

FSS Discussion Paper No. 8

**Livelihood Insecurity Among Urban
Households in Ethiopia**

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**Forum for Social Studies
Addis Ababa
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The opinions expressed in this publication are those of the authors and do not necessarily reflect the views of FSS or its Board of Advisors

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List of Acronyms

CETU:	Confederation of Ethiopian Trade Unions
CSA:	Central Statistical Authority
EPHA:	Ethiopian Public Health Association
FDRE:	Federal Democratic Republic of Ethiopia
FSS:	Forum for Social Studies
IFPRI:	International Food Policy Research Institute
ILO:	International Labour Office
IMF:	International Monetary Fund
MOFED:	Ministry of Finance and Economic Development
MOLSA:	Ministry of Labour and Social Affairs
NGOs:	Non-Government Organizations
PRSP:	Poverty Reduction Strategy Paper
PSS:	People's Security Survey
TGE:	Transitional Government of Ethiopia
UNICEF:	United Nations Children's Fund
WFP:	World Food Programme

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*Dessalegn Rahmato
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Abstract

This study is based on a survey of households undertaken in the last quarter of 2001 for ILO as part of the project entitled People's Security Survey (PSS). The main objective of PSS was to try to capture people's perceptions and normative values of "livelihood" security. The PSS consists of a research framework developed by ILO focusing on poverty, labor market experience, and access to social protection policies and institutions of representation. The main instrument employed here was an extensive questionnaire originally administered on a sample of 1609 households from both urban and rural areas. For the purposes of the present work, we have removed the rural households in the sample to give the study a wholly urban focus. The present work is thus based on the findings of the survey of 1202 urban households. The towns in which the survey was undertaken were Addis Ababa, Debre Zeit, Mojo and Nazareth.

The findings of the study reveal a population that is fearful and anxious about its basic subsistence, which is dependent on low and insecure income, inadequate social services, a shrinking labor market, and which is faced with gloomy prospects. It was evident that the great majority of households are weighed down by livelihood insecurity, with the threat of

impoverishment and loss of means for basic sustenance hanging over them as a matter of course. The study reveals a great deal of pessimism on the part of many: pessimism about one's basic security, about employment opportunities, and the chances for self-improvement. Most households are doubtful if there will be economic growth, or if the problem of poverty will be successfully tackled. Respondents were asked to give their opinion about government programs to reduce poverty on the one hand, and to promote economic growth on the other. Obviously success in reducing poverty and boosting economic growth will have a positive impact on employment and business activity, and respondents were aware that the two issues are closely linked with their own livelihood. A good majority thought that the government's efforts on both counts were unsuccessful: the figures were 64 percent and 59 percent respectively. Only about 28 percent thought the programs were successful.

PART ONE: THE URBAN BACKGROUND

1.1 Introduction

This study is based on a survey of households undertaken in the last quarter of 2001 for the International Labour Office (ILO) as part of the project entitled People's Security Survey (PSS). The main objective of PSS was to try to capture people's perceptions and normative values of "livelihood" security in different social groups. More specifically, the survey looked at "actual" versus "perceived" levels of security or insecurity, and the mechanisms used to cope with them. The PSS consists of a research framework developed by ILO focusing on poverty, labor market experience, employment opportunities, conditions of work, access to social protection policies and institutions of representation. It has been undertaken in 12 other countries in Africa, Asia and Latin America¹. The main instrument employed here was an extensive questionnaire that was originally administered on a sample of 1609 households from both urban and rural areas. For the present work, we have removed the rural households in the sample to give the study a wholly urban focus. The present work is thus based on the findings of a survey of 1202 urban households. The generic questionnaire was developed by ILO but was adapted to local conditions by the authors of the present work.

The households in the sample were selected from residents of *kebelles* in southern Addis Ababa, and *kebelles* in the area stretching 125 kms. east of the capital along the main Addis Ababa - Nazareth road. The *kebelles* were selected randomly, so too the households in each *kebelle*. The selection of the sample households was based on *kebelle* registers, which are supposed to contain a current list of residents in each *kebelle*. In the

¹ For a sample PSS report, see Standing and Zsoldos 2001.

original study, 25 percent of the households were from the rural areas and the rest were urban residents. The towns in which the survey was undertaken were Addis Ababa, Debre Zeit, Mojo and Nazareth. Of the total sample households, 40 percent were from Addis Ababa².

The study area may be described as the "industrial belt" of the country: the majority of the nation's large and medium-scale manufacturing enterprises are located here and there is a high concentration of industrial workers. Since the ILO's main concern was with workers' security, we thought it was best to carry out the survey in this particular area because we were more likely to "capture" a large number of working class households. Selecting a representative sample was not an over-riding objective of the PSS project. The study area was thus purposely chosen.

The study area is significant in many respects. First, it is the most "developed" area in the country by any measure we may wish to use, though the term "developed" must be taken in its relative sense. There has been over the years much more investment here on basic infrastructure, social services, and economic enterprises than anywhere else in the country. According to a recent CSA survey, about 65 percent of the country's large and medium scale industries, employing more than half of the industrial workforce are located in Addis Ababa. Industrial enterprises in the towns between Akaki and the Nazret-Wonji area, a distance of about 100 kms., employ nearly 10 percent of industrial laborers. More workers are employed within this 100 kms area than in any other Region except Addis Ababa itself and Oromia (CSA 2001b). Add to this the numerous large and medium scale commercial enterprises that operate here, and the area stands as probably the busiest hub of business activity in the country. Moreover, the area is much more urbanized than other areas of similar size, and each of the towns in it are served by the most efficient road and rail network available. Towns such as Mojo and Nazret

² For a detailed description of the sampling frame and survey methodology, see the original report (Aklilu and Dessalegn 2002).

are particularly significant because of their strategic location on the main transport network linking important resource centers in the south and east of the country.

Secondly, while detailed comparative analysis is not readily available, the evidence at hand shows that the area is more "prosperous" than many other areas of the country. Average incomes here, even excluding Addis Ababa, are higher than the national average though less than the average for all urban areas. The recent CSA household income survey (CSA 2001a), which uses consumption expenditure as a proxy for income, shows that per capita consumption expenditure (or per capita "income") in Addis Ababa is the highest in the country, while the figures for Debre Zeit and Nazret are better than the average though they are below the national average for urban areas (see Table 1 below). On the other hand, the findings of the original survey on which this study is based, and which included both urban and rural areas, show a relatively high level of well-being. One-third of the respondents in the sample (i.e. including rural respondents) had junior high and high school education; nearly 62 percent of the homes had radio cassette players, 21 percent had TV sets, and 79 percent had electricity.

However, the area also contains a relatively high level of poverty, as indicated by the findings of the government's welfare monitoring survey carried out in 1995/96 and again in 1999/2000. In 1995/96, the incidence of poverty in the towns of Debre Zeit and Nazareth was 44 and 29 percent respectively; in the same period, poverty in Addis Ababa was 30 percent. Poverty has decreased slightly in the former two but increased significantly in the latter in 1999/00, even though the figures in both cases are lower than the national average for urban areas. Table 1 shows measures of poverty and per capita consumption expenditure in selected towns in the country (including three towns in our study area) in the two survey periods.

**Table 1 Poverty Incidence and Per Capita Consumption Expenditure
Major Towns 1995/96 and 1999/2000**

Major Towns	Poverty 1995/96 (%)	Poverty 1999/00 (%)	% Change	Per Cap Exp 1999/00
Mekele	46.4	42.8	-7.8	1605
Gonder	33.9	17.5	-48.4	2346
Dessie	71.9	31.3	-56.5	1808
Bahir Dar	38.2	22.3	-41.6	2299
<i>DebreZeit</i>	<i>44.2</i>	<i>36.7</i>	<i>-17.0</i>	1870
<i>Nazret</i>	<i>29.0</i>	<i>28.5</i>	<i>-1.7</i>	1893
Jimma	29.2	37.0	26.7	1536
Harar	29.1	35.0	20.3	2106
<i>Addis Ababa</i>	<i>30.0</i>	<i>36.2</i>	<i>20.7</i>	2483
Dire Dawa	24.6	31.5	28.0	1937
National-Urban	33.2	36.9	11.4	1921
National-Total	45.5	44.2	-2.9	1222

Source: MOFED 2002; CSA 2001a.

It may be worth noting here that the sample households in our survey were selected from *kebelle* registers which frequently do not "capture" the homeless, the landless, the marginalized, migrants and other elements of society that for one reason or another do not choose to register with their *kebelle*.

The third factor is the impact of the city of Addis Ababa on the livelihood of the population of the rest of the study area. Addis Ababa, the country's preeminent city, is such a dominant force economically, politically and demographically that all other cities in the country pale by comparison. With a population of more than 2.8 million, and growing at nearly 3.8 percent per annum, it is about eight and half times the size of Dire Dawa, the second largest city in the country. Urban Ethiopia consists of a large number of small rural centers with a population of less than 50,000 each, with a few towns of 100,000 or a little more, and one giant city, Addis

Ababa. The capital is the largest market in the country for both agricultural and industrial products, and its economic footprint thus extends widely. Most goods manufactured anywhere in the country, and a majority of the cash crops grown end up being marketed in the capital. The rural as well as urban economy of the study area is in large measure an appendage of the economy of Addis Ababa. This is particularly so with regard to the farming sector which is dependent on the cultivation of a small range of high value crops (*teff*, fruit and vegetables) destined for the Addis Ababa market.

One can argue that the commercial integration of the country, underway since the 1940s has not yet been achieved and there is as yet no fully developed national market, in the proper sense of the term. The Addis Ababa market may thus be taken as a proxy for the national market. Agricultural commodities and factory products are transported from long distances to be traded in the capital, which stands at the nodal point of the country's road, rail and air transport network. This same market also serves as the main transit point for the country's exports and the destination for the country's imports. The capital is, in short, the gateway to the world market and the channel through which the rest of the country is being integrated, albeit slowly, into the global capitalist system. Due in part to the greater degree of its underdevelopment as well as to the weaker state of the modern sector of its economy, Ethiopia is much less integrated into the world market compared with other African countries, nevertheless it is still subject to the pressures and demands of globalization. Those towns and farm households that have closer links with the capital's economy -such as those in our study area- are much more liable to be affected by globalization than those further removed and with weaker links. While the average person in our study area has very little knowledge of the dynamics of the global system, he/she is aware that the country's economy does not function in isolation, and that there is a "power" beyond, whose workings may be mysterious but the effects are reflected in the movement of prices, the ups and downs of the labor

market, and the changing variety of goods and services available in the market.

