

INTERVENTION CASE STORY | MLE SYSTEM

TURNING WASTE INTO CASH AND EMPLOYMENT OPPORTUNITIES FOR WOMEN AND YOUTH

One of the major challenges hindering medium and large enterprises (MLEs) from performing at their optimum is lack of input supply. It is a challenge that impacts enterprises in various sectors, including those involved in paper recycling.



The supply of wastepaper for recycling in Addis Ababa has been limited due to several factors. Collection has historically been informal and disorganised, and where micro and small enterprises (MSEs) were set up, they were not specifically organised to collect wastepaper, but rather were set up as door-to-door solid waste collectors who gather

all types of waste for landfill disposal. In addition, both public and private institutions have typically disposed of wastepaper by burning it or dumping it in landfills. Due to inadequate input supply, challenges with the location of suppliers, and illegal transactions, the majority of paper recycling companies have operated below capacity.

To help address the input supply problem of paper recycling firms in Addis Ababa, LIWAY designed and implemented an intervention referred to as ‘Wastepaper recycling for input substitution’. The intervention was implemented in partnership with the Addis Ababa Cleaning Management Agency (AACMA) and involved supporting the development and organisation of MSEs.

As part of the intervention, 125 MSEs were established in 10 sub-cities across Addis Ababa, with a total of 1,250 members. The MSEs were trained on sorting, handling, and transporting wastepaper by the AACMA and were provided with protective gear by LIWAY, which included suits and gloves. LIWAY also funded production of 57 containers, which the AACMA provided to the MSEs to safely store collected wastepaper as they continue gathering a sufficient quantity. The containers are located on a small plot provided by the AACMA, which is also where MSEs sort and bundle the wastepaper. In addition, the Addis Ababa City Administration provides a subsidy of 1.5 ETB for every 1kg of wastepaper or carton sold to help support organised women and youth. The subsidy allowance serves as further encouragement for wastepaper collectors to organise and increase collection and sales.

A year after the start of the intervention, 70% of the 125 organised MSEs are active and have worked to sustain their business, and of these, 50% have successfully increased their income and profits. In addition, the scheme has attracted more informal wastepaper and carton collectors, including those who are performing better, who have requested their districts to have licenses and registration.

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Some of the main buyers of the wastepaper are Betlehem Waste Management PLC, Hahu, and Kuriftu Paper Mill PLC. Hahu and Betlehem are middlemen that buy from the MSEs and re-sell to Kuriftu Paper Mill.

Kuriftu Paper Mill, which previously imported paper, is now acquiring paper from local formal and informal groups and has increased its capacity utilisation by 40%, shifting from working just one day a week to three days a week. As a result of the increased supply of wastepaper, Kuriftu Paper Mill has created job opportunities for 100 permanent employees and 200 day labourers.

40%
INCREASE IN CAPACITY
UTILISATION AT
KURIFTU PAPER MILL

100
NEW PERMANENT
JOBS CREATED AT
KURIFTU PAPER MILL

START UP AND GROWTH OF KASSHUN, TEQAM & THEIR FRIENDS ASSOCIATION

Kasshun, Teqam & Their Friends Association is a paper and carton collection MSE established in February 2021 in Addis Ketema sub-city, Mesalmiya area through the LIWAY intervention. The MSE includes six members, three of which are female. Although only two of the members knew each other before being brought together through the intervention’s beneficiary selection process, they collaborated and selected a Chairperson quickly. Prior to the formation of the MSE, all members, except for two, were unemployed, and the two who were employed earned very low wages (less than 1,500 ETB) in factories.



Kasshun and Esthetu holding the Association banner in front of their facility

As part of the intervention, the members attended the training sessions on how to collect and sort wastepaper and deliver it to paper recyclers and dealers. The City Administration also supported them by providing a 25m² yard in a residential area of Kebele 05. However, despite the support, the members remained unsure about where to start collecting wastepaper. Fortunately, the nearby woreda office was relocating to a new building and the administrators offered their discarded and unwanted paper to help encourage the MSE. The team now had a start with respect to paper collection, but they soon realised their

storage area was not safe to store the paper for long. They decided to borrow 20,000 ETB from Addis Credit and Savings Institution with support from the sub-city administration, which they used to construct a small storage, sorting, and loading facility.

Additional support was provided by the sub-city branch of AACMA, which helped link them to potential wastepaper sources such as schools, hospitals, and government offices. The Agency also facilitates payment of the subsidy allowance of 1.5 ETB per 1kg of wastepaper sold, which is paid upon submission of sales receipts.

Kasshun, Teqam & Their Friends Association made their first sale in February 2021 to a dealer participating in the intervention pilot. At that time, the MSE earned 3 ETB per kg of paper and sold 2,000kg for 6,000 ETB. The team was encouraged by their first trial and worked hard to increase their volumes and income by connecting with more public and private institutions for wastepaper collection and searching for buyers who offer good prices.

Over time, their efforts began to bear fruit. Their sales increased significantly to reach an average of 110,000 ETB every two days. They are now also buying cartons and discarded paper from institutions, waste pickers, and individuals for 7 to 8 ETB per kilogram and re-selling it in bulk to middlemen and paper recyclers for 10 to 12 ETB per kilogram. On average, each member of the MSE receives 7,000 ETB as a dividend each month, which is higher than most new university graduate jobs in government offices. They have also been able to open a savings account at the Addis Credit and Savings Institution and have paid back their loan. They are now saving to purchase a vehicle for their business.



Kasshun and Feyeza talking with the sub-city organiser

Feyeza is one of the members of the MSE. She lives with her husband and two children. She is the bookkeeper for the MSE and also assists the team with anything that is needed. She described the improvement in her life due to her involvement:

“My family was in a difficult livelihood condition before I joined this enterprise. My husband was the only breadwinner working as a security guard with minimal wage, which was not enough to cover household expenses. I did not have jobs. We relied on the income of my husband only. With the increase in prices of all food items for consumption, I also decided to work and tried as day labourer, but I found it very hard due to COVID-19. Fortunately, I found this opportunity and good guys and started to work with them. I am very grateful to my friends in this enterprise. Now things are dramatically changed, thanks be to God, I can now afford to buy necessities for my children and family. Even I make more money than my husband. Recently we rented a better house, which is better than the earlier suffocating home. My whole family is now very happy.”

The intervention is continuing to scale to help more MSEs like Kasshun, Teqam & Their Friends Association, as well as more middlemen and paper recyclers. It has demonstrated that supporting the development and organisation of MSEs for wastepaper collection not only increases incomes of wastepaper collectors, but also enables paper recycling companies to access more input supply, increase capacity, and create additional jobs for LIWAY’s target groups.

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**NEW MSEs FORMED
(IN ADDITION TO THE
INITIAL 125 MSEs)**