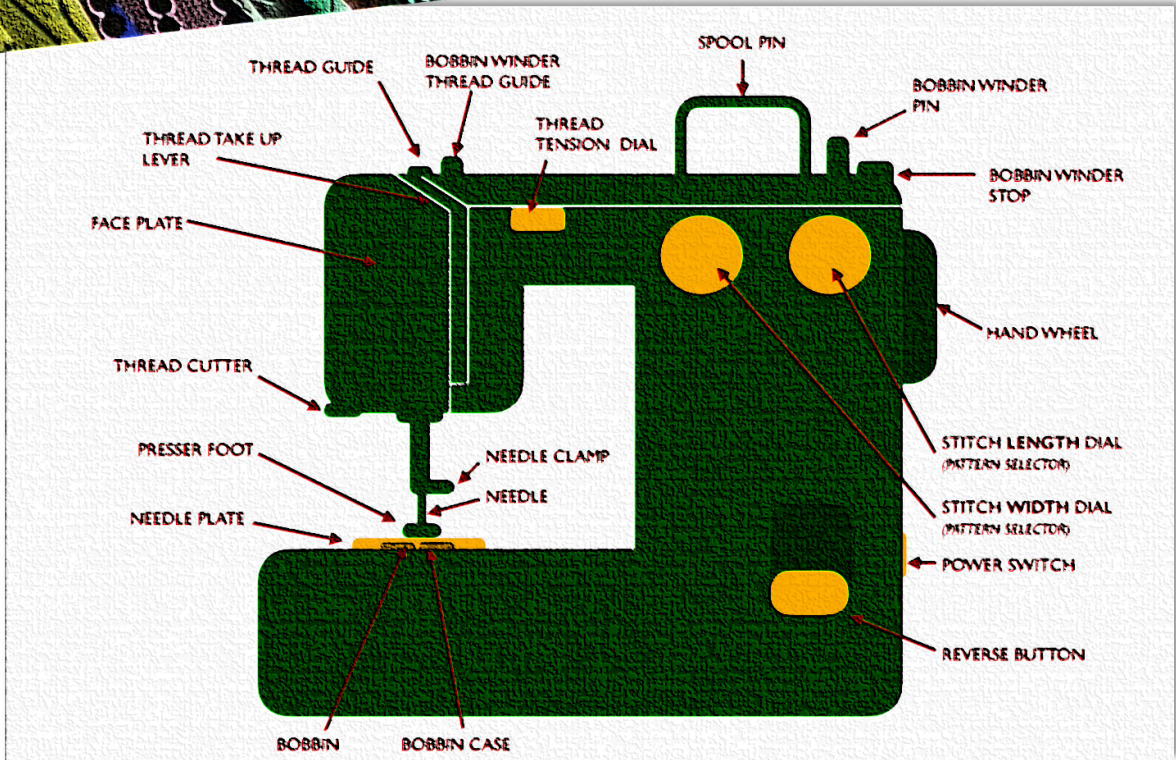




ARAKELE Fashion Design College and Garment Production PLC

ANNUAL REPORT 2019-20



*“They cannot stop me. I will get my education, if it is in the home, school, or anyplace”  
Malala Yousafzai*

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*“The greatest good you can do for another is not just share your riches, but to reveal to him his own.”*  
— *Benjamín Disraelí*

# INTRODUCTION

Since being established in 2013 and starting classes in 2014, over 400 students have graduated from Arakele, mainly marginalised women. These women have been equipped with new skills to earn a living, giving them confidence and setting them on the path to a better life. Arakele was created as a truly social enterprise, and over the first several years of existence has developed with a simple yet clear goal of helping marginalised women to learn a new skill while developing their self-confidence and broadening their opportunity.

