THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
CENTRAL STATISTICAL AUTHORITY

REPORT ON URBAN INFORMAL SECTOR SAMPLE SURVEY, JANUARY 2003

ADDIS ABABA
OCTOBER 2004

282 STATISTICAL BULLETIN 282

CONTENTS

LIST OF TABLES

TABLE NO. **PAGE**

TABLE NO. **PAGE**

TABLE NO.	**PAGE**

TABLE NO. **PAGE**

TABLE NO. **PAGE**

TABLE NO. **PAGE**

CHAPTER I
INTRODUCTION AND OBJECTIVES OF THE SURVEY

1.1 INTRODUCTION

The Central Statistical Authority (CSA) has conducted a nation wide urban informal sector survey in January 2003, to provide as part of its statistical programme, comprehensive data on the size and characteristics of the informal sector and its contribution to the national economy. As a concept the ***Informal Sector*** refers to home based or individual establishment /activity operated by the owner with few or no employees. They are for the most part unregistered and operating on a very small scale and with a low level of organization. Most of them have very low level of productivity and income. They tend to have little or no access to organized markets, to credit institutions, to modern technology, to formal training and to many public services and amenities. A large number of them are carried out without fixed location or in places such as small shops, outlets or home-based activities. They are not recognized, supported or regulated by the government. They are beyond social protection, labour legislation and protective measures at the workplace. These activities comprise what has now come to be called the 'Informal Sector'. In the past the informal sector was largely ignored by official statistics. Little need was felt to collect data on its activities because development strategies were oriented towards modern medium and large-scale enterprises. The informal sector was considered a transient phenomenon that would dwindle away in the near future as more jobs were created during development.

Economic recession, adjustment policies and continued high rates of urbanization and population growth have led to an unexpected and unprecedented expansion of the informal sector in many developing countries, as modern sector enterprises, and especially the public sector, have been obliged to dismiss workers or reduce wages drastically. In some countries it is in fact only the informal sector, which absorbs the labour force and keeps the economy going, while large modern enterprises downsize. This is evidenced by the facts that in Ethiopia 50.6 percent of urban employed are in the informal sector[1]. Consequently, in recognition of the importance of the sector to the national economy and to bridge the data gap on this sector a nation wide survey was conducted for the second time in this country. Hence the survey results could serve as an information base for macroeconomic analysis, planning, policy formulation, research, monitoring and evaluation. The data can also be used for the design, monitoring and evaluation of support policies and assistance programmes for the informal sector with a view to increasing its productive potential (and, hence, its employment- and income-generating capacity), in improving the working conditions and social and legal protection of informal sector workers. Moreover, the survey result could be useful in developing an appropriate regulatory framework and promoting the organization of informal sector producers and workers, and for analysis of the situation of particular groups of informal sector workers such as women, children, rural-urban migrants.

1.2. SURVEY OBJECTIVES

The objectives of the Urban Informal Sector Survey are to provide data on:

- The number of informal sector establishments, classified by various characteristics (e.g. kind of activity, type of workplace) to provide information on the size and composition of the informal sector;
- Employment in such establishments, including information on the number of persons engaged in the informal sector by socio-demographic and other characteristics (e.g. status in employment), their conditions of employment and work including earnings, hours of work, and their social protection status and needs;
- Output, value added, operating surplus and capital equipment of the informal sector enterprises;
- Other characteristics pertaining to the conditions and constraints under which informal sector businesses operate, including their linkages with the formal sector, mobilization of financial resources, position with regard to the existing framework of regulations, needs for assistance, etc.;

[1] Statistical Report on the 1999 National Labour Force Survey, March 1999

- Characteristics of the households and household members of informal sector operators.

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This report consists of four Chapters where CHAPTER I, presents an introduction and objectives of the survey, CHAPTER II deals with the survey methodology, data collection and data processing. CHAPTER III discusses the summary of the survey results while CHAPTER IV presents the detailed statistical tables on the survey findings at national level.

Finally, under Annexes 1, 2 and 3, Estimation Procedure, Sampling Errors for selected Variables and Survey Questionnaires are attached for interested users.

