

**INTERVENTION BRIEF | LABOUR SYSTEM**  
**FINANCIAL GUARANTOR**

**THE PROBLEM**

Large numbers of LIWAY’s target group, particularly migrants from rural areas, lack socially accepted forms of referencing, which limits their ability to access formal employment opportunities. They often have limited and weak social networks and inadequate character references, and they lack Addis Ababa ID cards and permanent addresses. Employers, therefore, perceive them as high risk and there is a lack of insurance mechanisms to provide peace of mind (e.g., compensation in the event of damage or loss).



A study conducted by LIWAY indicated that 77% of job seekers find it difficult to secure a job due to a lack of personal character references and/or a financial guarantor. Often these job seekers must pay substantial amounts to individuals who may not know them or to a broker who can provide the personal referencing required by employers.

**OUR INTERVENTION**

LIWAY partnered with Eziti Information Service (Taskmoby) and Enat Bank Share Co. to develop and pilot a new financial guarantor insurance product. The product provides financial security to employers while enabling the target group to access employment opportunities and better-paying jobs without the costs associated with exploitative personal character referencing.

Money is placed in a blocked bank account for each employee (3,000 ETB), which acts as financial security (insurance) to compensate the employer for damage or bad behaviour by the employee. A portion of the employee’s monthly salary is contributed towards their financial guarantee deposit until the employee saves enough to guarantee themselves and the original deposit can be returned to the guarantor.



The pilot has two phases, the first of which aims to enable employment of 50 target group members, and the second of which aims to enable employment of an additional 250 target group members.

Enat Bank and LIWAY co-invested the amount of the initial deposit of 3,000 ETB per employee for the pilot with an equal share of 50% each (75,000 each for phase one and 300,000 each for phase two). Taskmoby is responsible for market searches and linkages between employers and job seekers, as well as ensuring savings are regularly made from employees’ monthly income to replace the financial guarantee deposit and to establish their own financial guarantee or buy a microinsurance policy. New microinsurance products may be developed by Enat Bank or other financial institutions based on the learnings from the pilot.

Taskmoby also trains and certifies target group members on the basics of work ethics/discipline, customer service, cleaning and domestic work, and finishing work (e.g., painting, installation, maintenance), among other areas.

## KEY ACHIEVEMENTS TO DATE

- Concept note developed and approved by Sida.
- Partnership agreement signed with Enat Bank and Eziti Information System (Taskmoby).
- Financial guarantor scheme launched following the establishment of a blocked guarantee fund for the first 50 target group members.
- 161 job seekers were trained and certified after completing the theoretical and practical training sessions. Of these, 50 were selected for phase one of the pilot and they have secured employment with the financial guarantee, as well as opened bank accounts and started saving.

**50**  
**EMPLOYMENT**  
**OPPORTUNITIES CREATED**  
**FOR WOMEN & YOUTH**

The Livelihoods Improvement for Women and Youth (LIWAY) programme aims to increase incomes of poor women and youth in Addis Ababa through improved wage and self-employment opportunities. We work in four interrelated market systems to create sustainable change: labour, micro and small enterprise (MSE), medium and large enterprise (MLE), and skills. LIWAY is funded by the Swedish International Development Cooperation Agency (Sida) and the Embassy of the Kingdom of the Netherlands (EKN). The programme is implemented by a consortium of partners composed of SNV Netherlands Development Organisation, Mercy Corps, TechnoServe, and Save the Children International.

**For more information, visit: [www.liway.org](http://www.liway.org)**