1.2 Conceptual Framework

There are a number of concepts that are central to this study and that need to be defined. The first is the concept of livelihood and livelihood security. The term "livelihood" has recently come into currency in connection with studies of rural development and, in particular, of rural poverty (see Ellis 2000). The livelihood approach has been employed here in preference to the standard approach which views rural poverty in terms of income or consumption deprivation, and development as the drive for improvement in economic efficiency and the maximization of per capita output. Needless to say, the approach we have chosen is just as relevant in the urban context as in the rural. The livelihood approach to poverty is much wider in scope than the standard approach and incorporates issues that the latter has frequently ignored, such as those having to do with entitlements, particularly social and institutional resources, and human endowments. It broadens our understanding of poverty and suggests a more holistic framework for its solution.

"Livelihood" refers to the ensemble of activities that a household (or an individual) regularly undertakes and the entitlements it makes claims to in order to sustain a given standard of living. A livelihood is thus more than just income. A household's entitlements consist of access to assets (physical, financial, etc.), of social resources (networks, institutions, values), and human endowments (skills, aptitudes, initiatives). A household's entitlements may be improved through investments not only in physical assets but also in education, health, or institutional assets; conversely, they may deteriorate because of the lack of such investments. A livelihood is sustainable, or secure if the household can recover from economic, social or natural shocks without a radical erosion of its basic entitlements. In the urban context, economic shocks include loss of

employment, and work and income insecurity (both discussed later in Part 2). Livelihood security or insecurity may be measured by objective indicators, though one doubts whether accurate measurements are possible, but it is the subjective "indicators", consisting of fears, expectations and attitudes of the individuals concerned that are far more revealing. For all practical purposes, it is people's perceptions and values that determine security and its dimensions. Underlying the concept of livelihood security is the assumption that everyone in society must meet their basic livelihood (and not just subsistence) requirements, which are dependent in part on individual endeavor and in part on public policies and institutions.

The ILO survey on which this study is based is underpinned by the notion that work is pivotal for basic security, and that there cannot be security without decent and dignified work. This falls somewhat short of the full parameters of the livelihood framework we have sketched above, nevertheless, as we shall see below, the concept of security here is much broader than that commonly employed by conventional economists. Taking work as the central focus, ILO identifies seven forms of socio-economic security/insecurity closely associated with it. The following short definitions are provided for each.

Labor market security. This refers to holding any income-producing work. In addition to wage or salary employment, income-producing work includes self-employment, unpaid family work and home-based economic activities.

Employment security. Security from loss of current work, in particular through arbitrary dismissal. For the self-employed, this refers to possible bankruptcy and loss of the business due to loss of market or access to credit.

Job security. Security of having a life-long occupational niche or career with opportunities for advancement or improvement.

Skill reproduction security. Security of being able to develop and retain employable skills through apprenticeship, training and other opportunities.

Work security. Security of working in a safe and healthy workplace, limits to working time as well as the right not to work unsafe or unsociable hours. The concern here is with stress as much as with physical safety. For self-employed workers, this could include their ability or options to change working conditions.

Income security. Security of having sufficient income, including cash or non-cash benefits such as pensions, leave from work, health care, etc. Also protection of income from arbitrary or unlawful demands or claims by others.

Representation security. Security of having a collective voice and taking collective measures to represent one's rights and interests having to do with work and the work place, through trade unions or voluntary associations.

1.3 Labor and Employment in Urban Ethiopia

In 1999, the last year for which data is available, the country's total labor force, meaning all the economically active population in both rural and urban areas, was put at 27.3 million of which 45 percent were female; the figure for the urban areas was 3.9 million (with 51 percent female). CSA defines the term "economically active" to mean all persons aged ten years and above and engaged in the production of goods and services for sale or for own consumption; the definition excludes those engaged in "unpaid household chores". On this basis, the labor force constitutes just about half of the country's total population (CSA 1999b). As Table 2 indicates, there is a much higher level of unemployment in the urban areas. The national unemployment rate grew from 3 percent of the labor force in 1994 to 8 percent in 1999, but the comparable rate of growth for the urban

areas was from 22 percent to 26 percent. The unemployment rate in Addis Ababa was much higher: in 1994, it was 35 percent but increased to 38 percent in 1999. The figures in the Table indicate a very low level of unemployment in the rural areas (5 percent in 1999), but this is quite misleading because unemployment here is disguised in various forms and is not often "captured" in the statistics.

Table 2 Employment and Unemployment 1994 and 1999

Labor	1994	1999
Total labor force	26,503,056	27,272,200
- <i>Urban labor force</i>	2,757,292	3,875,500
Total employed	25,732,213	25,073,410
- <i>Urban employed</i>	2,151,475	2,879,309
Total unemployed	770,843	2,198,789
- <i>Urban unemployed</i>	605,817	996,196

Source: CSA 1999a, b.

With a population said to be growing at about 3 percent per annum, and a demographic profile skewed by the predominance of the young, one would expect a high level of new entrants into the labor force, however the data in Table 2 does not exactly show that. This may be because while the data for 1994 is based on the actual population census carried out at the time, the data for 1999 is based on a projected population growth estimated to reach 54.9 million in that year. The census document gives a population projection of 61.5 million (low variant) for 1999.

The low level of economic growth, coupled with a corresponding slow growth in job opportunities is reflected in the employment structure of the urban labor force as shown in Table 3 below. The Table provides a breakdown of the urban employed by economic sector. As the figures indicate, employment in the service sector has shown a much higher level

of growth than in the other sectors in the two periods under discussion. On the other hand, employment in the public sector has declined by two percent. The public sector includes not only those working at all levels of public administration and defense but also those providing services such as education and health.

Table 3 **Urban Employment by Sector 1994 and 1999 (Percent)**

Economic Sector	1994	1999
Agriculture	13.4	13.9
Industry	16.5	18.4
Services	37.6	43.7
<i>(of which Trade</i>	<i>19.2</i>	<i>23.9)</i>
<i>(Hotels & Rest.</i>	<i>11.7</i>	<i>14.1)</i>
Public sector	19.7	17.7
Other	7.2	6.2
Not stated	5.6	--
Total	100	100

Source: CSA 1999a,b

A closer look at the labor market reveals a fragile structure that is a consequence of a wide range of economic factors and public policies that have been at work for the last three to four decades. Let us begin with the policy framework first.

The economic reform program that was launched by the government in the first half of the 1990s was not welcomed by the urban working class. The reform included the liberalization of the market, devaluation of the currency and the commitment to transfer a large number of public enterprises to the private sector. The government's expressed goal was to

replace the command economy constructed under the Derg by a market economy with a strong role for private enterprise and free competition. What the reform set out to do was to free what was, to a good extent, a "sheltered" economy to face the full force of globalization. The immediate impact of the reform was price increases, the contraction of the labor market, a greater risk of unemployment -in a word, greater insecurity for working people.

Economic liberalization was accompanied by a program of divestiture of state enterprises, and by mid-2001, some 215 public enterprises had been transferred to the private sector (Zewdie Shite 2001). While the exact number of workers laid off as a consequence is not quite clear, the evidence suggests that a good number of workers may have lost their jobs in the process. There will be a much greater risk of job losses when the next round of privatization takes place some time in the near future because the public enterprises involved are bigger and they have a much larger work force than the ones that have already been sold off. So far, divestiture has involved retail outlets, small hotels and restaurants, wood and furniture works and small-scale manufacturing enterprises (World Bank 2000). The labor unions have been strongly opposed to privatization, if not in principle at least in the way it has been managed so far, on the grounds that it poses a serious threat to job security and the rights of employees. This is quite understandable, since in 1995, when the privatization program was launched, state enterprises engaged in large and medium scale manufacturing made up 26 percent of all such firms but accounted for over 75 percent of output in the sector, nearly 90 percent value added, and about 85 percent of employment (CSA 1996).

There was a good deal of institutional instability in the 1990s as the economic reform initiative came on top of a program of administrative restructuring and political reform which led to a good number of civil servants losing their jobs, and to the institution of a public employment system based on ethnicity rather than on merit. Public institutions continued to be unstable all through the 1990s with high staff turnover

and frequent restructuring. The government is still a large employer, and, in the minds of many, a civil service post always meant job security and security of income in old age and retirement. The institutional instability that was evidenced in the last decade has given rise to fears and uncertainties among a large number of people who in one way or another are dependent on public sector employment.

While industry is an important employer, it is still dominated by manufacturing enterprises using obsolete technology. Many of the enterprises were established in the 1960s and are now in a decrepit condition. For this and other reasons, the manufacturing sector produces a small range of consumer products which are very poor in quality and which cannot in any way compete with similar products imported from outside. The participation of the private sector in the economy has grown significantly since the fall of the Derg, and the sector now provides more employment than the public sector. Nevertheless, there are considerable constraints to private investment, and this too has been a cause for apprehension among the urban public. Moreover, the Ethio-Eritrean war, which erupted unexpectedly in 1998, has had a damaging impact on the performance of the economy in general and on private as well as public sector investment in particular. According to an unpublished World Bank document, the war has inflicted immense suffering and loss on both countries. On the Ethiopian side, the human toll includes 300,000 internally displaced persons, 100,000 nationals deported from Eritrea, and 36,000 militia killed in the fighting (World Bank 2002). The consequent economic slow down caused by the conflict has contributed to growing unemployment in the urban areas.