CHAPTER II

SURVEY METHODOLOGY, DATA COLLECTION AND DATA PROCESSING

2.1 SCOPE, COVERAGE, AND CONTENT OF THE SURVEY

In order to establish a clear and practical definition of the Informal Sector that is suitable to the Ethiopian condition the Central Statistical Authority has carried out the following activities. That is:

a) study the resolution of the Fifteenth International Conference of Labour Statistics, (1993), and other material on the subject including the 'Delhi Group' recommendations;
b) study and identify the data users' demand. Well over forty institutions were invited to brainstorm on the previous questionnaire and to identify user needs.
c) Consider the real situation existing in the country.

Based on the conduct of these activities an Informal Sector Establishment /Activity is defined as given in the concepts and definitions of this report. And those establishments/activities that fulfill the criteria given by section on the definition were covered by the survey.

With respect to geographic area, the survey is limited only to urban centers. Hence, all the nine Regional State Capitals, Addis Ababa Administration, Dire Dawa Administrative Council, 5 big towns with a population of 100,000 and above and 74 other urban centers were selected and included. From these urban centers a total of 535 enumeration areas were covered. In these enumeration areas 15,442 households with Informal Sector operators were sampled to be covered, however, for various reasons a total of 15,035 (97.4 percent) households with Informal Sector operators were covered in the survey (See the details in Table 1 below).

Distribution of sample units by domain (reporting levels) and category is given in Table A.

COVERAGE AND RESPONSE RATES

Category	Domain (Reporting Level)	EAs		Households	
		Sampled	Covered	Sampled	Covered
I	Mekele	20	20	584	579
	Aysaiyta	15	15	409	397
	Bahir Dar	20	20	600	597
	Gondar	20	20	579	571
	Dessie	20	20	573	562
	Jima	20	20	569	565
	Debre Zeit	20	20	596	582
	Nazreth	20	20	594	582
	Jigjiga	15	15	446	442
	Asosa	15	15	414	405
	Awasa	20	20	600	587
	Gambela	15	15	450	448
	Harari	20	20	600	583
	Addis Ababa	70	70	1759	1699
	Dire Dawa	23	23	690	663
II	Other Urban Tigray	20	20	600	529
	Other Urban Afar	15	15	450	380
	Other Urban Amhara	35	35	1050	1045
	Other Urban Oromiya	50	50	1500	1494
	Other Urban Somali	20	20	519	512
	Other Urban Benhangul_Gumuz	15	15	450	446
	Other Urban SNNP	34	34	1020	1011
	Other Gambela	13	13	390	356
	Total	**535**	**535**	**15442**	**15035**

Remark: The overall reduction in the effective sample size is only 2.6 percent. As a result no serious loss of precision in major survey results is anticipated.

From these Informal Sector operators' information on:

- demographic characteristics of Informal Sector operators,
- Informal Sector establishments/activities,
- capital,
- production and sales,
- expenditures
- employment
- problems and future plans and
- income/debt were collected.

2.2 CONCEPTS AND DEFINITIONS

Household- A household denotes a group of persons who often live in the same housing unit or in connected premises and have common arrangements for cooking and eating their food. A household could consist of a single person, but usually, it consists of a husband, his wife, their children, relatives, etc.

Household member: - A person is considered a household member if he/she has lived continuously for a minimum of six months with the household. However an individual who has come with an intention to live with the household permanently is considered a household member even if he/she has lived for less than six months with the household. Household members who are living elsewhere for less than six months are also considered as members of the household in question.

Enumeration Area (EA) An enumeration area is a unit of land delineated for the purpose of enumerating housing units and population without omission and duplication. For the purpose of the 1994 Population and Housing Census, an EA in rural areas usually consists of 150 - 200 households, and on the other hand an EA in urban centers constitutes 150 - 200 housing units. During the census/survey an EA is usually assigned to an enumerator.

Informal Sector: For this survey Informal Sector is defined as household type establishments/activities:-

i. which are mainly engaged in marketed production and
ii. which are not registered companies or cooperatives and
iii. which have no full written book of accounts and
iv. which have less than 10 persons engaged in the activity and
v. which have no license.

Therefore, for this survey an establishment/activity is considered informal if it meets the aforementioned six criteria.