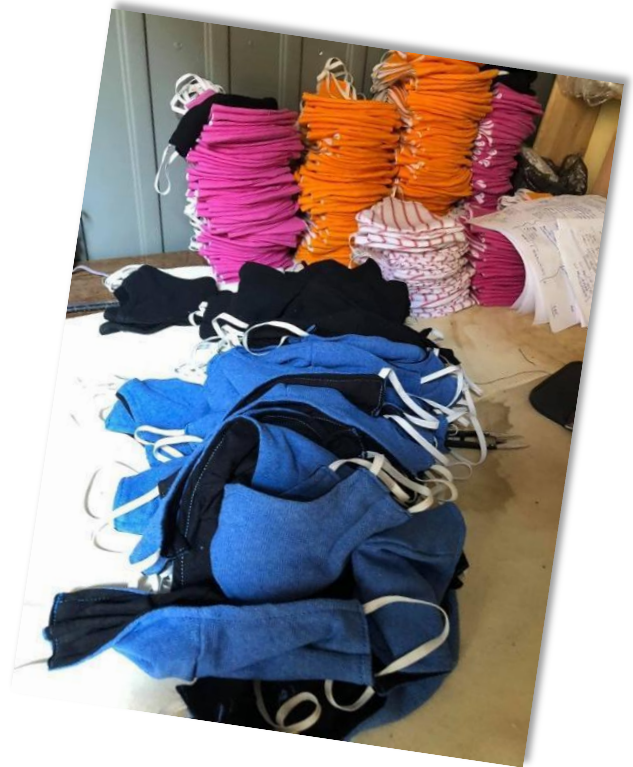
Today Arakele Fashion Design College and Garment Production plc is a thriving social enterprise with a healthy and growing group of alumni, and an ambitious plan for the future.

This is our first Annual Report, covering not only the year July 8<sup>th</sup> 2019 to July 7<sup>th</sup> 2020 - but also the preceding period – this will give us a clear base in terms of progress made, and provide a starting point for future reports.

# MANAGEMENT REVIEW OF THE YEAR

Arakele added Garment Production in 2019 and was able to hire three Arakele graduate students to work as garment producers. In 2020, in response to the Covid19 pandemic and when classes were closed to students, the Arakele team rose to the challenge by making reusable cotton face masks for the public and hospital gowns (for doctors and patients) for local hospitals and NGOs.

As a social enterprise, it has been particularly gratifying to be able to supply essential items like masks and hospital gowns to those who need them during this challenging time, and to be able to keep all our staff actively employed during this period. We also donated a number of masks to those in need who were unable to buy them. This production also significantly raised Arakele's profile. We are looking forward to expanding production and hiring additional Arakele graduates to join our production team in due course.



*Image : Our washable cotton masks ready for sale locally*

We have several site visits planned at Ethiopian cotton and silk factories; namely Etur Textiles in Adama, Maa Garment in Mekelle, Almeda Textiles in Adwa, Bere Silk in Arba Minch and Bahir Dar Textiles in Bahir Dar. Building on these relationships and developing our customer base will expand our production capabilities and income. Our plan is to produce and market garments that are made exclusively from Ethiopian fabrics and manufactured exclusively by Ethiopian workers for sale locally and internationally.

## HIGHLIGHTS

- The installation of an on-site generator in January 2020 enabled Arakele to provide tuition and carry out production without interruption from power cuts.
- Several large companies including NGOs and healthcare organizations have ordered masks and/or hospital gowns with logos. They include: Cure International, Care Ethiopia, Marcia Surgical Center, Renew Investment, Voice for Street Children, Make Your Mark, GIZ, Tesfa Tours, Yared Tour and Travel, Grand Holidays and Shamida Welfare Association.
- The move into production has enabled Arakele to provide employment to a few graduates who are now working on the production side, with plans to hire more graduates as our production capability expands.
- Revenues from these sales have enabled Arakele to partially offset the loss of tuition fees and to cover its running costs and staff salaries during the pandemic.
- We have developed new partnerships with local cotton textile suppliers which has enabled Arakele to produce garments such as polo shirts, hoodies, lounge wear, scarves and hats etc for sale to local and international markets.
- In this financial year we stopped renting out space at our compound in order to allow Arakele to expand into all the available space. This has had a short-term revenue impact, however it allows us to develop the enterprise and to recruit more of our own graduates to production.



*Arabella Stewart and Mikele Goitom – Co General Managers*



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# FINANCIAL SUMMARY

<b>ARAKELE FASHION DESIGN COLLEGE AND GARMENT PRODUCTION PLC</b>		
<b>PROFIT AND LOSS ACCOUNT</b>		
<b>FOR THE YEAR ENDED 07 JULY 2020</b>		
	<b>Currency: Ethiopian Birr</b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>
<b>Sales</b>	1 943 112	1 164 625
<b>Less: Cost of Service</b>	(1 815 339)	(1 104 916)
<b>Gross profit</b>	127 773	59 709
<b>Other income</b>	12 631	376 646
	140 403	436 355
<b>Less: Expenses</b>		
General and administrative	(387 825)	(380 528)
<b>EBITDA</b>	(247 422)	55 828
Finance charges (Bank Charge)	(2 110)	(1 100)
<b>Net income/(Loss)</b>	(249 532)	54 728
Depreciation and amortisation	(715 376)	(669 462)
<b>Net Loss during the year</b>	(964 908)	(614 734)

*"An investment in knowledge pays the best interest." — Benjamin Franklin*



## OUR VISION

To give disadvantaged and marginalised women in Ethiopia the skills and self-confidence to help them out of poverty and fulfil their potential in life.