With growing unemployment and the failure of the economy to create sufficient job opportunities, people are turning to the informal sector to make a living. While comparable data is hard to come by, there is reason to believe that the informal sector is growing steadily as a source of urban livelihoods. In 1999, the sector provided employment for 52 percent of the urban work force; in Addis Ababa the figure was 28 percent (CSA

1999b). Most participants in the informal sector know that they run a high risk but nevertheless continue to engage in it for lack of better opportunities. While entry into the sector is easy, and that is its major attraction, informal entrepreneurs are highly vulnerable for a variety of reasons of which the following are worth noting (see Zenebework *et al.* for more details). First, in many cases, the informal economy means petty trade, handicraft making, home-based "industry" (food and beverage making) and "elementary" occupations (CSA 1996). All except the second are highly unstable engagements, subject to frequent ups and downs, and with high risk of loss. Home-based industry and petty trade in food items, in particular, attracts a large number of women but such enterprises are not very remunerative and hence the level of profitable income derived from them is quite inadequate. Secondly, precisely because entry into the sector is easy, informal enterprises, especially those that do not require any skills, such as petty trade, attract fierce competition, and, as a result, they have low profitability. Thirdly, informal entrepreneurs are not "bankable": they do not have access to any kind of credit except "informal" credit which often tends to be small and inadequate for investment purposes. Hence, the informal sector provides limited opportunities for growth.

Let us now turn to the subject of basic municipal services that all urban residents expect to have access to by virtue of being urban dwellers. We shall provide only a brief discussion, as the subject is quite extensive and a deeper examination will be beyond the scope of our study (see Shewaye 2002 for the debate). There is ample evidence that the urban areas are unable to cope with the increasing population, and the delivery of services has deteriorated markedly over the years. Access to housing, health and education services continues to be severely limited. Basic sanitary conditions are atrocious by any standard. According to census figures, over 41 percent of urban residents do not have proper toilet facilities. Environmental sanitation is made worse by the fact that there is a severe shortage of urban housing. In many towns, including those in our study area, there is what may be described as a "squatter's movement". It

consists of people who are desperately in need of housing, who "expropriate" vacant land and build "moonlight homes" on it without legal authorization. The homes are frequently modest structures, often constructed at night (with the aid of the moonlight) to avoid detection by the authorities; they are put up with the help of co-squatters, family and friends. Moreover, the population of the homeless -those who make the streets their homes- is growing at a rapid rate in many of the larger towns in the country. According to data from the Addis Ababa administration, there were 40,000 homeless people in the city in 1996, of which 34 percent were migrants from other areas (Dessalegn and Meheret 2000). A survey carried out for the Ethiopian Public Health Association in Nazareth in 1998 found that there were over five thousand street children in the town, of which 45 percent worked *and* lived on the street (EPHA 1998).

Finally, a few words on urban migration may be in order. According to the census data, only 15 percent of the Ethiopian population lives in urban settlements, and this makes the country the least urbanized in sub-Saharan Africa where the comparable average figure is 34 percent. This suggests that rural to urban migration is not taking place on a large scale as is the case in some African countries. Nevertheless, there is a steady flow of rural people to the urban areas. While the evidence may be rather inadequate, there is reason to believe that the rate of rural to urban migration has not changed significantly in the last four to five decades. Despite its limited nature, urban migration has not been a blessing but on the contrary has placed added burdens on urban administration and municipal services. Migrants are resented by urban residents, in particular the laboring classes because they are seen as competitors for economic opportunities and living space (Aklilu and Dessalegn 2000).

In the early 1990s, with the end of the civil war and the separation of Eritrea, hundreds of thousands of displaced persons, consisting of demobilized soldiers, refugees from Eritrea, and people uprooted by ethnic conflict flocked to Addis Ababa and other big cities (Solomon Gebre 1993). There were probably some 200,000 internally displaced

persons in the four towns in our study at the time in question, with the great majority in Addis Ababa. Many of the needy among them were provided assistance through the safety-net program hastily devised and funded by international donors, however, there were many others who were not covered by the program and who were unable to find employment or income support. The competition for jobs, housing and social services, which was already putting enormous strains on city authorities, was made all the more acute by the influx of such large numbers of uprooted people. Some of these subsequently turned to the informal sector to make a living, while others joined the growing ranks of the unemployed. We should also note that during times of severe drought and food crisis in the countryside, which have not been infrequent in the 1990s, large numbers of peasants -men, women and children- troop to the capital and other towns looking for work and assistance.

These then are, broadly speaking, some of the causes of livelihood insecurity among urban households in this country. It is unfortunate that the subject of livelihood insecurity has not attracted the attention it deserves. While a number of agencies, including MOLSA, the Addis Ababa Administration, UNICEF and some NGOs, have commissioned surveys and studies on various urban problems (see Dessalegn and Meheret 2000), there is hardly any sustained debate on the subject. One recent study by an NGO discusses poverty and food insecurity in Addis Ababa and the coping mechanism employed by the underprivileged to survive (CARE and WFP 2002). The comparative survey of rural and urban poverty by Dercon and Mekonnen (1997) is of limited value, and besides CSA's survey is more credible. The findings of our survey, which will be discussed in more detail further down, clearly show that there is a great deal of insecurity among urban households. People's perception was that life is becoming increasingly difficult, and coping is getting much more arduous.

While the evidence is not quite conclusive, a case can be made for the argument that growing insecurity in the urban areas is linked to

globalization. For most people the workings of the global system is reflected in the form of price volatility and market instability, which over a period of time have had damaging consequences on the labor market and people's livelihoods. It would be interesting to gather empirical evidence to see how strong the link is between livelihood insecurity and globalization. In the PSS undertaken by ILO in Ukraine, respondents were asked whether globalization offered opportunities or posed a threat to their livelihood. While about half replied "I do not know", which is itself revealing, fear of globalization was quite evident among the rest, in particular among those in the 30 to 59 age group (Standing and Zsoldos 2001: 12).

This study is not meant to offer an in-depth *analysis* of urban livelihoods and the causes of livelihood insecurity but merely presents a preliminary, descriptive report of the findings of our survey. We offer it to readers because we think it will be useful as a source of information on urban livelihoods and as a basis for public debate and further research. Given the fact that there is a dearth of research output on urban Ethiopia, and in view of the government's adoption of a rural-centered development strategy that in effect completely neglects the needs of the urban sector, there is a pressing need for more research and more public debate on urban livelihoods on the one hand, and the challenges facing urban development on the other.

The structure of the study is as follows. We began in Part One with a brief discussion of methodology, conceptual framework and a broad overview of labor and employment in urban Ethiopia. Part Two presents a summary discussion of the various forms of work related security/insecurity based on the findings of the survey. Part Three contains our conclusions and the policy relevance of the study. References are given at the end of each Part.

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[NOTE: Following customary usage, Ethiopian authors are listed alphabetically by first name.]

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PART TWO: LIVELIHOOD SECURITY

2.1 Basic Security

The underlying assumption of the study is that every household should be entitled to a basic level of social and economic security. Basic security is essential if the goals of social progress and economic growth are to be achieved. What constitutes basic security depends on the standard of living, policies and institutions in each country, and the values and expectations of the population concerned. In poor societies, basic security is taken to mean that each family is able to ensure its subsistence requirements with reasonable effort, and in conditions that do not violate the dignity and endanger the well being of its members. While income is an important factor in basic security, it is not sufficient by itself to guarantee that objective. Income is dependent not just on the labor market and the economic climate, but also on individual skills and initiatives, adequate health, and laws and institutions. Not all these factors were adequately covered in the survey, and the results that emerge are thus incomplete.

Poverty in this country is defined as the lack of or insufficient access to a bundle of basic necessities and services (income and/or food, health care, education, water, etc.). The definition does not take into account the issue of *security of access*. A poor person with a secure source of income (for example, a low-paid civil servant) is relatively better off than another poor person with an insecure source of income (a casual laborer, an employee in the service sector, petty traders, etc.). Moreover, even families that are comparatively more prosperous may be distinguished on grounds of whether their well-being is based on secure or insecure resources. We have seen in the previous section that poverty is a growing problem in the

urban areas. What our study attempts to add to the debate is the "security" dimension to poverty and livelihood.

First, let us look briefly at the general characteristics of the population in our study. Of the total urban sample of 1202, nearly 67 percent were male and the rest female. Almost all respondents were household heads, though there were a few who were not but who were closely related to the heads in one way or another. Some 70 percent were living with their spouses or with partners, 20 percent were divorced or separated, and 10 percent single. In the great majority of cases, the household head is the sole breadwinner, however, some households benefit from either regular or occasional support from other members of the household.

The evidence suggests that we are dealing with a relatively stable population: the vast majority of respondents, 79 percent, have lived in the same locality all their lives; the rest had come from the surrounding or distant areas at some time in the recent past, looking for employment. Considering the fact that all the towns in the study are located on the country's main road and rail network and that numerous industrial establishments are located in them, this kind of population mix indicates limited population movement in the "catchment" areas of the study. Moreover, the population is culturally homogenous: 84 percent of respondents said they were Orthodox Christians, and the rest were Muslims and Protestants.

The men and women in the sample are relatively young and fairly well "privileged" in terms of education. The average age of the sample was 43 years, and the majority, 70 percent, had benefited from formal education, with 38 percent having completed junior high and high school. Of the 30 percent who had no formal education, a good majority was literate. Moreover, the population had better access to such basic services as electricity and water: 90 percent of homesteads had electricity and 51 percent internal piped water. Similarly, 71 percent of the homes had radio/cassette players, and 26 percent TV sets. These indicators, taken at

face value, may suggest that by Ethiopian standards most of the sample population has a fairly secure livelihood, but, as we shall see further down, the issue is much more complicated than appears on the surface.

