well-being of workers and the largely rural, agricultural communities from which they are recruited. This evaluation seeks to shed light on these impacts. To do so, it aims to use the expansion of hiring for the park through a centralized, government-led system that integrates recruitment, registration, grading, and soft training of future workers — the Hawassa Industrial Park Sourcing and Training Employees in the Region (HIPSTER) scheme. The HIPSTER is an intervention facilitated by Enterprise Partners, a social enterprise facilitating market development, and funded by UK aid.



Public Disclosure Authorized

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Impact Evaluation Research

This impact evaluation (IE) seeks to study the impact of employment at the Hawassa Industrial Park on the economic, physical, and social well-being of workers, and the broader impact on the largely rural, agricultural communities from which these workers are recruited. More generally, the evaluation will shed light on the implications of large-scale, location-specific development projects on individuals and local communities.

Methodologically, this IE uses a cluster-randomized control trial. Communities (clusters) are randomly assigned to an already-planned expansion of recruitment for the Hawassa Industrial Park. In “treated” communities, randomly selected eligible job seekers will be offered relocation allowance to Hawassa to begin work in the industrial park. In each of our study communities, we will collect detailed primary survey data to complement existing administrative data.

Data collection will include baseline, midline (after 1 year), and endline (after 2–3 years) household surveys, key informant interviews, and community surveys to measure community-level outcomes. In addition to surveying households that are eligible for the recruitment program, we will collect representative data from randomly-selected households in each study community. The team will collect detailed data on welfare outcomes that are harmonized with the World Bank-supported Ethiopia Living Standards Measurement Survey (LSMS). In addition to these standard measures, the team will gather rich data on intrahousehold dynamics, gender norms, fertility, as well as cortisol levels, a range of anthropometric measures, and mental health outcomes.

Using a pre-registered research design, our design allows us to estimate impacts at three levels of analysis. We will compare individual-level outcomes of treated job seekers to job seekers in control communities. We will additionally compare both household-level and individual-level household member outcomes of treated households to households in control communities. For individual-level and household-level outcomes, we will also be able to estimate spillover effects by comparing outcomes for non-treated individuals and households in treated communities with those in non-treated communities. Finally, we will compare community-



level outcomes between those which receive this intensified recruitment to those that did not.

Policy Relevance

The Hawassa Industrial Park is a cornerstone of the Government of Ethiopia’s ambitious industrialization strategy. It is seen by the government as a blueprint for further parks in the country, and it represents the first large-scale investment by “high quality” garmenting firms that perceive Ethiopia as a frontier destination for their production facilities. Accordingly, the project has high political visibility in Ethiopia. Beyond its role as a flagship investment destination, the park represents a significant shock to the local economy of Southern Nations, Nationalities and Peoples’ Region (SNNPR), and to the national economy of Ethiopia.

This project has a range of implications for productivity, structural transformation, welfare, health, education and social norms. It is representative of a broader class of spatial development programs such as growth poles, growth corridors, and special economic zones (SEZs) that have been used by World Bank client governments and development partners as a tool to promote private-sector development. Fully quantifying the impacts of such programs is often challenging because generating counterfactual scenarios for such place-specific investments is complex, and a full estimation of impact also requires an understanding of general equilibrium effects in various markets at the same time. The research team hopes to make a step towards this understanding and thus inform wider development policy.

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The ieConnect for Impact program links project teams with researchers to develop rigorous and innovative impact evaluations that both substantially improve the evidence-base for policy making and induce global shifts in transport policy. The ieConnect program is a collaboration between the World Bank’s Development Impact Evaluation (DIME) group in the Development Research Group and the Transport Global Practice (TR GP). This program is part of the Impact Evaluation to Development Impact (i2i) multi-donor trust fund and is funded with UK aid from the UK government (DFID) and by the European Union (EU).