## OUR MISSION

- To provide students of all backgrounds with high quality, skills-based training in both traditional and modern clothing design.
- To equip students with the self-confidence and life skills they need to succeed.
- To help graduates obtain a livelihood, either working for themselves, for others or with Arakele.
- To increase the number of women in paid employment within the textile sector in Ethiopia.
- To support the local Ethiopian economy by sourcing staff and materials locally including sewing machines, materials and furnishings.

# OUR CORE VALUES

## INTEGRITY



We place a high value on honesty and being consistent in the way we behave, regardless of who is watching.

## OPENNESS

We believe a culture of openness makes our students feel safe and promotes trust and healthy relationships.



## DEDICATION



We are committed to our students' welfare and giving them the best opportunity to succeed during their time at Arakele. Equally, we expect our students to be committed to making the most of the opportunity given to them.

## FAIRNESS

We aim to treat everyone fairly.



## KINDNESS



We value kindness and believe it makes for a happy learning environment. We employ staff who we believe will model kind and considerate behaviour towards students and fellow staff members and we expect the same from our students.

# ARAKELE

Fashion Design  
College **Addis Ababa**

# OUR STORY



## BEGINNING

Arabella Stewart spent 12 years growing up in Ethiopia during the 1960s and 70s. She finally returned in 2008 intending to make only a short visit. But that short visit rekindled her love for the country and soon after she returned to take up a position as an English teacher. Inspired by the plight of the many children she encountered who lacked basic school supplies, in 2009 she set up a UK-registered charity, Project Pencil Case (PPC), to supply Ethiopian schools with pencil cases, uniforms and other educational resources. One of Arabella's teaching colleagues, Mikele Goitom, an Ethiopian who had grown up in northern Ethiopia, joined forces with Arabella and the two of them committed themselves to running PPC.

## ESTABLISHING ARAKELE PLC

In 2012, Arabella and Mikele had a chance meeting in Ethiopia with entrepreneur philanthropist, Alistair Assheton, who had contacted them as he wished to donate pencil cases collected by his children to PPC. Alistair was able to witness first-hand the work of PPC and, after discussions and further meetings with Alistair and his wife Joanne, the idea of establishing a training college for marginalised women was devised.

Impressed by PPC's work, Joanne and Alistair decided to invest in what was to become Arakele. After a long search, a suitably spacious, leafy and private compound was acquired in the Yeka district of Addis Ababa, purchased outright with the company's capital. The college finally opened its doors to students in 2014.



In 2018, Arakele evolved into Arakele Fashion Design College and Garment Production, offering students courses leading to both short term Certificates and longer term Diplomas.

One of 2018's highlights, in recognition of Arakele's work and its reputation for excellence, was the visit to the college by the British Ambassador, Susanna Moorehead, who handed over funds raised by a charitable event at the British Embassy in Addis Ababa to enhance the college's free scholarship programme in the fashion design sector.

During her visit, Ambassador Moorehead stressed the importance placed by the UK government on providing education and training for women and girls and championed Arakele as

“...a fantastic Ethio-British collaboration that is doing precisely that.”



## WHY A SOCIAL ENTERPRISE?



We were motivated initially by a simple desire to train vulnerable women in skills that would help them secure employment and give them opportunities that they would otherwise not have. But we soon realised that to set up a college that would continue to impact many women for years to come, it had to become economically self-sustainable.

The college would need to become an income

generating enterprise that would be able to sustain its own mission. In short, it needed to become a social enterprise.

The concept of a social enterprise has evolved since it was first articulated in the 1970s. The core belief underpinning social enterprises is that social businesses should be designed that solve societal problems, are economically self-sustainable and use their profits to further their impact rather than to enrich their shareholders.