A large number of economic activities are carried out by large numbers of people in the economy which generally go unrecorded in the official accounts. They are for the most part unregistered and operating on a very small scale and with a low level of organization. Most of them have very low level of productivity and income. They tend to have little or no access to organized markets, to credit institutions, to modern technology, to formal training and to many public services and amenities. A large number of them are carried out without fixed location or in places such as small shops, outlets or home-based activities. They are not recognized, supported or regulated by the government. They are beyond social protection, labour legislation and protective measures at the workplace.

These activities comprise what has now come to be called the 'Informal Sector'.

A large portion of the population is engaged in this sector due to:

- ease of entry,
- family ownership of enterprise,
- labour intensive method of production,
- small scale operation etc.

Operator: - An individual who owns and/or runs an Informal Sector establishment/activity.

Productive activity This is an act of selling (or making available to the market) the out put of an activity (the whole or in part) in kind or cash. This could be working in public or privately owned enterprise on salary/wage basis.

Employment status

Self employed worker. - This an individual who works in his own enterprise without hiring any one. But in this survey those who use family labour without payment are included here.

Employer: - A person who hires at least one employee for his/her (income generating) enterprise. Any one who uses hired labour for his/her enterprise and takes part in the productive activity is also included here in this survey.

Employee. An employee is any worker hired by some one on contract, permanent or temporary basis. The payment could be in cash or kind on weekly, bimonthly or monthly basis.

Unpaid family worker: - A member of a household who is working for the establishment/activities of the household without payment.

Apprentice: - include production, administrative and service workers who are working to gain experience with or without payment.

Number Employed: - includes all persons on the payroll whether seasonal or temporary workers. In this survey number of seasonal and temporary workers has been adjusted to give equivalent of full-time workers.

Other Workers: - Any worker who is not included in the aforementioned categories i.e. those working in charity organizations, public enterprises: religious organization ...etc. without payment or apprentices.

Wages and Salaries: - includes all payments in cash or in kind made to employees during the reference year in connection with work done for the establishments/activities.

Revenue from Sales:- represents the total sales value of all products and by-products during the reference year valued at market price.

Gross Value of Income:- includes the sales value of all products and services, rent of machinery and equipment, the net change between the beginning and end of the reference period in the value of finished goods and the value of work in-progress and other income.

Intermediate Costs:- include the cost of raw materials/merchandise, cost of energy and other costs consumed/sold.

Value Added (in the National Account Concept, at Market Price):- is defined as the difference between the gross value of income and total intermediate costs.

Operating Surplus:- is defined here as the difference between value added in the national account concept at market price and total wages and salaries and employee benefits.

Fixed Assets:- are those with a productive life of one year or more which are intended for the use of the Informal Sector establishment/activity.

Partnership.- An enterprise with legal status run by more than one person. The responsibility /liability is equal for all the partners irrespective of their share.

Share company. An enterprise with legal status and has five or more members. A share could be transferred from one person to another.

Private Limited Company (P.L.C). An enterprise with legal status formed by at least 2 and not more than 50 individuals. In order to transfer the share a 3/4 consensus (approval) of the members is needed.

Persons engaged:- These are persons taking part in the activity of the establishment/activity with or without payment. They could be family members, and apprentices. This category includes permanent, contract and temporary workers but excludes the operators.

Cooperative:- An enterprise owned by a group of persons who take full part in the activity of the enterprise by coordinating their knowledge and assets.

Book of accounts:- A ledger which contains details of financial activities of the enterprise, including the balance sheet. It is usually opened and closed at beginning and ending of the budget year of the enterprise.

Minor Repair:- A kind of repair made to maintain the existing condition of fixed assets.

Work permit (License):- A legal document (Certificate) issued by a government office (Internal Revenue Authority, Ministry of Trade and Industry, Municipality etc.) as a permission to operate a certain type of enterprise/ activity.

Permanent Employee:- A person engaged in the activity of the enterprise and hired on salary basis for unlimited period of time.

Contract Worker:- A person engaged in the activity of the enterprise hired on written agreement for a limited period of time. However his tenure could be extended of terminated depending on the agreement.

Temporary Worker:- A worker hired on verbal agreement between the owner and himself for certain days or months. His pay could be on daily, weekly or monthly basis.