Figure 1: Socio-economic Status by Number of Rooms in the House

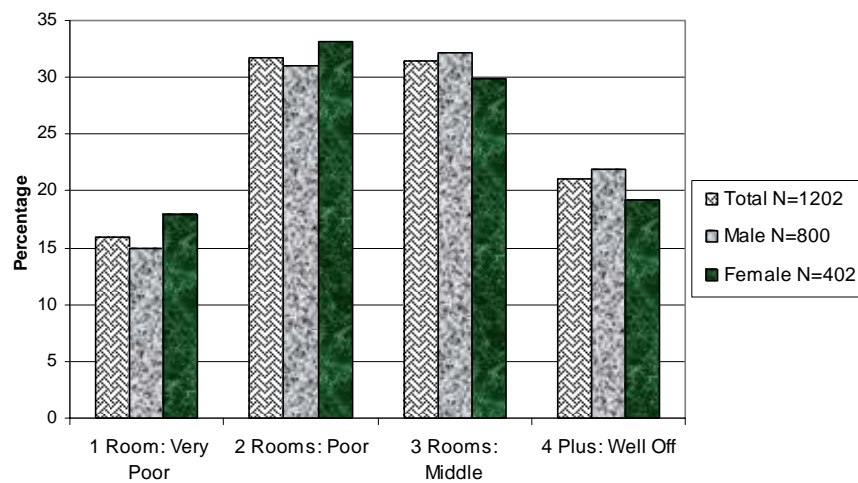


Figure 1 shows a breakdown of respondents by the number of rooms they live in. We have used number of rooms as a proxy for income, and as an indicator of social differentiation. In this country, it is difficult to obtain accurate income-based information through survey questionnaires as most respondents have a tendency to misreport their earnings. We have defined those living in one room houses as very poor, in two room houses as poor, three rooms as of middle income, and in four and above as well-off. On this measure, 48 percent of the sample population is poor or very poor, 31 percent "middle class", and 21 percent "rich". The terms, "middle class" and "rich" are employed here in the relative sense, of course. If we disaggregate the figures by gender, we will see that there are relatively

more females in the poor and very poor categories, and less in the middle and rich categories. A study of poverty and food insecurity in Addis Ababa in the early 1990s arrived at somewhat comparable conclusions. According to the study, 28 percent of the sample households lived in one-room houses, 29 percent in two rooms, 14 percent in three rooms, and 29 percent in four or more rooms (Solomon 1993). Critics may fault this approach on many grounds, but, in the absence of a better alternative, we will have to improvise if we wish to get a fair enough picture of social differentiation, and the approach we have used does provide that kind of picture.

It is also important to note that the sample households are fairly large in size: the average family consists of five persons. About 14 percent of households contain between one and two persons each, 45.5 percent between three to five, and 41 percent 6 persons or more.

The survey questions attempted to determine how people valued access to the basic necessities of livelihood, and whether they felt they needed additional support to ensure basic security. The issues covered include access to food, housing, health care, and education on the one hand, and what people perceived to be the responsibilities of the Government with regard to basic security on the other. The questions posed on these issues were however not detailed enough for a deeper analysis of the problems involved. Here, we shall only discuss the findings regarding access to food and health care.

In a country frequently plagued with serious food shortages and famine, access to food is a critical factor in livelihood well being. While the study area has rarely been distressed by dearth, at least in the recent past, food insecurity is a serious problem for a good section of the population. On the other hand, the evidence from this country as well as the general literature indicates that widespread food insecurity is predominantly a rural problem: it is primarily food producers that are victims of persistent hunger, malnutrition or famine. The urban poor are of course constantly

exposed to food insecurity, nevertheless they are, relatively speaking, a little less vulnerable to food crisis than the rural poor. According to the study by CARE and WFP (2002), the most vulnerable groups to food insecurity in the urban areas are female-headed households, the unemployed, street children, and pensioners and the elderly. There is a seasonal dimension to urban food insecurity (which is also true of the rural areas), and the hungry months are July to September when food prices are relatively high and supplies in the market are relatively low.

While accurate figures for the magnitude of food insecurity in the urban areas is not readily available, there is evidence showing the effects of the problem on various segments of the population. A good indicator of food insecurity is the degree of malnutrition in a population, in particular among women and children. The nutritional status of children, on the one hand, and early childhood mortality on the other are thus a good measure of food insecurity. Both these measures indicate malnutrition among both children and as well as mothers and families over a long period. According to the Demographic and Health Survey carried out in 2000 (CSA and ORC 2001), 42 percent of urban children are stunted, and 19 percent severely stunted. The comparable figures for rural children are 53 percent and 27 percent respectively. Stunting is a measure of malnutrition, and severe stunting of severe malnutrition over time. Similarly, as Table 4 below shows, infant and under-5 mortality is high among both the rural and urban population, though the latter are slightly better off than the former. In Addis Ababa, where mortality is less than in other towns, 8 percent of infants die before their first birthday, and a little over 11 percent before they reach the age of five.

Table 4 **Early Childhood Mortality (Per 1000 Live Births)**

Residence	Infant Mortality	Child Mortality	Under-5 Mortality
Rural	114.7	87.8	192.5
Urban	96.5	57.6	148.6
--Addis Ababa	81.0	35.4	113.5
--Dire Dawa	105.6	78.4	175.7
--Harari	118.3	82.4	191.0

Source: CSA and ORC Macro 2001.

Note: **Infant** = before the age of one; **child**= between ages one and five;
under-5= before the age of five.

At one level, access to food does not appear to be a problem among the study population: the overwhelming majority, 92 percent, said they ate at least twice a day. While comparable figures are not available, there is evidence to show that perhaps a third of households in the rural areas can afford two meals a day on a regular basis. On the other hand, the daily food intake of our respondents was a modest fare: households rarely consumed eggs, meat or chicken, milk, fish or fruit. We were not able to determine whether households have sufficient food on a regular basis, and whether they feel secure about access to their daily consumption. However, respondents were asked if the household income was sufficient for their basic food needs. Only 5 percent replied in the affirmative, 43 percent said it was just about enough, and 52 percent said it was not sufficient. One can thus draw the conclusion that about half the sample population did not feel they had sufficient resources to meet their basic food requirements.

Before turning to our next subject, i.e. health care, let us look at the living environment of the population in our study. For many households, the living environment is a cause for concern. The environmental sanitation of many of the country's cities and towns, including Addis Ababa, has been

deteriorating for several decades, posing a serious health hazard to urban residents (Amanuel 2001). According to the census, over 41 percent of urban residents do not have proper toilet facilities, and any open space is quickly turned into a public toilet. The majority of residents live in slum areas or polluted surroundings. In many cases, there is no adequate service for refuse collection, and water and sewage disposal infrastructure either does not exist or is so rudimentary as to be ineffective. Uncollected domestic waste clogs up the available drainage and this often leads to flooding during the rainy seasons. It is common to see huge refuse dumps, human and animal waste and polluted water next to residential areas, schools or factories. Carcasses of dogs, cats, and other animals are left rotting on the streets and near playgrounds. The consequence is that the living environment becomes a source for vector-borne diseases.

A considerable number of households in our study are exposed to health risks because of poor environmental sanitation. A little over a quarter of the homesteads (26 percent) are surrounded with human and animal waste or close to enclosures used to keep livestock. About 14 percent are in close proximity to rubbish dumps and stagnant water. Within the homestead, living conditions for some are not very hygienic. As noted above, 16 percent of the houses are one-room houses, accommodating, on the average, 4.6 persons. Some 13 percent of the homes do not have separate rooms for cooking and sleeping; both are done in the same room.

Let us now turn to health care, which is an important factor in determining livelihood well being. Only 21 percent of the sample population had some kind of medical benefit scheme; and the cost of health care for the rest would most likely be covered directly out of the household income. This has implications with regard to the frequency of usage of health services: one would assume that many households would think twice before seeking medical help, as this would mean a depletion of the household resources. Moreover, it is quite likely that not all members of the household will have equal access to health services in the event of ill health on account of the household's limited income. Each family will

thus decide, based on its own needs and values that some members of the household will have priority over others. Some may favor the breadwinner more than other members of the family; others may want to invest on male children if the family believes they are its only insurance in old age. It is quite likely that such differential access to health care will work against women more than men.

We have seen above that poverty is quite widespread in the towns in our study, and that close to one half of the population in our study can be considered poor or very poor. As shown in Figure 1 above, the very poor are the ones living in one-room houses. As one descends the income ladder, one will find that the most frequent form of coping is what may be called "self-exploitation". One common form of self-exploitation is foregoing a select number of basic necessities, and spending on health will be one of them. People will economize on health care consumption in a variety of ways. One way is to seek health services that are available free or at minimal cost -this is what makes traditional healers attractive to a large segment of the public. Another way is not visiting health facilities even though one is seriously sick; a third is either not buying the medicine prescribed or purchasing "cheaper" substitutes. According to the CARE and WFP study noted above, those who cannot afford proper medical care visit traditional healers, make use of medicinal plants and herbs instead of buying pharmaceuticals, and/or seek help from medical workers who practice illegally and who frequently are not qualified to provide health services.

A significant majority of respondents (61 percent) said they have used health care services in the last twelve months; of these, over half visited government health facilities, and about a third private ones. Slightly less women than men (58 percent as opposed to 62 percent) had used health care services in the period in question. It is quite obvious that the majority of those who used government services were the poor and the less endowed as such services are less costly and are even provided without charge to those unable to pay. On the other hand, the decision to use

public or private health facilities is often determined by the availability of the service rather than by free choice. There are far more public health facilities than private ones, hence it is not surprising that more people go to use them.

A brief look at the findings of the recent Demographic and Health Survey may be useful for comparative purposes. The Survey, which was conducted in 2000, found that 54 percent of urban households had made use of some kind of health service in the twelve months preceding the survey. Of these, 25 percent had visited non-government facilities, and 75 percent government ones. Out of those who had utilized government services, 22 percent had visited hospitals, and 52.2 percent health centers. But what is quite interesting is the fact that most visits to government health care facilities listed in the Survey were for services that were either free or involved very low cost. The main purpose of the visits was for child immunization and treatment, for information on sexually transmitted infections, on infant feeding, and family planning. The visits shown in the Survey that were likely to involve a good deal of financial outlay were prenatal, postnatal and delivery care (CSA and ORC Macro 2001: 15-16).