Arakele was one of the first Ethiopian projects of its kind to be recognised by the British Council as a Social Enterprise. The Council defines Social Enterprises as

*“businesses which trade in order to address social and environmental problems. They generate income like other businesses but reinvest all or most of their profits into their social mission. They create jobs, reduce inequalities and are accountable for their actions, bringing together the entrepreneurial skills of the private sector and the values of public service”.*

*“I’m encouraging young people to become social business entrepreneurs and contribute to the world, rather than just making money. Making money is no fun. Contributing to and changing the world is a lot more fun.”*

— *Muhammad Yunus*

## KEY ARAKELE FACTS

- Since Arakele opened in 2014, most of its graduates have gone on to find employment in textile-based industries, set up their own businesses in fashion design or pursued further education.
- Arakele operates as an approved Centre for the Government set and monitored examination: Certificate of Competence (COC). This means that students from other design colleges can be examined for their certificate or diploma at Arakele.
- 22 staff members including management, teachers, admin and producers
- 16 computers for Computer Aided Design (CAD)
- 8 classrooms for Theory and Practical training
- 35 Industrial sewing machines
- 4 Overlocker machines (specialised machines for hems, seams and finishing of clothes)

We value kindness and believe it makes for a happy learning environment. We employ staff who we believe will model kind and considerate behaviour towards students and fellow staff members and we expect the same from our students.

# ARAKELE'S IMPACT

## THE PROBLEM FACING WOMEN IN ADDIS ABABA

The problem being addressed by Arakele plc is the lack of opportunities available to adolescent girls and young women in Addis Ababa. Many young women drop out of school and, as a consequence, fail to find employment, making them vulnerable to poverty and economic, sexual and other forms of exploitation. According to a recent US Aid Report, Ethiopia has some of the highest rates of global child marriage. It is estimated that over 150,000 women are in prostitution in Addis Ababa, and that over a quarter of women in the capital are unemployed. On the plus side, giving these women educational opportunities has been shown to have an exponentially positive impact on society, going well beyond improving the lives of the women themselves. For example:

*"Educated women are 50 percent more likely to immunize their own children"*

***United Nations Girls' Education Initiative***

*"A girl with basic education is 3 times less likely to contract HIV"*

***Global Campaign for Education***

*"Children with educated mothers are more likely to live past the age of 5"*

***Global Campaign for Education.***

## MEASURING ARAKELE'S IMPACT

During the early years of Arakele's existence, the focus of the investors and management team was on getting the foundations of the social enterprise established and on the creation of strategic partnerships. The success stories of Arakele graduates tended to be anecdotal and those that were known about were communicated via the Arakele website or to supporters and friends via social media. But there was a growing realisation that anecdotal evidence was not enough and that a formal measurement programme was needed to ensure that Arakele could continue on its journey towards becoming a sustainable social enterprise.



In 2018, a visiting student at Birmingham University, William Bronze, was invited to make Arakele the subject of his dissertation thesis entitled *“An analysis of how female aspirations for employment can be shaped in Addis Ababa, Ethiopia”*. As part of his research, Mr Bronze interviewed Arakele students and graduates and in his dissertation concluded that Arakele was

*“...an effective platform for many participants to launch into the labour market and/or pursue entrepreneurial ambitions. The extent of this outcome was unexpected, and numerous participants exhibited how Arakele had inspired them to seek employment, even before graduation”.*

However, it was not until 2020 that Arakele decided to formalise the process of gathering empirical evidence that would demonstrate a) the positive impact that Arakele is having in terms of the qualitative improvement in the lives of its students, and b) the ‘impact return’ on the investment made by its current owners and by other future potential funders.

To that end, Arakele has commissioned Gihon Partners, an external consultancy with expertise in impact programme design and evaluation, to design an impact monitoring framework that uses both quantitative and qualitative methodologies to measure and demonstrate the impact Arakele is having.

The impact is measured against four of the Sustainable Development Goals, the United Nations’ now universally accepted blueprint for addressing poverty, inequality and other global challenges.



# SUSTAINABLE DEVELOPMENT GOALS



Arakele is playing its part in helping Ethiopia to achieve the following SDGs:

- Goal 1: End poverty in all its forms everywhere
- Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
- Goal 5: Achieve gender equality and empower all women and girls
- Goal 8: Promote sustained inclusive and sustainable economic growth, full and productive employment and decent work for all.

The impact assessment framework commissioned by Arakele has been guided by the 'Impact Management Project' (IMP), a global initiative which brings together a range of advisors such as CDC, UK Aid and private investors such as PWC to build a consensus on how to measure and manage impact.