Gullit :- is one type of a petty trade (in most cases retail) activity where the activity is usually carried out in an open air on raised flat surfaces and on the road side. However, there are some Gullit where that have shades made from simple materials such as fabrics canvass, plastics, wood, etc.

Elementary Occupations: These are occupations consisting simple and routine tasks which mainly require the use of hand-held tools and often some physical effort.

Examples of tasks performed by workers in elementary occupations:

- selling goods in streets and public places or from door to door,
- cleaning, washing, pressing:
- taking care of apartment houses, hotels, offices and other buildings;
- carrying luggage, etc.

Establishment/Activity:- is defined as the whole of the premises/activities under the same ownership or management at a fixed /mobile address, which is engaged in manufacturing, trade or service giving activity.

Manufacturing:- is defined here as the physical or chemical transformation of materials or components into new products, whether the work is performed by power-driven machines or by hand, whether it is done in a factory or in the worker's home, and whether the products are sold at wholesale or retail. The assembly of bodies and parts to produce a new product is also considered as a manufacturing activity.

Mining and Quarrying:- Extraction of minerals that occur naturally as solids, such as monumental and building stone in the rough, roughly trimmed, or cut by sawing or other means typically done at the quarry.

Construction:- This class includes new work, additions and alterations, the erection of prefabricated buildings or structures on the site and also construction of temporary nature.

Community and Personal Services:- This category includes recreational, cultural and sporting activities, washing and cleaning of textile, hairdressing and other beauty treatment and related services.

Wholesale trade:- This division includes the resale (sale without transformation) of new and used goods to retailers, industrial, commercial, institutional or professional users or to other wholesalers.

Retail trade:- This division includes the re-sale (sales without transformation) of new and used goods to the general public for personal or household consumption or utilization.

Service trade:- The act of giving service on payment basis to individuals, households or enterprise .

Initial capital:- A capital that has been contributed by the shareholders or individual owner at the start of the operation of the enterprise/activity. Initial capital could be cash or assets.

Hand tools and equipment:- These are tools which are not power driven e.g. shovel, ax, hammer, ...etc.

Machinery:- Any power driven instrument used in production or service giving. e.g. electric power driven saw mill, wielding instruments; bakery hardware...etc.

Urban Centers: It is generally defined as a locality with 2000 or more inhabitants. However, for the purposes of this survey and other similar surveys, urban center includes the following regardless of the number of inhabitants.

a) All administrative capitals

   i) Regional Capitals,

   ii) Zone Capitals not included in (i),

   iii) Wereda capitals not included in (i) and (ii),

iv) Localities with Urban Dwellers Associations not included in (i-iii),

b) Municipal towns not included in 'a' above

c) All localities which are not included either in 'a 'or 'b' above having a population of 1000 or more persons, and whose inhabitants are primarily engaged in non-agricultural activities.

2.3 SAMPLE DESIGN

For the purpose of the survey, urban areas of the country were divided into two broad categories taking into account sizes of their population and anticipated distribution of establishments/activities in the Informal Sector.

Category I: Nine regional capitals, Addis Ababa Administration and Dire Dawa Administrative Council, and four major urban centers of the country were grouped in this category. Each of the fifteen urban centers in this category was the survey domain (reporting level) for which separate survey results for major survey characteristics were reported. Two stage stratified sample design was used to select the sample in which the Primary Sampling Units (PSUs) were enumeration areas (EAs). Sample EAs from each domain were selected using systematic probability proportional to size; size being number of households obtained from the 1994 Population and Housing Census. Within each sample EA, 30 households with one or more operators were systematically selected from fresh list of households prepared at the beginning of the survey's fieldwork.

