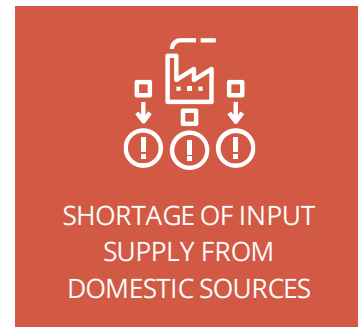


INTERVENTION CASE STORY | **MLE SYSTEM**

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 recycling.



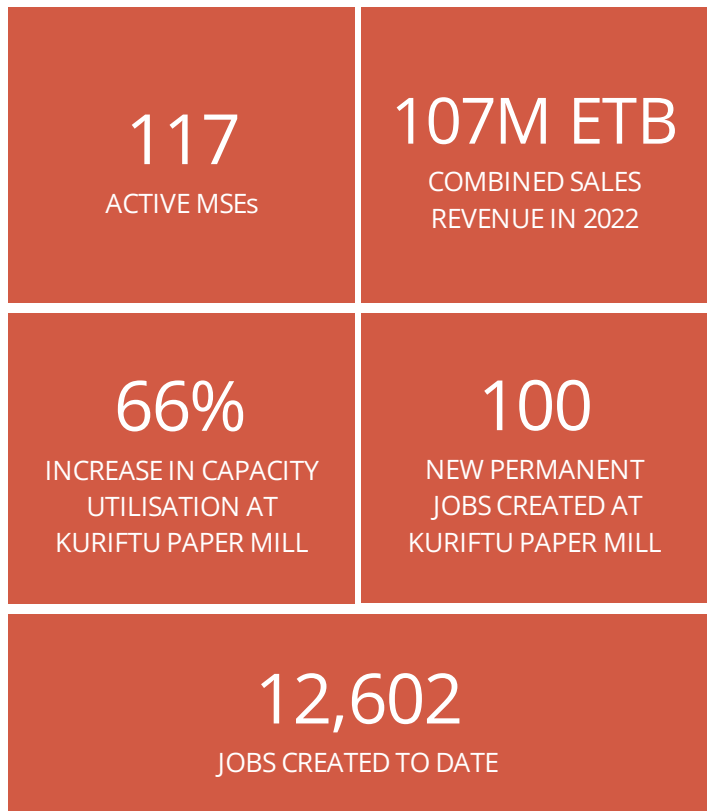
The supply of wastepaper for recycling in Addis Ababa has been limited due to several factors. Waste recycling companies (paper and plastic) rely on imported inputs; however, the import market is constrained by access to foreign currency and a lack of working capital. Where domestic collection does take place, it has historically been informal and disorganised. 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, 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’ in partnership with the Addis Ababa Cleaning Management Agency (AACMA). The aim is to improve the availability, quality, and affordability of domestically produced inputs and strengthen linkages between domestic input suppliers and MLEs. This will enable manufacturers to enhance productivity and unlock unused production capacity, thereby improving business profitability and competitiveness. As MLEs increase production volumes, they will drive greater demand for labour and create new jobs and higher wages. Similarly, the domestic input supplier system will create job and income opportunities for women and youth.

As part of the intervention, MSEs were established in sub-cities across Addis Ababa. The MSEs were trained on sorting, handling, and transporting wastepaper by AACMA and were provided with protective gear by LIWAY, which included suits and gloves. LIWAY also funded production of containers, which 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 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.

Since 2021, 172 MSEs have been organised, 117 (68%) of which are currently actively engaged in the collection and marketing of recyclable waste. In 2022 alone, the group generated 107 million ETB in revenue. To date, a total of 12,602 jobs have been created through this intervention.

Kuriftu Paper Mill PLC, DA Packaging, Eagle, Suzo, and China recycling firm (Dukem) are the main buyers of the collected wastepaper from the organised domestic input supplying MSEs. Before the intervention, Kuriftu Paper Mill annually spent approximately USD 15 million to import wastepaper. Through the established domestic input supply system, the factory has fully substituted imports. This has increased the capacity utilisation rate by 66%. As a result, Kuriftu Paper Mill has created job opportunities for 100 permanent employees and 200 day labourers.