As part of this framework, a Theory of Change (ToC) has been devised that will map the pathways to change experienced by women who study at Arakele. More information on the framework and its proposed measurement methodology can be found in an Impact Methodology and Summary Report prepared by Gihon.

The impact information gathering and evaluation exercise is still in its infancy, however it is intended that as data is gathered over time a full and detailed picture will emerge of the transformed lives and varied pathways to success that Arakele graduates typically enjoy.

## GRADUATES IN EMPLOYMENT

Among the 400 Arakele graduate placements, many have gone on to find work, including the following:

- Two graduates Astede and Ekram were able to open their own local boutique LOMI Addis specialising in African print contemporary clothing (*featured below*)
- Another graduate Eyrus (Jerry) set up her own fashion line Demi Design specialising in ladies' fashions and children's clothes
- Two graduates Berhane and Dana were hired by NGO International Fund for Africa to sew sanitary pads for the women this programme supports.
- Two graduates Lili and Bruk were hired by Nordic Medical Center and Hospital to make bed linens for their new Intensive Care Unit
- Two graduates Yeabsira and Meskerim were hired by Mengistu Worku Garment
- Ten graduates were employed by Hibir Textile Garment
- Twenty seven graduates were employed by Selam Crystal Garment
- Eight graduates were employed by Village Industries
- One graduate Hiwot was hired as the Production Manager of a Social Enterprise clothing and home textiles company.



## CHANGED LIVES

Although the impact measuring programme is still in its infancy, five Arakele graduates were interviewed in 2020 about their experiences of Arakele and life since graduating. The backgrounds of these women and their positive experiences of Arakele are typical of many of the women who have come through the doors of the college, and the findings suggest that Arakele is being successful in its mission to give underprivileged women and their families a hand up in life.

The full interviews can be read in our Impact Summary Report, however below are some highlights from the stories of three of the women.



**Ebtisam** is a 33 year old single mother. Like many young Ethiopian women lacking formal qualifications, she moved to the Middle East to work as a housemaid as there was no work for her in Addis. She returned to Ethiopia as a widow with a young child and no employment prospects. But her plight was brought to the attention of International Development Charity, Plan International, who were partnering with Arakele to offer sewing scholarships to returnees from Middle East countries. In the 6 months she studied at Arakele she learned all the basics of clothes design, including drawing, pattern making, sewing and sampling. By the end of the course, she was able to look at tailored dresses/jackets and clothes and replicate them by sight. During her time as a student, she impressed the team in Arakele with her skills and commitment and Arakele have offered her a full-time position as a machinist.

Through Arakele and through the work she is able to pay her daughter's school fees and feels more empowered, more confident and more respected by her family and peers. As she says -

*"Working at Arakele is like being with family, here I feel safe, I have friends and I feel supported".*



**Ekram** and **Astede** met at Arakele and have been in business together now for three years since graduating from Arakele. Both women had always wanted to be designers. Both faced difficult circumstances initially and found it hard to find employment in Addis. When they joined the Arakele course, they had limited experience but by the end they had an excellent foundation of knowledge they could build on in basic dress design.

*“At Arakele we felt we were encouraged to improve ourselves and to be ambitious. Having economic power has made others believe in us. Before if I disagreed with a family decision or expressed an opinion, I did not feel listened to or respected. Now I have a source of income I have a lot more status and my family now listen to me in a way they did not before”*

Since graduating, the women have established a shop in Addis which focuses on a unique line of Africana women’s clothing, which has become a draw for tourists and locals alike. They now have two female employees and also actively support two other female designers by stocking their shoes and jewellery. Over time, they have aspirations to open more outlets in Addis. Business is challenging with Covid-19 but they have adapted their business model and have diversified into making masks and gowns. They want to employ more women and have ambitions to export their products.

They also love to give back to Arakele by offering teaching support and by letting the students come to the store to learn and practice their skills.