Category II: Urban centers in the country other than the fifteen urban centers in category I were grouped in this category. There were eight domains (reporting levels) in this category, namely,

i) Other Urban Tigray (Excluding Mekele)
ii) Other Urban Afar (Excluding Aysayta)
iii) Other Urban Amhara (Excluding Gondar, Bahir Dar, Dessie)
iv) Other Urban Oromia (Excluding Jima, Nazreth, Debre Zeit)
v) Other Urban Somali (Excluding Jigjiga)
vi) Other Urban Benshangul_Gumuz (Excluding Assosa)

vii) Other Urban SNNP (Excluding Awasa)

viii) Other Urban Gambella (Excluding Gambella)

Three-stage stratified sample design was adopted to select the sample from domains in category II. The PSUs were urban centers selected using systematic probability proportional to size; size being number of households obtained from the 1994 Population and Housing Census. The secondary sampling units were EAs which were selected using systematic probability to size, size being number of households obtained from the 1994 Population and Housing Census. Number of sample EAs selected from each of the sample urban centers was determined by proportional allocation to their household from the census. Ultimately, 30 tertiary sampling units (households with a minimum of one Informal Sector Operator as a member) from within each selected EA were systematically selected from fresh list of households prepared at the beginning of the survey's fieldwork.

All in all twenty-three domains, including total urban (country level) were defined for the survey. Definition of the survey domains was based on both technical and resource considerations. More specifically, sample size for the domains were determined to enable provision of major indicators with reasonable precision subject to the resource available for the survey.

Other than the twenty-four domains (reporting levels) defined in Category I and II eight additional domains can be constructed by combining domains form the first two categories.

These domains are:

i) Urban Tigray

ii) Urban Afar

iii) Urban Amhara

iv) Urban Oromia

v) Urban Somali

vi) Urban Benshangul_Gumuz

vii) Urban SNNP

viii) Urban Gambela

2. 4. RECRUITMENT AND TRAINING OF FIELD STAFF

Each Branch Statistical Office recruited the required number of enumerators with an educational background of at least grade 12. The supervisors assigned for this survey, by and large, were the permanent field staff members of the Branch Statistical Offices.

The training for the field workers was given at two stages. The trainees in the first stage were experts from the head office, branch statistical office heads and staff members from the data processing department which include data processing experts, editors and coders.

The trainees in the second stage were field supervisors and enumerators in each of the 21 Branch Statistical Offices. In both stages of the training programmes, a one day field practice was carried out where each of the trainees were required to go out to an enumeration area and complete 1-2 survey questionnaires.

2.5 FIELD ORGANIZATION

In order to carry out a survey with the desired level of quality, there is a need to organize a large staff that performs the various survey activities. The Central Statistical Authority has 25 Branch Statistical Offices in the different Regional States which facilitate and implement various preparatory and data collection aspects of the socio-economic surveys to be carried out in urban and rural areas. Each branch office has the required number of enumerators, field supervisors, coordinators and limited logistical support, such as field vehicles.

Since this survey was the second of its kind and the coverage was extensive, it demanded the participation of quite a number of head office as well as the Branch Statistical Offices' staff members . The enumerators, supervisors and other supporting staff were equipped with the necessary survey documents (questionnaires, instruction manual, code book, random number table, listing form, EA map, ...etc.).

For each selected enumeration area an enumerator was assigned. To facilitate the field supervision activity and thereby controlling the quality of the data one supervisor was assigned for about 5 enumerators . Experts from the head office, apart from giving training to the enumerators and supervisors at branch office level, participated in the field supervision activities during the data collection period which took about one month.

2.6 DATA COLLECTION

In line with the objectives and nature of the survey the investigation was carried out by personal interviews. One enumerator was assigned in a selected enumeration area and made a complete list of households and Informal Sector operators by going from house to house using the enumeration area map prepared for the 1994 Population and Housing Census and later on updated to include changes that occurred since the Census.

a) Identification of Informal Sector Operators

In order to identify the households with Informal Sector Operators, the following screening criteria were used during the listing of households within the selected enumeration area:

i. at least one member of the household must be engaged in productive activity.
ii. employment status of the owner of the activity must be either an employer or a self operated activity,
iii. the establishment/activity shall not be a corporate type of enterprise,
iv. the establishment/activity should not keep a complete book of accounts,
v. number of persons engaged (if any) including the operator must be less than 10.
vi. the establishment/activity should not be registered by any legal authority which gives licenses.

b. Reference Period

The reference period for most of the data items in the questionnaire is the last 12 months, preceding the survey date. However, since the Informal Sector operators (the respondents) by and large have no record keeping practices, monthly, quarterly, etc. data were collected where the operators were not able to provide annual data. In such situations, the enumerators were instructed to indicate whether the information collected was monthly, quarterly...etc in the space provided for each specific question.

