

LABOUR SYSTEM OVERVIEW

THE PROBLEM

The burgeoning labour supply in Addis Ababa is far outpacing job creation, and this gap continues to widen due to increasing urban migration. However, despite chronic unemployment overall, there are specific jobs for which the supply of labour is not effectively addressing demand. While this could equate to employment opportunities for poor women and youth, these groups face systemic disadvantages in accessing jobs compared to other groups.

Several factors constrain how the labour system works for impoverished low- and semi-skilled jobseekers. These include lack of appropriate and effective labour exchange infrastructure, dysfunctional transportation infrastructure, perceptions about certain types of work, and norms that limit job seeking behaviour and movement of labour. In addition, domestic responsibilities, specifically childcare duties, limit women's participation in the workforce, and employers' lack of trust and perception of risk act as barriers to youth employment, particularly for young migrants.

LIWAY AIMS TO



Address critical constraints in the labour system to make it work better for poor women and youth

Following a comprehensive analysis of the labour system in Addis Ababa, LIWAY identified the following critical constraints that have high feasibility for change with potential to improve the system in a way that is sustainable and affects a large number of poor women and youth.



LACK OF APPROPRIATE & EFFECTIVE LABOUR EXCHANGE INFRASTRUCTURE

Poor Ethiopians have limited sources of information on job vacancies, which include informal networks, job corners, and job boards that tend to be located far from where they live. These can be time consuming and incur travel costs, and they are often ineffective or result in low wage, temporary, and insecure employment. Other job search methods such as media advertisements, job fairs, digital platforms, and other job matching services exclude poor populations due to factors such as cost, location, processes, language, digital literacy, and connectivity (e.g. need for smartphones). The government manually registers jobseekers; however, records are rarely updated, and the information is not readily available to employers. Poor Ethiopians therefore remain unaware of quality jobs, and conversely, employers lack access to a suitable pool of candidates for low- and semi-skilled vacancies.



LACK OF PRO-POOR CHILDCARE OPTIONS

There is a lack of affordable, trusted, and flexible childcare services for poor women in Addis Ababa, which limits women's participation in and gains from employment. While public childcare services exist and are less costly than private services, they primarily serve their employees and not the broader community within their vicinity. Poor women therefore either refrain from engaging in the workforce or they must secure informal childcare (e.g. relatives), fit work around childcare responsibilities, which limits job and income possibilities, or pay high fees for childcare services, which impacts net income (fees are 55-200% of their maximum income threshold). The development of pro-poor childcare services is hampered by several factors, including cost of operational space, limited diversity of service provision models, lack of qualified nannies, and lack of enabling policy.



LACK OF TRUST & PERCEPTION OF RISK RELATED TO YOUTH

Youth migration to Addis Ababa has surged in recent years as more young people seek out different lifestyles and improved livelihoods. However, young migrants struggle to realise their ambitions due to limited social networks, education, experience, and financial capital, as well as an inability to obtain Addis Ababa ID cards. They are therefore blocked from accessing employment opportunities because they do not meet government requirements to register as jobseekers (e.g. Addis Ababa ID). In addition, employers cannot verify their identity, skills, and trustworthiness through socially accepted forms (e.g. ID, certifications, references) and lack insurance mechanisms to alleviate their perception of risk. Migrant youth therefore tend to be limited to working as day labourers for their daily subsistence as opposed to realising their earning potential.

OUR SOLUTION & APPROACH

LIWAY aims to improve how the labour system works for poor women and youth in a way that ensures lasting change and ongoing investment and innovation within the system. We work with various market actors to improve the ability of our target group to access better paying work through a combination of interventions that address different subsets of the target group or different aspects of the problem.



INNOVATIVE SOLUTIONS TO IMPROVE ACCESS TO JOB INFORMATION FOR THE TARGET GROUP

This includes working with market actors to develop business models for digital job boards in locations that are easily and regularly accessed by the target group, as well as increasing the use of mobile technology (e.g. SMS, mobile apps) and call centres for job information access.



DEVELOPMENT OF PHYSICAL & ONLINE PLATFORMS TO IMPROVE JOB MATCHING

This includes improving market delivery of job fairs specifically for low- and semi-skilled job matching and digital platforms for enhanced domestic and overseas job matching. For example, digitisation of the government's manual jobseeker registration and job matching system and development of digital gig work and freelance services connection platforms.