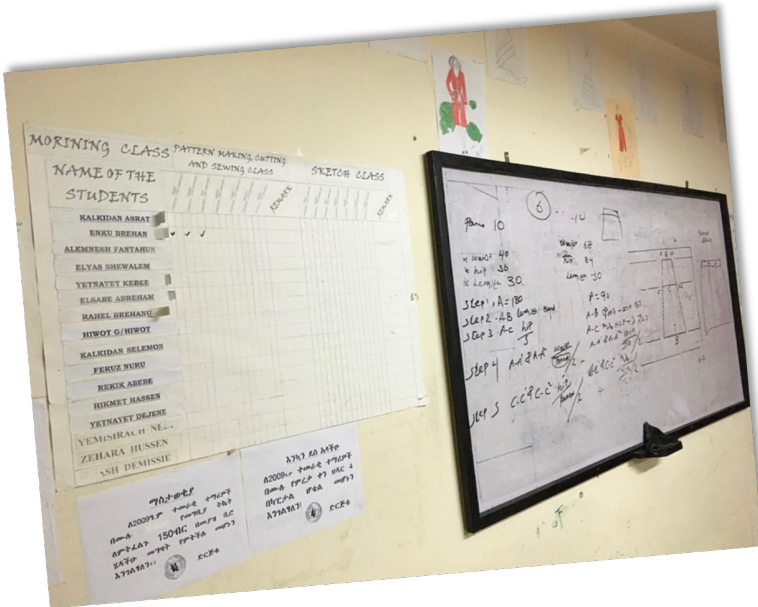


*"There is no limit to what we, as women, can accomplish."  
Michelle Obama*

## THE COURSES

Working through a structures programme taught by Ethiopian professional teachers, Arakele classes teach many aspects of the garment industry including the fundamental principles of:

- ✓ pattern cutting techniques and terminology
- ✓ fabrics and interfacing
- ✓ lay planning and cutting fabric
- ✓ garment construction methods.

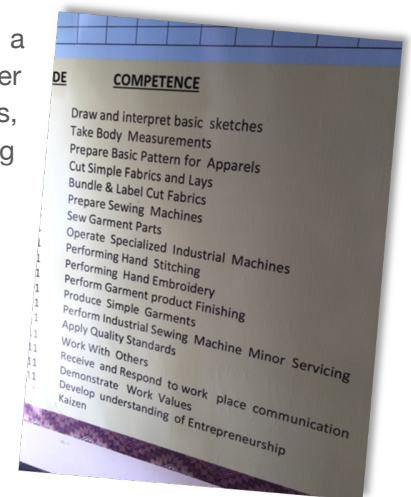


Through tutor-led, step-by-step demonstrations students compile a comprehensive portfolio of information, including samples, garments and paper patterns. They start with the basics of learning about body measurements, making patterns and hand sewing items from start to finish before progressing to learning about and how to use the sewing machines.

Teaching modules cover the following topics:

Sewing Terminology, Fabric Grains, Patterns for Skirts, Shirts, Jackets and Trousers, Sewing by Hand and How to Operate an Industrial Sewing Machine. Students are taught how to sew and create darts, seams, waistbands, fly pieces, neckline plackets, collars, cuffs and sleeves for skirts, shirts and trousers and all about different cutting and sewing machine techniques.

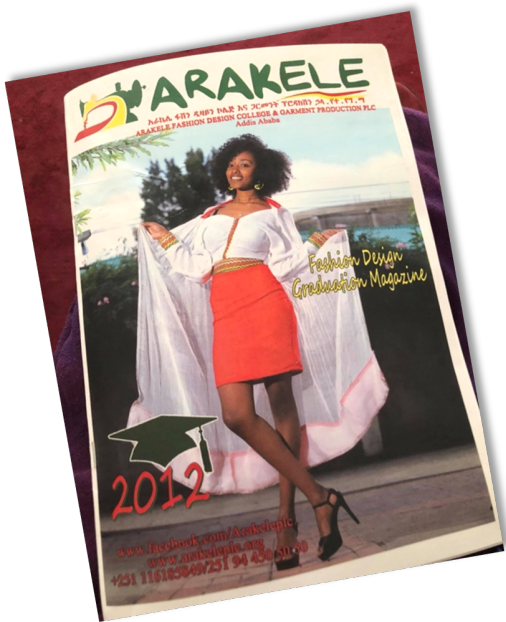
More advanced modules will teach creating patterns for and designing a day dress and an evening dress as well as different and more advanced technique styles of skirts, shirts and trousers.



Arakele provides both long and short-term courses in Sewing and Design and, after each module, students graduate after taking the standard Ethiopian Certificate of Competency “Occupational Standard Fashion Design and Dress Making Certificate”. Upon completion of all modules (levels one - four), students graduate with a Diploma.

Upon graduation for Level Four, the students are given the opportunity to show off their new skills and creations at a fashion show held at a five-star hotel.

All other level students will, towards the end of their course, work in teams to research a social project and to produce and provide the selected individuals within the selected project with items of clothing.