2.7 DATA PROCESSING

a) Editing, Coding and Verification

In order to attain the required level of quality of data, various quality control mechanisms were applied on the different stages of the survey activities. Classroom as well as practical training to the field staff was one of the mechanisms used. The other step taken to control the quality of the survey data was preparing a detail and clear editing and coding instruction manual. Using this manual, editors and verifiers were given training for three days.

Then, the filled in questionnaires were manually edited and coded. Verification was done on 100 percent basis before the questionnaires were sent to computer section for data entry.

b) Computer Data Entry, Cleaning and Tabulation

Data entry and verification were done on personal computers using the Integrated Microcomputer Processing System (IMPS) software. Using the computer edit specification prepared earlier for this purpose, the entered data were cleaned. Finally, applying IMPS software, tabulation of results and variances were processed by one programmer with assistance from the subject matter personnel.

CHAPTER III
SUMMARY OF SURVEY RESULTS

Using the survey data, more than hundred statistical tables for each reporting level are produced. To highlight the major results of the survey, summary and brief description on some of the survey results are given in this Chapter. However, the detailed statistical tables on Informal Sector Operators, Establishment/Activities, persons engaged, gross value of income and value added, fixed assets, benefits, type of problems and assistance needed are presented in Chapter IV.

At this juncture, it should be noted that users of this report should be aware that due to rounding problem, totals vary from one table to another. However the variations are not significant.

3. 1. TOTAL PERSONS ENGAGED IN THE INFORMAL SECTOR

As explained in the coverage section, the 2000 Informal Sector Sample Survey covered only the urban centers of the country. For this survey, number of persons engaged refers to/includes operators and other working proprietors, permanent workers, temporary workers, contract workers, unpaid family workers, apprentice (paid and unpaid).

a. Total Persons engaged by Sex and Urban Centers

Table 3.1 presents total size of persons engaged by sex. As shown in this table, the result of this survey indicates that there are 997,380 persons engaged in this sector of which 799,353 (80.15 percent) are Informal Sector Operators and 198,027 (19.85 percent) are those persons employed in the informal sector during the survey period.

The result also indicates that of the total workforce, 598,296 (59.99 percent) are females while 399,084 (40.01percent) are males. With respect to geographic distribution Oromia Urban accounts for 31.55 percent of the total Informal Sector workforce. Amhara and SNNP Urban account for about 26 percent and 15 percent of the total persons engaged of the sector, respectively. See the details in Table 3.2.

TABLE 3.1 DISTRIBUTION OF NUMBER OF PERSONS ENGAGED BY SEX : 2002

SEX	OPERATORS		EMPLOYEES		TOTAL PERSONS ENGAGED	
	Number	percent	Number	percent	Number	percent
MALE	328,808	41.13	70,276	35.49	399,084	40.01
FEMALE	470,545	58.87	127,751	64.51	598,296	59.99
TOTAL	799,353	100.00	198,027	100.00	997,380	100.00