The achievements so far indicate the potential of the intervention to alleviate poverty, create jobs, and introduce a new market system that can sustainably support the economic and social empowerment of the poor. Additionally, the intervention is serving as a suitable alternative to maintain and mitigate climate change, prevent pollution arising from conventional bio-waste disposal systems, and contribute to a cleaner city.

WASTE IS SERVING AS A REGENERATIVE ROAD TO TREASURE FOR MSE MEMBERS



Habtamu, Adisu, and their Friend’s cooperative is among the 117 active MSEs. The cooperative has ten members, ranging in age between 20 to 30 years old. All members used to live on the edge of subsistence, unable to afford a decent life. Most of them were engaged in daily loading and unloading work. As Keiru, a cooperative member, explained, “I used to earn 200 Birr per day as a daily labourer, which is not bad, but I only work for a few days in a month, spending most of my time idle.”

Through the efforts of LIWAY, AACMA, and sub-city administrations, these youth formed a cooperative in January 2021 with initial working capital of 10,000 ETB from member

contributions. Initially, they faced challenges collecting adequate solid waste, especially paper, mainly due to society's poor waste disposal practices. However, with the programme's ongoing assistance, they significantly increased their collection volume. Today, they buy more than **5,000kg** of solid waste from **500** waste pickers daily. Each member now consistently earns **15,000 ETB/month**. The cooperative currently has **360,000 ETB** in savings and **130,000 ETB** as working capital.

Keiru explained how the intervention has changed his life: *"Personally, I managed to change my life. I rented a decent house, got married, and established a stable life. However, my most proud moment is that, as a cooperative, we managed to create a means of livelihood for hundreds of youth. I owe this achievement to my friend Murad who showed me the big picture and convinced me to be a member of this cooperative, and to the LIWAY programme, which made this possible for us."*

They can now dream big, which seemed impossible just a few months back. They want to start a waste recycling company as a group. Murad, a cooperative member and secretary, stated confidently, *"We'll definitely get there; it's just a matter of time"*.

THE INTERVENTION ACCELERATES WOMEN'S EMPOWERMENT

Mrs. Halima is one of the 10 members of Halima, Amana, and their Friend's recycling cooperative. She is a 30-year-old mother of two children. Before the cooperative, she was employed at a private garment factory with a monthly salary of 2,800 ETB. With the facilitation of the Woreda 5 administration, AACMA, and LIWAY, she became part of the cooperative and was trained in waste management and business skills. The Woreda administration provided land for the cooperative and LIWAY supported a container for storage. She explained her journey:



“ Initially it was hard to actively engage in the business. The household role as a woman and mother and the perceptions and attitude of the community regarding waste management were very challenging. We were also limited because we didn't have adequate information on identifying potential paper sources. This affected our efficiency in terms of time, labour, making it tiresome and costly. However, after six months, the Addis Ababa City Administration agency for cleansing linked us with recycling companies, schools, and public institutions to source waste. As a result, our access to waste sources improved and increased our efficiency. Currently, we are a well-known waste collector and supplier to recyclers. We have created income opportunities for more than **400** individual collectors who supply waste to our cooperative on daily basis.

Currently, I am earning a net income of **13,000 ETB monthly** compared to my previous 2,800 ETB gross salary income month. I regularly save **1,500 ETB/month** in my personal bank account and save 20% of my gross monthly earning in a group saving account. Now, I rented a better house for my family and fulfil our basic needs without fear of losing my job. My vision is to have my own waste recycling firm. It has also changed the community's perception towards waste collection and marketing. I am so proud that I introduced the waste collection business to more than 12 housewives in my surrounding community. Currently, they are earning **200 Birr/day** on average. This makes me feel more valuable and responsible to my community. ”