# LEGAL AND GOVERNANCE

## ENTITY

Arakele Vocational Training Centre Plc (“Arakele”) was incorporated in 2013.

## PERMITS AND LICENCES

Arakele was awarded a business trade license on 14<sup>th</sup> April 2014 permitting it to engage in community, social and educational services.

Arakele operates as a College of Fashion and Design/Garment Production with operational Business and Trading Licenses which are renewed annually

In 2019 Arakele evolved into a College of Fashion and Design and Garment Production offering diploma level courses in addition to short term courses

On 21<sup>st</sup> June 2019, Arakele changed its name and status from Arakele Vocational Training Center to Arakele Fashion Design College and Garment Production Plc.

Arakele acts as the authorised local (Ethiopia) partner of UK registered charity Project Pencil Case (PPC) and produces and supplies pencil cases and uniforms as funds are raised through PPC UK and sent to Arakele.

## CO-GENERAL MANAGERS

Arabella Christina Stewart  
Mikele Goitom Meressa

## SHAREHOLDERS

Alistair and Joanne Assheton

## OPERATIONAL TEAM

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2 General Managers  
2 Senior Admin  
5 Accredited Teachers  
3 Garment Producers  
1 Accountant  
1 Secretary  
3 Guards (24 hours)  
3 Housekeeping staff  
2 Maintenance staff





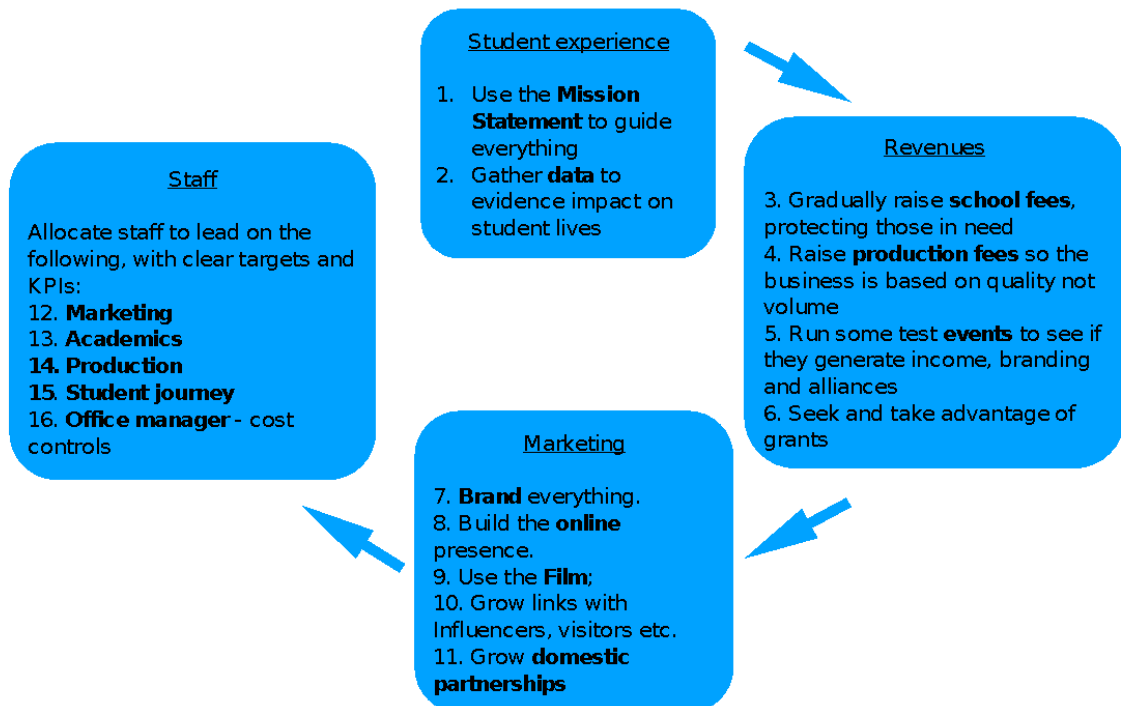
# LOOKING TO THE FUTURE

In 2020, the owners of Arakele and its General Managers, working with external consultants, Gihon Partners, developed a long-term sustainability plan looking at, among other things:

- Increasing graduate capacity
- Optimising fee revenues
- Marketing and selling new products produced by Arakele and its graduates
- Exploring potential partnerships with textile factories which could see Arakele designs manufactured in greater quantities than are possible on site at the college, as well as providing guaranteed employment to Arakele graduates
- Professionalising the entire Arakele operation

The recommendations of that plan are as follows.