Let us return to our own survey. Asked about improvements in the quality of service of health facilities in the last three years, half of those who had used them in the past twelve months said the quality has improved, 23 percent said there was no change, and 22 percent said it had deteriorated. Tellingly enough, relatively more people thought government services had deteriorated than private ones. The question about the quality of service must be seen in context. To say the quality of service has improved may mean either what was awful three years ago is less awful today, or there is a qualitative improvement such that users feel confident of the service they are getting. The survey did not seek this kind of nuanced information.

As noted earlier, families use their household income to meet all their basic needs, including health care. The small minority of respondents who

have medical benefit are, relatively speaking, a privileged lot since they do not have to use their income to pay for health services. This group consists of people who are employed either in the public sector or in medium to large private firms. It is therefore important to know how secure the majority thinks access to health care is. There were two main questions in the survey to determine this. First, respondents were asked if the household income was sufficient to cover their (i.e. the respondents') health care needs. Second, they were asked if the household can afford to provide health care to a sick member of the household. In answer to the first question, 55 percent said their income was insufficient to provide health care, 30 percent said it was about enough and 15 percent said it was sufficient. Women were a little more vulnerable in this regard than men. A good 58 percent of female respondents, as opposed to 54 percent male, said the household income was insufficient for health care; and only 13 percent of them, as opposed to 16 percent for men, thought it was sufficient. In response to the second question, only 18 percent said they can afford to care for a sick member of the household most of the time, but 43 percent said they cannot afford at all, and the rest fell half way in between. This must be seen against a background of the rising cost of medicine which many respondents were aware of, and, for many, the lack of improvement in the quality of health service that was noted above.

Moreover, about one-third of respondents reported that their households had experienced some kind of crisis in the last three years, affecting income generation and impairing the well being of the members. The crisis was caused by a variety of factors but the three most frequently cited ones were: loss of work due to illness, increases in prices of food commodities, and the death of an income-earning member of the household. People used a variety of ways to cope with the crisis, but, unlike rural families, selling household assets does not seem to be a common practice. Some women did sell their jewelry in response to the crisis, but there was no widespread practice of divestment of household resources. One important coping mechanism that was employed by a good number of respondents was to turn to friends, relatives and siblings for

assistance, loans or other kinds of support. It is customary practice in this country to rely on close kin and friends in times of difficulties rather than on external agents such as the government, employers, NGOs or charities. A significant minority reported that a member of the household had to withdraw from school in response to the crisis.

The survey found that there was a strong sense of social solidarity with the poor and the less privileged among respondents. The preponderant view was that it was the duty of Government to come to the aid of those in dire need as well as those who are unable to meet their basic livelihood requirements. On this measure, it would appear that the great majority of respondents would be more comfortable living in the "welfare state" than in the laissez-faire, capitalist state. Respondents were asked whether Government should or should not assist the poor, the sick, the elderly and others, and whether the assistance should be partial or complete. Only a tiny minority, 2 to 4 percent, was of the opinion that the poor and the needy do not deserve Government support. It is interesting to note that respondents did make a distinction, slight though it is, as to which group was more worthy of assistance. More people thought the poor should be provided only some assistance (49 percent) rather than complete assistance (43 percent). In contrast, while 29 percent thought the sick deserve some assistance, 65 percent thought they should be offered all the assistance they needed. Similarly, the comparable figures for assistance to the elderly were 24 and 71 percent respectively. Notably, there was no significant difference between men and women in this regard.

An important conclusion that may be drawn from the foregoing discussion is that a majority of respondents in the study do not seem to be confident that they have achieved basic livelihood security. As is to be expected, those in the lower income brackets were seen to be less confident than those higher up the ladder, and women were found to be less secure than men.

2.2 Labor Market Security

Labor market security is a function of income-earning or employment opportunities. The greater the range of such opportunities, the greater the choice of employment. Labor market security may be enhanced through increased investment leading to improved economic activity, through targeted state policies, and population dynamics. As we saw earlier (Tables 2 and 3 above), CSA data show that the urban labor force has grown by over 40 percent in the period 1994 to 1999, however, growth in employment opportunities has remained sluggish leading to high rates of unemployment. As Table 3 above shows, there was a relatively tolerable increase in employment in the service sector in the period in question, much of it coming from the trade, and hotels and restaurants sub-sectors, however, employment growth in the other sectors was either very modest, virtually stationary or showed a decline.

Respondents were asked what their main job was during the last month. Figure 2 below shows a breakdown of their response. The majority of respondents (45 percent) were those described as "working for pay", i.e. they were wage or salaried employees (hereafter, we shall refer to both blue-collar and white-collar workers as salaried employees). The next important group was those "working for profit", i.e. the self-employed (22.5 percent). The third group was those engaged in "housework" (18 percent), and the rest included those seeking work, working for family gain, etc. Disaggregating the results by gender, we find that more men were doing housework than women; housework here includes personal assistance as well as home making. On the other hand, more women were "working for profit" than men.

Figure 2: Main Jobs of Respondents

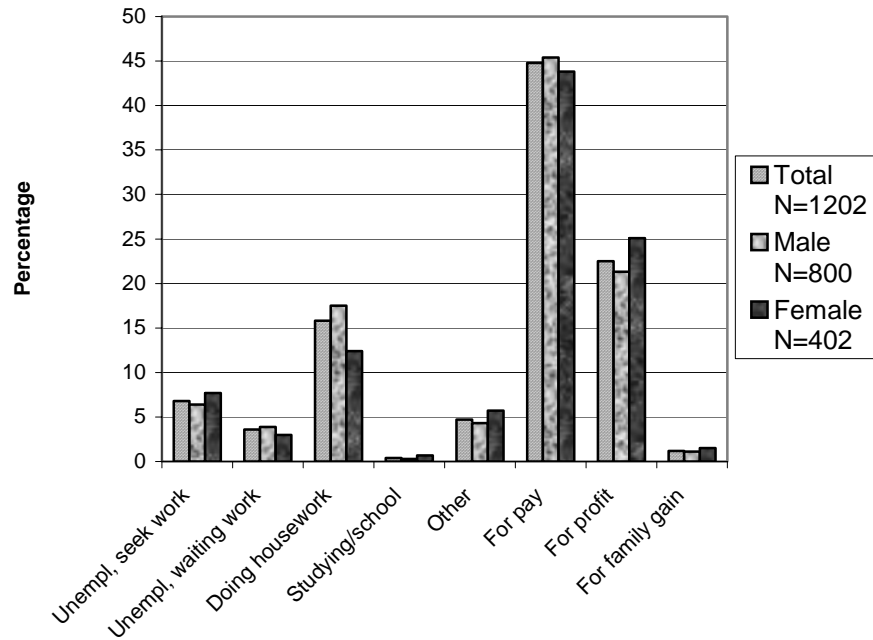
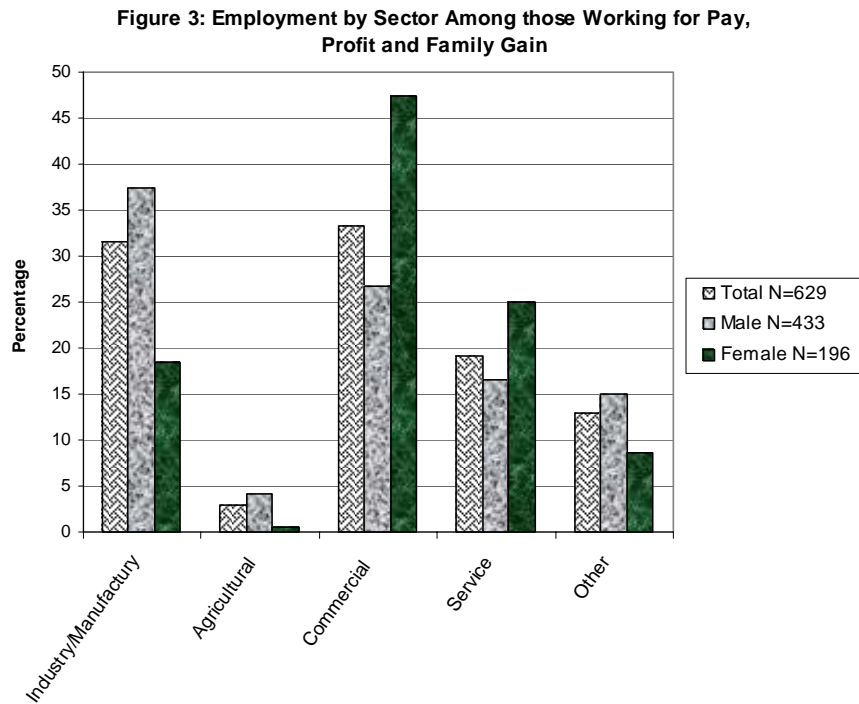


Figure 3 below shows the distribution of employment by sector among those respondents who were engaged in income-earning activities. The commercial sector is the largest employer (33 percent), but a significant number of respondents were also employed in industry and manufacturing. Women are more visible in the commercial and service sectors, with the former, which most likely is mainly petty trade and marketing "home processed" products (food, beverages, etc.), providing income for 47 percent of female respondents (as opposed to 27 percent for males). The service sector, which in this country consists for the most part of hotels, restaurants, and bars, traditionally employs large numbers of

women. (In Figure 3, the commercial and service sectors are shown separately. CSA puts both together under its "service sector".) But we should note that there are quite a few women, some 18 percent, employed in manufacturing. The majority of those working for pay and for profit was working for the private sector (54 percent), but 41 percent were employed in the public sector. On the average, employees worked 24 days per month, and nine hours per day.



