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# Assessment of the Relevance and Impact of Promoting Marketable Skills for the Informal Sector in Addis Ababa, Ethiopia

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# INTRODUCTION

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The problems of employment have become a central global concern in recent times.

The informal sector consists of all activities operating outside the official legal and fiscal system, with a resulting lack of reliable statistical information.



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The informal sector is broadly characterized as consisting of units engaged in the production of goods or services with the primary objective of generating employment and incomes to the persons concerned.



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The informal sector, informal economy, or grey economy is the part of an economy that is neither taxed, nor monitored by any form of government.

Unlike the formal economy, activities of the informal economy are not included in the gross national product (GNP) and gross domestic product (GDP) of a country.



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Over the years, the debate on the informal economy has crystallized into **four** dominant schools of thought regarding:

Who they focus on and

How they view the informal economy



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## **DUALISTS**

**Introduced by ILO World Employment Mission Kenya  
1972**

## **STRUCTURALISTS**

**Introduced by Manuel Castells and Alejandro Portes  
1989**

## **LEGALISTS**

**Introduced by Hernando De Soto 1989**

## **VOLUNTARISTS**

**Introduced by William Maloney 2004**



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	<b>DUALISTS</b>	<b>STRUCTURALISTS</b>	<b>LEGALISTS</b>	<b>VOLUNTARISTS</b>
<b>Who they focus on</b>	those engaged in traditional and survival activities	petty traders and producers; sub-contracted workers; casual workers	informal enterprises and entrepreneurs	the self-employed, notably entrepreneurs – especially male entrepreneurs – and their informal enterprises
<b>How they view the informal economy</b>	As autonomous activities with few (if any) links with the rest of the economy; activities provide income for the poor and a safety net in times of crisis	as subordinated economic units (informal enterprises) and workers that serve to reduce input and labour costs of large capitalist firms and increase their competitiveness	as comprised of plucky entrepreneurs who choose to avoid the unnecessary and burdensome costs, time and effort of formal registration and who need legal rights to convert assets into formal property	as comprised of entrepreneurs who choose to operate informally in order to avoid taxation, commercial regulations, electricity and rental fees, and other costs of operating formally





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**Nearly 500 and above million people around the world are employed in the informal sector today (ILO, 2013; 2014).**



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System	Countries	Main features
Enterprise-based		
<ul style="list-style-type: none"> <li>Low-labor turnover</li> </ul>	Japan	Low Labor mobility, lifetime employment for many staff, 'long termism' arising from absence of stock market pressure, wage system based.
<ul style="list-style-type: none"> <li>Voluntarist</li> </ul>	The United Kingdom, United States	Few institutional pressures on firms to provide training
Co-operative	Australia, Germany, Switzerland and many countries in Latin American counties	Pressures to undertake training resulting from strong co- operation amongst employers' organizations, the state and trade unions
“State-driven”		
a) Demand-led	Hong Kong, Malaysia, Republic of Korea, Singapore, Taiwan, China	State plays a leading role in coordinating the demand for a supply of skills, Operates in an open and competitive economic environment.
b) Supply –led	Economies in transition, many developing countries especially in Asia and Africa	Govt. taken on a prime responsibility for formal sector training in training institutes, Little or no pressure on employer to train.



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Ethiopia is one of the emerging economies with similar facts like other countries in developing regions.

The population of the country is increasing at the rate of 2.7% every year and this has become an additional concern to planners, development workers and the government at large



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**Unemployment (especially youth unemployment) in Ethiopian has become a major development issue.**

**A significant portion of the urban workforce works for unpaid family business;**



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More than 40% are self-employed in the informal economy - most of which live on the edge of poverty.

On the other hand, 75% of the workforce is concentrated in low skill employment sectors.





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As an intervention to those issues, the government has crafted an integrated plan and has been implementing with the two GTPs and previous integrated development plans



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In recognition of these facts, Concern World Wide Ethiopia has taken the initiative to implement “**Promoting Marketable Skills in Informal Sector in Addis Ababa**”.



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Thus, it is legitimate to pose question how far the project has changed the livelihoods of the beneficiaries in the intervention area.

Therefore the objective of this assessment study was to evaluate the relevance and impact of the programme implemented in the project intervention area.





# Methodology



The evaluation study was conducted from February to June 2016 in all targeted three sub-cities of Addis Ababa, Ethiopia.