## Key Recommendations for the next 2 years



## RECOMMENDATIONS FOR YEARS 3-5

- Fashion shows, with alumni and guests of honour - on site and in hotels for diploma level students
- Arakele develops a line of Made in Ethiopia clothing (using Ethiopian fabrics and Ethiopian workers).
- Develop a casual retail shop rail within the building, with potential to outsource Arakele items for other retailers to sell.
- Recruit the best Arakele graduate students to join the staff team.
- Explore investment partnerships.
- Develop and expand existing relationships with local businesses that require uniforms or other garments to sell.



# CONCLUDING REMARKS

## GENERAL MANAGERS

The opportunity to provide niche market training for marginalised women and help them to find jobs in the expanding textiles sector gives us both tremendous satisfaction. Arakele students learn in a nurturing environment and graduate with marketable skills leading to employment which is the whole premise behind Arakele. As we expand Arakele production, we look forward to employing more graduate students to work with us as we grow with social entrepreneurship at the core of our work; giving marginalised women the opportunity to develop skills leading to sustainable futures.

## MESSAGE FROM THE SHAREHOLDERS

This is our first ever Annual Report destined to be read by those outside Arakele, and we are delighted to see it come to fruition, as a sign of our development as an organisation. Since the foundation of our social enterprise and the purchase of the property, we have both been tremendously proud of the dedication and perseverance of Mikele and Arabella, and are constantly impressed at the progress the Arakele team is able to make in what is certainly a challenging business environment.

This past year has shown us like never before the power of human innovation and resourcefulness – we are humbled by the efforts the Arakele team has made to ride the storm of Coronavirus and to emerge, we firmly believe, stronger than ever and ready for the next exciting phase of our development.



We will truly become a fully sustainable social enterprise - supporting the business itself and an increasing number of our graduates, who will enable us to continue the development of the enterprise and therefore give opportunities to more students than ever in the years ahead.

These are certainly not boring times, and the team is ready to shine!

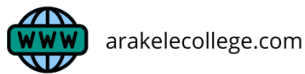
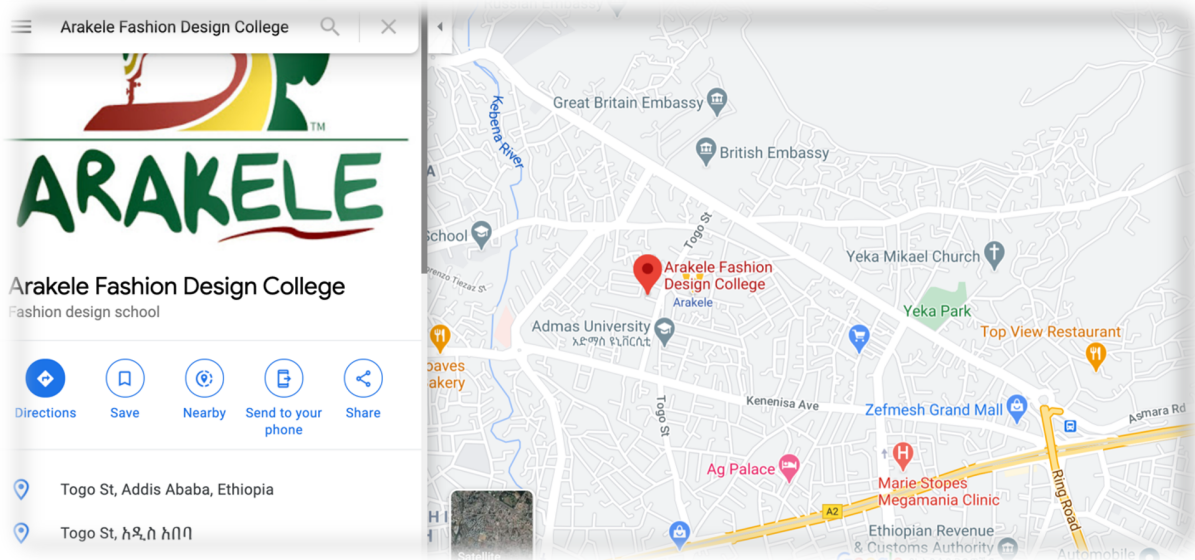
*Joanne and Alistair Assheton – December 2020*

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