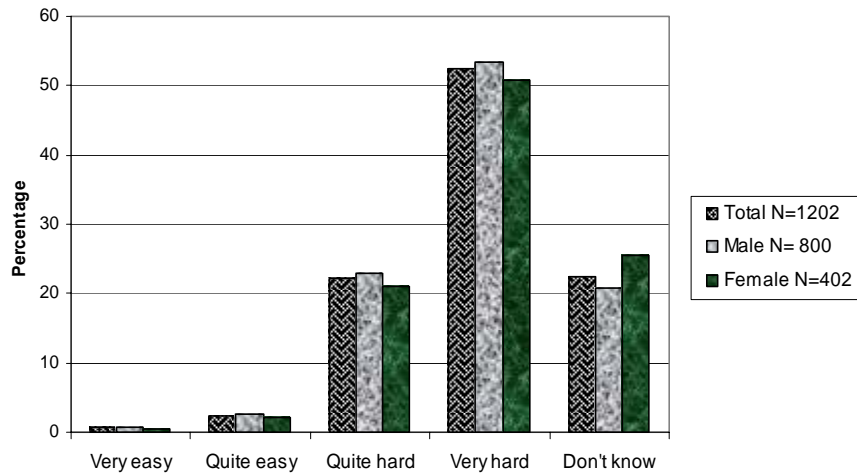
There has been a marked growth in the activities of the private sector since the fall of the military government at the beginning of the 1990s, and private enterprise is now heading to be the main employer for the urban labor force (CSA 2001). However, private sector employment has

its own risks: workers are not secure and there is the threat of job losses hanging over everyone. Due in part to pressure from the IMF and World Bank, and in part to the ethnic-based decentralization policies of the government, there was considerable retrenchment in the public sector, and many civil servants were dismissed from their jobs in the first half of the 1990s. These factors, together with the risks arising from the privatization program of the government noted above, have created considerable insecurity among the urban population

For many people in our study, unemployment is a major cause for concern. A little over 30 percent of our respondents said they were unemployed at some time in the last twelve months, and of these 48 percent did not have a previous job. These latter were either the long-term unemployed or young entrants into the labor market. The majority of the unemployed did actively seek work but there was a small minority who did not bother, either because they were discouraged or because they did not know how to go about it. We have no information about current rates of urban unemployment, but CSA data for 1999 shows a rate of unemployment of nearly 26 percent (see above). But what is more revealing is the fact that almost all respondents knew of friends and relatives who were recently unemployed.

There is considerable pessimism regarding employment opportunities, and as Figure 4 shows, men are slightly more pessimistic than women. About three-quarters of the sample believed that if they were to lose their jobs, finding alternative employment would be difficult. A vast majority, 78 percent to be precise, was of the opinion that unemployment will increase in the future. Here too, men were slightly more gloomy about the future than women. As we shall see below, this is in line with the prevalent view that the economy is not doing well and that the government's efforts to stimulate it have been largely unsuccessful.

Figure 4: Finding Alternative Jobs



Considering the widespread labor market insecurity in the study area, it would not be surprising if there was employment discrimination. About one-third of the sample thought there was employment discrimination, but more people thought discrimination was directed against migrants (25 percent) than against women (20 percent). There was apprehension among the self-employed that illegal trade was growing in the last three years. Nearly 48 percent thought illegal trade was now widespread.

2.3 Employment Security

The main focus here was whether employees were protected from unfair dismissal and whether they were satisfied with the income they earned, the work they did and the benefits they received.

Respondents were asked about the size of the establishment where they were currently working. Most respondents, 51 percent, were engaged in enterprises employing 1 to five persons; these are small enterprises. In contrast, 35 percent said they were working for medium to large enterprises, i.e. those employing ten or more people.

It is telling, and a cause for a great deal of anxiety that only a tiny minority of salaried employees has a written agreement or contract with their employers. This may be a bit misleading because public sector employees, and employees in some private establishments are not issued a formal agreement or contract although their employment is placed on some kind of record. Nevertheless, the lack of a formal document of employment will be a cause for apprehension among a large number of employees. Similarly, only nine percent of employees said they have written agreement against unfair dismissal.

Figure 5: Income Satisfaction Among those Working for Pay or Profit

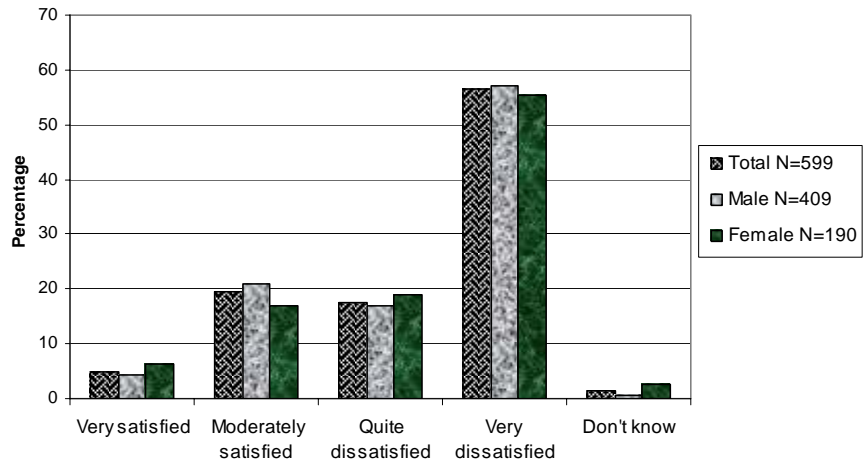
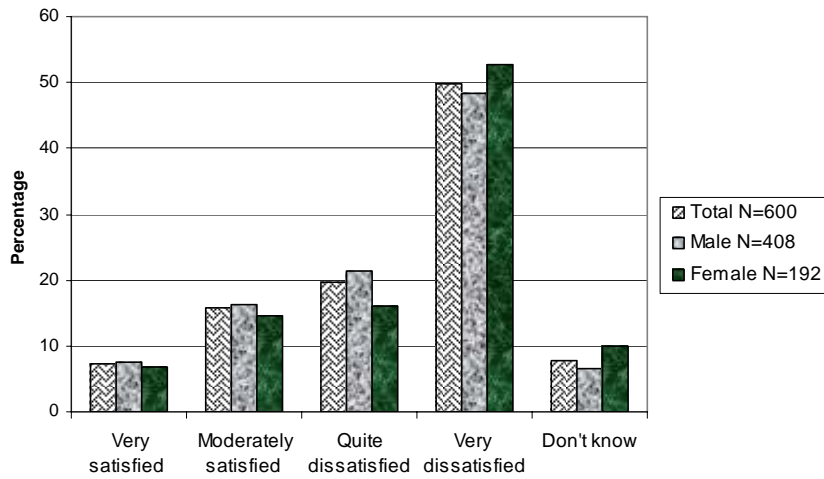


Figure 5 shows a breakdown of the degree of income satisfaction among the employed in our sample. Only 25 percent said they were satisfied with the income they earned, but 74 percent said they were not, of which 57 percent were *very* dissatisfied.

Similarly, the degree of dissatisfaction with the type of work performed (Figure 6) is quite high. The conclusion one draws from this is that a great majority of employees are stuck in their jobs, which they quite likely would have left if alternative employment opportunities were available. On the average, employees have stayed on the job for a little over 8 years, and none had any intention of leaving soon.

Figure 6: Work Satisfaction Among those Working for Pay or Profit



One indicator that can be used to gauge people's apprehension about employment security is their perception of what kind of job seekers would be favored by employers. Respondents were asked a number of questions

about who would most likely get preference in employment: men or women, married or single, migrants or local, and younger or older people. The answers were quite mixed, with a fair majority saying that employers would not make any preference in each particular case. But there was a fair sized minority that thought that employers would be biased in favor of one group or another. About 30 percent thought employers would favor men over women, 31 percent said single employees have an advantage over married ones, another 31 percent believed locals would be preferred to migrants, and 46 percent were of the opinion that younger job seekers would be favored as against older ones. What this means is that women, married people, and the less young would prefer to stay on their jobs even if they were terribly dissatisfied with it for fear that they would not be able to compete adequately in the labor market.

2.4 Job Security

The distinction between *employment* and *job* security is rather fine and it is not often easy to capture in a survey questionnaire. According to Standing and Zsoldos (2001: 17), employment security refers to the sense of attachment to a current enterprise or establishment, while job security refers to the sense of attachment to a particular occupation or range of tasks. People's perceptions about the chances for self improvement, for access to better skills and income, and future prospects have a bearing on job satisfaction and hence job security.

Out of those who were gainfully employed, 30 percent said they obtained skills through training, of which more than half believed that their acquired skill has helped them at work. Some saw modest opportunities for improving their skills on the job, while only about 20 percent were optimistic about the chances of promotion. About a third of the respondents in question thought the type of work they were doing and the income they earned had improved in the last three years. However, only a small minority was optimistic about the prospects for similar improvements in the next three years.

2.5 Skill Reproduction Security

The livelihood security of working people is enhanced if they have been able to acquire the skills relevant to their jobs, and if they have opportunities for skills improvement. Skills may be acquired from training institutions, on the job, or through the private efforts of the workers concerned (informal training). It is assumed that a worker will have a greater sense of security if he/she is able to use the skills so acquired in the workplace, and if the rules of employment clearly reward the skilled much more than the unskilled. The survey posed a number of questions on this issue and the following are what we found.

Sixty percent of respondents said they had received no training for work, due in part to the lack of opportunity or to the inability to meet the cost of training. Only 14 percent had received training in training institutions and 10.5 percent through apprenticeship. Of those who had received some form of training, including informal training, more than half said they were able to use the skills they have acquired at work. Among those who were salaried employees, the great majority thought that training opportunities, either at work or elsewhere, were hard to come by. Asked about the form of training they preferred, over two-thirds thought on the job training was better. There was a fairly strong feeling that skills-training is important if workers wished to change their jobs. On the positive side, almost all respondents thought there was no discrimination in obtaining training on the basis of sex, ethnicity or religion.

On the other hand, there was a broad consensus regarding the importance of providing education for one's children. About 90 percent believed that children's education was a form of security for parents. Looking at the response by gender, we find a surprising gap between men and women: 69 percent of female respondents but 91 percent of male saw children's education as security for them. Asked how far respondents were willing to educate their male and female children, 53 percent of those who responded said they wanted their male children to get college education;

similarly, 51 percent said they want their female children to receive similar education. There does not seem to be a significant gender gap with regard to parents' preferences for higher education for their children.

What emerges from the findings of the survey under this section is that a large majority of employees have no "marketable" skills, that of those who have acquired skills only a small percentage thought they were able to use them at work, and that it is not easy to get access to skills training and to improve one's abilities.