The survey was conducted on a sample consisting of 281 of which 182 were female from 1040 list of total targeted beneficiaries.







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a total of twelve focused group discussion were conducted (four FGD per sub city).

FGD was made separately to the different target types of the project and at last one mixed group FGD was conducted per sub city.





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Potential Key informants who had been involved in the project governance, design, monitoring, evaluation and implementation were conveniently selected and interviewed.

Desk reviews and field visit observations were also part of the data collection (project Proposal, agreements, annual plans, LFA, periodic reports, and other relevant literatures were reviewed).





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The quantitative data were analyzed via using SPSS version 20.

Text data, secondary data and FGD/KII were managed and analyzed via content analysis in terms of key themes.



# Result and Discussion



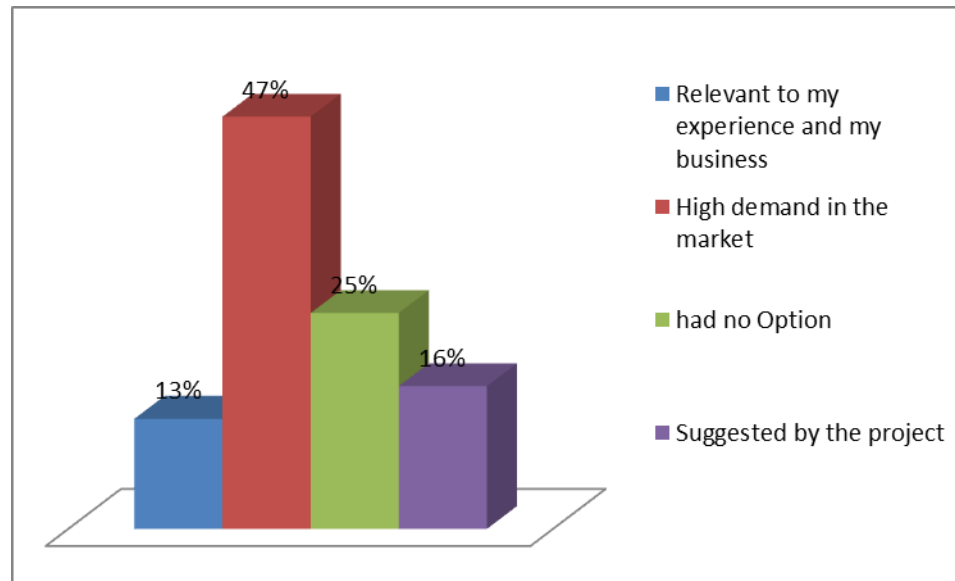
Category		Number of Participants	Percentage	Total
Sex	Male	99	35.23%	281
	Female	182	64.77%	
Marital Status	Married	90	36%	281
	Single	160	57%	
	Divorced and Widowed	21	7%	
Level of Education	Cannot Read and Write	12	4.28	281
	Can Read and Write	5	1.78	
	Grade 5 to 8	77	27.40	
	Grade 9 to 12	187	66.55	





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S.N	Monthly income category in ETB	Number of employed beneficiaries	Remark
1	Up to 500	36	The amount of monthly income from employment after receiving the skill development training
2	500-1000	49	
3	1000-1500	52	
4	1500-2000	46	
5	Above 2000	30	
<b>Total</b>		<b>213</b>	





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From the above table, one can easily understand that the monthly income of the beneficiaries ranges from 500 birr to 2000 birr.

Nearly 76 % of the participants pointed out that their monthly income has shown a tremendous increment after attending the training.



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The average income per month is around 1250 birr equivalent to 56.82 USD (assuming 1USD=22 birr).

The daily income is around 1.89 USD which surpassed the poverty line (1.25 USD a day).

Thus, this project had contribution to reduce the magnitude of abject urban poverty.



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# Conclusion and Recommendation



The project implemented in the three sub cities of Addis Ababa has contributed its own share to achieve the **first MDG** by improving the productivity as well as boosting up the household income of the target beneficiaries.





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It also aligned itself with the first GTP of the country and the MDG by empowering women in their economic status where 70% of the target beneficiaries were female.

**Inline with this;**



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Scaling up of the project in Addis Ababa as well as in the other regions is critical where such an intervention has a strong alignment with the **GTP II** and **Sustainable Development Goal** of UN to reduce the toll of urban poverty.





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