TABLE 3.2 DISTRIBUTION OF NUMBER OF PERSONS ENGAGED BY REGION/URBAN CENTERS AND SEX : 2002

REGION/URBAN CENTERS	PERSONS ENGAGED					
	MALE		FEMALE		TOTAL	
	Number	percent	Number	percent	Number	percent
TIGRAY URBAN TOTAL	29,962	39.95	45,036	60.05	74,998	100.00
MEKELE	1,565	40.85	2,266	59.15	3,831	100.00
OTHER TIGRAY URBAN	28,397	39.90	42,770	60.10	71,167	100.00
AFFAR URBAN TOTAL	3,717	42.04	5,124	57.96	8,841	100.00
AYSAITA	501	41.68	701	58.32	1,202	100.00
OTHER AFFAR URBAN	3,216	42.10	4,423	57.90	7,639	100.00
AMHARA URBAN TOTAL	83,026	31.97	176,654	68.03	259,680	100.00
GONDER	5,266	37.05	8,948	62.95	14,214	100.00
DESSIE	3,781	37.19	6,386	62.81	10,167	100.00
BAHIR DAR	7,228	26.58	19,967	73.42	27,195	100.00
OTHER AMHARA URBAN	66,751	32.08	141,353	67.92	208,104	100.00
OROMIYA URBAN TOTAL	121,248	38.53	193,429	61.47	314,677	100.00
JIMMA	4,983	45.81	5,894	54.19	10,877	100.00
NAZARETH	4,482	40.11	6,691	59.89	11,173	100.00
DEBRE ZEIT	1,623	28.43	4,086	71.57	5,709	100.00
OTHER OROMIYA URBAN	110,160	38.39	176,758	61.61	286,918	100.00
SOMALIA URBAN TOTAL	10,794	45.57	12,893	54.43	23,687	100.00
JIJIGA	6,152	54.16	5,206	45.84	11,358	100.00
OTHER SOMALIA URBAN	4,642	37.65	7,687	62.35	12,329	100.00
BENSHANGULE URBAN TOTAL	2,605	27.07	7,017	72.93	9,622	100.00
ASOSA	625	38.18	1,012	61.82	1,637	100.00
OTHER BENSHANGUL URBAN	1,980	24.80	6,005	75.20	7,985	100.00
S.N.N.P URBAN TOTAL	71,859	49.47	73,387	50.53	145,246	100.00
AWASA	16,149	59.02	11,213	40.98	27,362	100.00
OTHER S.N.N.P URBAN	55,710	47.26	62,174	52.74	117,884	100.00
GAMBELA URBAN TOTAL	2,445	38.53	3,900	61.47	6,345	100.00
GAMBELA	1,071	37.03	1,821	62.97	2,892	100.00
OTHER GAMBELA URBAN	1,374	39.79	2,079	60.21	3,453	100.00
HARARI URBAN TOTAL	4,060	41.71	5,674	58.29	9,734	100.00
HARAR	4,060	41.71	5,674	58.29	9,734	100.00
DIRE DAWA	6,490	40.69	9,461	59.31	15,951	100.00
ADDIS ABABA	62,879	48.90	65,719	51.10	128,598	100.00
TOTAL	399,085	40.01	598,294	59.99	997,379	100.00

B). Total Persons Engaged By Urban Centers And Industry.

During the data collection attempts were made to identify sample Informal Sector operators and other employees (if any) in which particular industrial group they are operating in. Accordingly, Tables 3.3, 3.4 and 3.5 deal with the distribution of the Informal Sector workforce (operators and employees) by urban centers and major industrial groups.

Regarding the distribution of operators, 43.29 percent are in Manufacturing and 37.78 percent are in Trade, Hotels and Restaurants. The remaining 18.93 percent of the operators are distributed among the other sectors (See Table 3.3).

Considering the distribution of employees in the sector, the data in Table 3.4 show a high concentration of employees in the Manufacturing (55.58 percent) and in Trade, Hotels and Restaurants industrial groups (34.27 percent).