2.6 Work Security

This refers to issues of occupational safety and health, and whether or not employers take into account safety and health hazards faced by employees at the work place in the course of their duties. Accidents at the work place are quite common in Ethiopia. Every year several thousand accidents are reported by enterprises to MOLSA. In 1999/2000, for example, the last year for which data is available, 94 establishments with a workforce of 57,230 reported 4127 work accidents; the number of man-days lost as a result was put at 14,669 (MOLSA 2001). Interestingly enough, the most accident-prone are workers in the 25 to 39 age group. On the average, more than half the injured in any one year are workers in this group. Not all enterprises report accidents to the government on a regular basis, as is required by law, hence the number of accidents appearing in MOLSA documents does not reveal the true extent of occupational hazard in the work place. Table 5 shows a breakdown of labor disputes and accidents for the years 1994/95 to 1999/2000.

Table 5 Labor Disputes and Accidents 1994/95 - 1999/2000

Year	Disputes	Accidents		
		No. Establish'	Work Force	Accidents
1994/95	1484	80	66,094	4242
95/96	1451	80	64,227	4836
96/97	850	112	60,164	3988
97/98	853	126	70,740	5288
98/99	743	98	59,391	4417
99/00	729	94	57,230	4127

Source: MOLSA 1997-2001

Respondents in our study were asked a set of questions on whether or not the work place was safe. It was found that 14 percent had experienced injuries at the work place in the last twelve months, and 17 percent knew co-workers who had experienced such injuries. The survey also found that a total of 2,118 man-days were lost due to accidents at work. Only about one-third stated that the employer would pay the medical and injury costs in the event of such accidents. The working environment was described in the main as disagreeable and a threat to workers' safety and health. Some reported that they work with dangerous equipment and others with hazardous chemicals. Some 20 percent said there was too much noise in the work place, and another 21 percent thought the work place was subject to excessive heat or excessive cold. Protective equipment or clothing, provided by employers was used by less than a quarter of the respondents. The law requires that employers provide such equipment and clothing if the work environment poses safety or health hazards (TGE 1993). A little over a third reported that there was a washroom at work. Hardly anyone had the right to choose the hours worked during the day. About seven percent of respondents reported that they were asked sexual favors by

their employers in the last twelve months, while three percent said they had been physically abused.

A different set of questions, focusing on business security and the constraints on it was put to respondents who were primarily self-employed. The most serious problems faced by private business were identified as market problems, competition from other businesses, access to raw materials, and restrictive government regulations. There was also a great deal of insecurity among the self-employed. Only about 18 percent said they felt secure about their business. While bribe-taking is often considered to be rampant among government officials, only a few respondents (4 percent) reported that they had offered bribes in the last two years. The low figure may be because of the reluctance of respondents to reveal incriminating information about bribe giving.

2.7 Income Security

Here we are concerned about the level, adequacy and stability of earned income. At the basic level, income security depends on the assurance that one has a regular income. People may also get satisfaction if they believe their income is relatively more, or at least not less, than a given reference group. Income security also refers to whether one is forced to share one's income with others or whether one has full control over it. Among those who worked for pay and profit, the average income earned (after tax) the preceding month was 445 *Birr* (about 52 US dollars). But, as was noted earlier at the beginning of Part Two of this study, income figures reported by respondents are highly unreliable. There is a strong tendency among many to misreport their income for a wide variety of reasons.

Asked about changes in individual income levels in the last six months, only a small fraction said their current income was higher compared to the last six months; the rest said it was either less (24 percent) or had remained the same (46 percent). More than half thought their income was lower than their neighbors. Respondents were rather pessimistic about

their income and the chances of its improvement. A whopping 80 percent thought their income was less than adequate, and only 20 percent thought it was adequate. Moreover, while 22 percent thought their income would increase in the next twelve months, 23 percent were of the opinion that it would either decline or stay the same. The respondents who answered these questions were a mixed group: many of them were salaried employees, but there were a good number of the self-employed in the group. This explains why there was a relatively high degree of income irregularity: while 46 percent said their income is regular, 37 percent reported that it was irregular. On the other hand, 28 percent said they had to share their income with others, and while a good majority said they did it voluntarily, a sizable minority said it was not by choice.

There were a number of questions regarding employment benefits, but only 240 out of the 1202 respondents provided adequate answers. It was found that a good number those who answered the questions were beneficiaries of a variety of work-based benefits, including paid holidays, health benefits, maternity leave, pension schemes, etc. On the other hand, more than two-thirds of them complained that their salaries (wages) were unfair, and a little over half thought it was difficult to change jobs.

There is a good deal of anxiety about life in old age due to the lack of any savings on the part of many respondents on the one hand, and the inadequacy of the income from their pension schemes on the other. Only 28 percent believed that they would be in a satisfactory condition in old age in so far as income was concerned. Not all salaried employees had pension privileges, which meant that they were dependent on their savings or assets during retirement. About 62 percent of respondents said they did not save money during the last twelve months. Moreover, most of them had no idea where to turn to if they needed support in old age. There are no government programs specifically designed to address the needs of the elderly, and the few non-government programs targeting old people are unknown to all but a handful of people.

2.8 Representation Security

It is quite evident that those who belong to an organization that represents their interests and is likely to take measures to try to preserve those interests are more likely to be more secure than those who are isolated or unorganized. The trade union is the main organization on which working people depend for the protection of their rights: it makes it possible for them to bargain for improvements in their entitlements and enables them to have their voice heard both as employees and responsible citizens. The trade union movement in this country has had an undistinguished and cheerless history. It was established under the shadow of political authoritarianism, and never succeeded in attracting a broad and enthusiastic following. For reasons that are difficult to understand, successive governments since the 1960s saw the union movement as a threat to political stability, and as far more powerful than it actually was. It thus attracted the close and constant gaze of the authorities, and was savagely repressed whenever it tried to take collective measures to defend workers' rights.

Unions in this country are organized first at the enterprise level and are known as basic unions. According to the labor law, workers in any enterprise with a work force of twenty or more have the right to form a trade union. Basic unions are grass roots organizations that provide solidarity and voice to workers in the first instance. Basic unions within one industry may then form a federation, which in turn may affiliate with the apex organization called CETU, which is an umbrella organization for all industrial federations. CETU currently represents nine industrial federations.

The evidence from MOLSA suggests that unionization is growing though at a modest rate: in 1994/95, the number of registered unions stood at 549; in 1999/2000, the last year for which data is available, the figure was 697, with a total membership of a little more than 181,000, of which about 25 percent were women (see Table 6 below). CETU sources claim that their

membership figures are much higher than this (Zewdie 2001); the discrepancy may be due in part to the fact that some of the unions in CETU's roster may not have completed their registration. The labor law requires unions to register with MOLSA. More than 60 percent of the unions are located in Addis Ababa. MOLSA sources also show that the number of industrial disputes has decreased dramatically in the same period. In 1994/95, some 1484 disputes were recorded; in 1999/2000, the figure had declined to 729. Whether this is the result of growing industrial peace brought on by a greater sense of mutual understanding between employer and employee is not quite clear, but it is more likely that the unions have been weakened by increasing job losses and burgeoning unemployment and hence reluctant to provoke industrial disputes.

Table 6 Growth of Trade Unions 1994/95 to 1999/2000

Year	No. of Unions	Members-M	Members-F	Members-Tot
1994/95	549	118,274	40,949	159,223
95/96	38	4,528	872	5,400
96/97	14	817	205	1,022
97/98	31	2,490	385	2,875
98/99	26	2,449	1,387	3,836
99/00	39	7,635	1,418	9,053
Total	697	136,193	45,216	181,409

Source: MOLSA 1997-2001. The 1994/95 figures are totals up to that year. The new labor proclamation was issued in 1993. The other yearly figures show new unions registered each year.

While workers in many of the large enterprises in our survey area are likely to be members of one union organization or another, not all among them are active unionists. It is safe to say that union membership and activism declines the further one is from Addis Ababa. One should also note that while worker solidarity is enhanced through union membership,

worker isolation is deepened through lack of communication with others. Even the non-union worker may benefit from greater communication with others and greater concern for knowledge of what is going on outside his/her work place, town or country. Communication includes have access to the media because it is through radio, TV and newspapers that we gain knowledge of the world outside our immediate vicinity. Our survey shows that only a limited number of people take the trouble to communicate with others. A good 45 percent have never read a newspaper, and an even larger number, 63 percent, have never written a letter.

There was, by and large, a positive attitude to trade unions: 47 percent of respondents supported unions, 9 percent were hostile to them, while 40 percent had no opinion. Among women, only 4 percent said they had a negative attitude to unions, 37 percent said they were in favor of them, and 56 percent had no opinion. With men, the comparable figures were 11, 52 and 33 percent respectively. Nearly 30 percent of all respondents, but 18 percent of female respondents, said there was a union at their work place; of these, 69 percent (female: 53 percent) reported that they were union members. Obviously, there are unlikely to be unions in small-scale enterprises, which, as we saw earlier, provide employment to the majority of our respondents. Most of the women in our sample are employed by the smaller enterprises, nevertheless, we found that an equal proportion of men and women were trade union members. It was also found that more than two-thirds of those who belonged to trade unions said they were active members and had used the opportunity to vote on issues that was of concern to them. There are no other organizations that provide support to workers; trade unions in this country have no competition. Moreover, the large majority of the enterprises are, as we saw earlier, located in Addis Ababa. These two factors help explain why the unions have attracted such wide support among our sample.

There were differing views on the rights and responsibilities of trade unions. CETU authorities, for instance, believe that the most important

rights of unions are the right to organize, collective bargaining and the right to strike (CETU newspaper, *Yeserategnaw Dimts*). Among respondents that belonged to trade unions, the protection of workers' rights, ensuring job security, and protection of workers' benefits and income were seen as the three most important responsibilities of unions. Opinion was divided on the issue of workers' strikes. Overall, about one-third of respondents were in favor of strikes, while 26 percent were against. However, if there was a dispute over workers' income, 74 percent said they would support a demonstration to express their grievances.