NEW MODELS TO REDUCE CHILDCARE COSTS & INCREASE WOMEN'S PARTICIPATION IN THE WORKFORCE

This involves identifying potential models and experimenting with different options, such as using surplus space of public institutions to (re-)start or expand childcare services to meet the needs of poor women, as well as public-private partnerships (e.g. establishment of private childcare centres in public institutions) and franchise models (e.g. expansion of existing services to the village level through 'mamapreneurs').



POLICY & REGULATION REFORM TO CREATE AN ENABLING ENVIRONMENT FOR PRO-POOR CHILDCARE SERVICES

This involves assessing current policy and regulation and using evidence from childcare interventions to advocate for changes, for example, with respect to registration and licensing requirements and taxation.



ALTERNATIVE WAYS TO VERIFY IDENTITY, SKILLS, & TRUSTWORTHINESS FOR EMPLOYMENT

This includes enabling alternative forms of verification such as KYC (Know Your Customer) and working with trusted third parties to provide training, screening/assessment, certification, and verification services to ensure quality of skills, as well as provide onsite supervisory support and deploy client feedback mechanisms to build institutional trust.



NEW INSURANCE MECHANISMS TO ALLEVIATE EMPLOYER RISK CONCERNS

This includes catalysing different types of insurance products that enable employers to offset potential losses related to employees, such as those purchased directly by an employer (e.g. employer liability insurance) and those accommodated through other means such as an employment bond where a portion of the employee's salary is held as insurance.

In the interrelated skills system, we are also working with market actors to expand professional nanny training to increase the availability of qualified nannies for pro-poor childcare services. We are also working to improve skills delivery to enable our target group to develop the skills needed to access employment opportunities. As the LIWAY programme progresses, we will continue to revisit critical constraints and may develop other intervention areas.

Across all our intervention areas, we work with various market actors to develop and deliver sustainable market-based solutions. Our role ranges from establishing linkages and dialogue between different actors, to providing technical assistance and sharing investments to test innovative models, to engaging in direct research and advocacy.



Our aim is to improve how the labour system works for poor women and youth, while demonstrating benefit to public and private actors who play a role in the system to ensure sustainability and continued improvement beyond the programme period. We share lessons learned and best practices to encourage involvement of other market actors to scale solutions and develop new innovations to maximise impact for the target group.

OVERVIEW OF LIWAY'S LABOUR SYSTEM FOCUS & APPROACH

CRITICAL CONSTRAINTS



Lack of appropriate & effective labour exchange infrastructure



Lack of pro-poor childcare options



Lack of trust & perception of risk related to youth

INTERVENTION AREAS



Innovative solutions to improve access to job information for the target group



Development of physical & online platforms to improve job matching



New models to reduce childcare costs & increase women's participation in the workforce



Policy & regulation reform to create an enabling environment for pro-poor childcare services



Alternative ways to verify identity, skills, & trustworthiness for employment



New insurance mechanisms to alleviate employer risk concerns

EXAMPLE INTERVENTIONS

Job Board Positioning to Improve Job Matching

LIWAY is exploring market-based interventions that include the establishment of commercial digital job boards in areas that are more easily and regularly accessed by the target group, which may include selected bus terminals. LIWAY's role includes co-creation of new business models, provision of technical assistance, and cost sharing to pilot and demonstrate new models.



Digital Job Matching Platform

This intervention entails the digitisation of the Bureau of Labour and Social Affairs' manual job seekers registration and job matching service. The digital platform facilitates registration, training, assessment and placement of job seekers for both domestic and overseas employment. LIWAY convened and engaged the partners, provided technical assistance to co-create the business model, and co-invested in the development of the digital platform.



Enhancing Women's Employability through Childcare Service – Additional Public Childcare Centres

The business model is increased pro-poor childcare services through using surplus space on public institution compounds to start and/or expand services that provide poor women with affordable childcare. LIWAY cost-shared renovations, equipment, and nanny salaries to test and demonstrate the model.



Dagmawi Menelik Primary School
Kokebe Tsibah Primary School

Financial Guarantor

This intervention entails the pilot of a financial guarantor insurance product where money is placed in a blocked bank account that acts as financial security (insurance) to compensate the employer for damage or bad behaviour by the 'jobseeker'. A portion of the 'jobseeker's' monthly salary is contributed towards their financial guarantee deposit until each 'jobseeker' saves enough to guarantee themselves and the original deposit can be returned to the guarantor. LIWAY co-invested the amount of the original deposit for the pilot.



For more information about the LIWAY programme and how we are improving the labour system for poor women and youth, please visit www.liway.org or contact us at info@liway.org.