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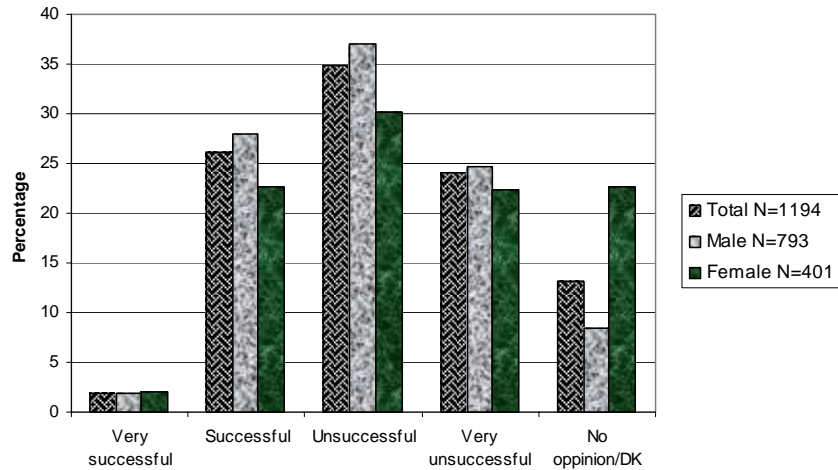
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PART THREE: CONCLUSION

3.1 Concluding Remarks

The picture that emerges from the survey is a discouraging one. The findings of the study reveal a population that is fearful and anxious about its basic needs and subsistence, which are dependent on low and insecure income, inadequate social services, and a shrinking labor market; many are faced with gloomy prospects. It was evident that the great majority of households are weighed down by livelihood insecurity, with the threat of impoverishment and loss of means for basic sustenance hanging over them as a matter of course. The study reveals a great deal of pessimism on the part of many: pessimism about one's basic security, about employment opportunities, and the chances for self-improvement. Most households are doubtful if there will be economic growth, or if the problem of poverty will be successfully tackled. Respondents were asked to give their opinion about government programs to reduce poverty on the one hand, and to promote economic growth on the other. Success in reducing poverty and boosting economic growth will have a positive impact on employment and business activity, and respondents were aware that the two issues were closely linked with their own livelihood. A good majority thought that the government's efforts on both counts were unsuccessful: the figures are 64 percent and 59 percent respectively. Figure 7 shows a breakdown of responses, by gender, rating the government's program for economic growth. Only about 28 percent thought the program was successful. It is worth noting that while the difference was not very significant, slightly more men expressed pessimism about economic growth than women.

**Figure 7: Success of Government Program for Economic Growth
Among those Working for Pay or Profit**



Respondents were also asked whether they thought government initiatives to bring about public security on the one hand, and to reduce corruption among public sector employees on the other were successful. Obviously, these questions are of particular importance to business people and the self-employed. Public sector corruption, especially, is of great concern because it is an added cost that hurts businessmen and women as well as the consumer. While 47 percent thought the government's public security initiatives were unsuccessful, 54 percent believed efforts at reducing corruption were unsuccessful. Only a small minority thought there were successes on both counts. Both these and the two earlier questions reveal how much confidence the public has on government initiatives, and what people's perception of future prospects are.

Let us recapitulate the main factors responsible for livelihood insecurity. First there is *income insufficiency*. While starvation did not appear to be

an imminent threat, it was obvious that many households lacked sufficient income to ensure access to adequate food on a regular basis on the one hand, and proper health care and other basic services on the other. Moreover, since in most cases the household depended on a single breadwinner, there was a pervasive sense of vulnerability. Coupled with income inadequacy was the problem of *income insecurity*. The majority of respondents were pessimistic about the chances of improvement in their income, in their jobs, or economic well-being. Indeed, a small minority was of the opinion that there might be a decline in income levels in the immediate future. Income insecurity was aggravated by the fact that there were limited opportunities for skill training and upgrading of workers' ability. Many employees were working as unskilled labor, the consequences of which were low wages, low benefits and job insecurity. There was also a good deal of anxiety about prospects in old age. Many respondents had neither retirement benefits nor adequate savings to support them in their old age. The great majority looked to their children as a form of old age insurance -a high-risk proposition since there was no guarantee that the children would have better prospects than their parents when they grow up.

The second factor was the *shrinking labor market*. As the evidence from government sources indicates, the one sector which has shown some improvement in terms of employment opportunities has been the service sector. It is also likely that employment in the informal sector, consisting for the most part of petty trade and home-based "processing", has increased in the last five years. Nevertheless, CSA data show that urban unemployment is high and increasing. Many respondents in our study were aware that there was high unemployment and it was their opinion that the problem would get worse in the coming years. The greater the rate of unemployment the further wages would decline. What was depressing to many was the fact that the prospects for economic growth and improvements in the labor market were very poor. While the population in our study was fairly stable, there was a small flow of migrants from the

surrounding areas. These were seen as, and indeed were, unwelcome competitors for jobs, services and living space.

A third factor was *job insecurity*. Most workers were dissatisfied with their jobs, their income, their benefits and their employers. It was evident that a great number of employees were just clinging to their jobs from which they seem to be thoroughly alienated. Many were fearful that losing their jobs was the end of the road because the chances of finding alternative employment were slim indeed. Men and women were clearly worried that unemployment would get worse in the future. The informal sector was a substantial source of employment but it provided very limited income security. There was a good deal of suspicion that in the hiring process, employers discriminate against women, migrants, married people and older workers.

The fourth factor has to do with the *hazardous working conditions* faced by many respondents. For a good number of those working for pay, the working environment is unattractive, unsafe and hazardous to health. Only a small number of workers used protective equipment or clothing. A good number of respondents said they had themselves experienced injuries or knew of co-workers who have had accidents at the work place in the last twelve months. On the other hand, for those who were self-employed, the policy environment was far from encouraging. Corruption, restrictive rules, and illegal trade have made life difficult for many respondents in this group.

We should note, on the positive side, that there was a strong sense of solidarity with the poor and the disadvantaged among most respondents. All except a few believed that Government should support those with insufficient means to meet their basic needs, and those who are unable to provide for themselves. The elderly, the disabled, and victims of natural disaster were considered particularly deserving of public sector assistance. On the other hand, considerable divergence emerged on the issue of income equality, and reducing the gap between rich and poor. Some 63

percent disagreed with the idea of an upper limit on earned income. Similarly, 57 percent thought reducing the income gap through limiting the range of income was unwise. However, a large majority was in favor of the idea of a minimum wage adequate to cover basic needs. What all this suggests is that people's sense of social justice is much more pronounced with regard to humanitarian issues and less so with regard to issues of economic differentiation and social privilege.

Another finding that should also be included on the plus side is the fairly positive attitude to trade unions and the support they have attracted from salaried employees in our sample. While it would be difficult to conclude that the population in the study has won the battle for representation security, it is clear that the need for Voice is strongly felt by many.

3.2 Policy Implications

As one of the poorest countries in the world, Ethiopia is faced with massive poverty and unemployment, and has to make do with a frail economy that at best is growing at a snail's pace in real terms. To provide even the barest minimum of basic subsistence for all its people is a daunting task, nevertheless, there is no choice but to meet the challenge head on, and to marshal all one's resources to achieve that objective within the shortest possible time.

As we saw in Part One, Section 1.3 above, urban poverty and unemployment have been growing at a disturbing rate in the last decade or so. This is all the more worrying in view of the fact that the urban areas have been neglected by the government's development strategy which focuses almost exclusively on the rural areas and on crop production (FDRE 2001). The Poverty Reduction Strategy Paper (PRSP) that has just been drafted by MoFED pays scant attention to the needs and plight of the country's towns and cities. While it is true that poverty is much more widespread in the rural areas than in the urban, there is reason to believe that urban destitution is growing at a faster rate, and in any case, the

difference between one and the other does not justify the decision taken by policy makers. The other issue that is cause for serious concern is that creating employment opportunities and tackling growing unemployment do not figure prominently as poverty reduction measures in the government's PRSP that has just been submitted to the IMF and the World Bank.

The findings of our study suggest three important policy implications. First, it is imperative that if urban households are to achieve a decent level of livelihood security there must be a concerted effort on the part of government, the private sector, and civil society, to tackle the problems of poverty and unemployment. This is of course easier said than done, but be that as it may, there is no alternative option. Both problems are of course closely linked, and improvements in poverty levels are not possible without reducing unemployment substantially. What is required is thus a development strategy for the urban areas, the centerpiece of which should be the mobilization of all available resources to create jobs and income opportunities on a large scale.

This objective cannot be easily achieved without enabling the private sector to play a greater role in the economy- this is the second policy implication that emerges from our study. While the present government has made a commitment to promote a market economy, it has shown a marked reluctance to recognize the important role the private sector can play, and has on the contrary placed numerous obstacles on private enterprise in the form of restrictive rules, heavy taxes, unfair competition, etc. Since the 1950s, successive governments in this country have placed greater confidence on public rather than private sector initiative, and in consequence the latter has continued to play an unimportant, if not marginal, role in the economic development of the country. It is of course true that the private sector is much more active in the economy now than during the Derg regime (MoLSA 1995), nevertheless there is still an underlying hostility to the sector among senior government officials. There is, we believe, consensus among informed opinion that a

determined effort to create a wide range of job opportunities cannot be successful without public-private partnership and without the private sector playing a major role. Government should therefore put in place an enabling policy environment to win private sector confidence and to encourage increased private investment.

Thirdly, the study revealed that many respondents had very little confidence on government programs and policies. There was considerable apprehension among especially the self-employed that the tasks of ensuring public security, enforcing the law, and reducing corruption, which they saw as the prime responsibility of the government, had not be fully achieved. These failings have in turn exacerbated work and income insecurity. There was a good deal of pessimism about government efforts to promote economic growth or to reduce poverty. We therefore believe that there is a need on the part of government to win public confidence. While this may not immediately translate into increased livelihood security, it should reduce public dissatisfaction, provide better access to useful information, and promote state-society partnership. Confidence building policies could allay fears and reduce anxiety.

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