TABLE 3.3 DISTRIBUTION OF INFORMAL SECTOR OPERATORS BY REGION/URBAN CENTERS AND INDUSTRY : 2002

REGION/URBAN CENTERS	MAJOR INDUSTRIAL GROUP							TOTAL
	AGRICULTURE, HUNTING, FORESTRY, AND FISHING	MINING, AND QUARRYING	MANUFACTURING	CONSTRUCTION	TRADE, HOTELS, AND RESTAURANTS	TRANSPORT	COMMUNITY AND PERSONAL SERVICES	
TIGRAY URBAN TOTAL	28	30	25,362	4,870	18,000	546	6,451	55,287
MEKELE	28	-	1,026	352	1,127	61	529	3,123
OTHER TIGRAY URBAN	-	30	24,336	4,518	16,873	485	5,922	52,164
AFFAR URBAN TOTAL	5	-	1,539	104	4,361	88	1,069	7,166
AYSAITA	5	-	244	5	612	46	105	1,017
OTHER AFFAR URBAN	-	-	1,295	99	3,749	42	964	6,149
AMHARA URBAN TOTAL	939	298	118,164	3,000	54,022	1,255	24,718	202,396
GONDER	52	93	4,528	376	3,102	32	3,014	11,197
DESSIE	11	24	2,635	222	3,542	10	2,442	8,886
BAHIR DAR	-	-	14,340	454	4,739	146	3,697	23,376
OTHER AMHARA URBAN	876	181	96,661	1,948	42,639	1,067	15,565	158,937
OROMIYA URBAN TOTAL	2,172	283	120,699	3,779	99,464	2,274	31,268	259,939
JIMMA	14	60	2,532	415	4,424	123	985	8,553
NAZARETH	346	-	3,264	115	4,696	32	698	9,151
DEBRE ZEIT	102	-	2,115	40	2,556	69	187	5,069
OTHER OROMIYA URBAN	1,710	223	112,788	3,209	87,788	2,050	29,398	237,166
SOMALIA URBAN TOTAL	285	43	3,161	257	11,774	1,084	3,754	20,358
JIJIGA	189	43	1,094	195	6,062	976	1,600	10,159
OTHER SOMALIA URBAN	96	-	2,067	62	5,712	108	2,154	10,199
BENSHANGULE URBAN TOTAL	223	-	4,665	108	1,999	41	409	7,445
ASOSA	6	-	533	43	617	12	69	1,280
OTHER BENSHANGUL URBAN	217	-	4,132	65	1,382	29	340	6,165
S.N.N.P URBAN TOTAL	7,907	-	32,823	2,373	50,726	5,094	13,153	112,076
AWASA	5,431	-	2,933	235	7,708	3,862	1,387	21,556
OTHER S.N.N.P URBAN	2,476	-	29,890	2,138	43,018	1,232	11,766	90,520
GAMBELA URBAN TOTAL	109	-	2,228	63	1,844	64	393	4,701
GAMBELA	109	-	1,034	19	873	21	165	2,221
OTHER GAMBELA URBAN	-	-	1,194	44	971	43	228	2,480

HARARI URBAN TOTAL	35	-	1,408	181	4,421	11	2,044	8,100
HARAR	35	-	1,408	181	4,421	11	2,044	8,100
DIRE DAWA	152	237	2,493	177	7,505	15	3,061	13,640
ADDIS ABABA	234	128	33,495	2,683	47,893	171	23,640	108,244
TOTAL	12,089	1,019	346,037	17,595	302,009	10,643	109,960	799,352
percent	1.51	0.13	43.29	2.20	37.78	1.33	13.76	100.00

TABLE 3.4 DISTRIBUTION OF EMPLOYEES BY REGION/URBAN CENTERS AND INDUSTRY : 2002

REGION/URBAN CENTERS	MAJOR INDUSTRIAL GROUP							TOTAL
	AGRICULTURE, HUNTING, FORESTRY, AND FISHING	MINING, AND QUARRYING	MANUFACTURING	CONSTRUCTION	TRADE, HOTELS, AND RESTAURANTS	TRANSPORT	COMMUNITY AND PERSONAL SERVICES	
TIGRAY URBAN TOTAL	24	-	13,089	98	5,998	10	494	19,713
MEKELE	24	-	473	28	154	10	20	709
OTHER TIGRAY URBAN	-	-	12,616	70	5,844	-	474	19,004
AFFAR URBAN TOTAL	-	-	368	-	1,179	4	126	1,677
AYSAITA	-	-	26	-	150	4	7	187
OTHER AFFAR URBAN	-	-	342	-	1,029	-	119	1,490
AMHARA URBAN TOTAL	951	-	43,035	469	11,639	171	1,018	57,283
GONDER	44	-	1,975	69	886	-	43	3,017
DESSIE	-	-	531	23	608	-	119	1,281
BAHIR DAR	-	-	3,054	-	765	-	-	3,819
OTHER AMHARA URBAN	907	-	37,475	377	9,380	171	856	49,166
OROMIYA URBAN TOTAL	1,354	60	31,369	729	19,118	128	1,984	54,742
JIMMA	-	60	914	213	1,032	57	50	2,326
NAZARETH	102	-	910	46	863	-	101	2,022
DEBRE ZEIT	34	-	295	25	255	-	32	641
OTHER OROMIYA URBAN	1,218	-	29,250	445	16,968	71	1,801	49,753
SOMALIA URBAN TOTAL	26	-	871	78	2,052	-	302	3,329
JIJIGA	-	-	53	73	1,004	-	69	1,199
OTHER SOMALIA URBAN	26	-	818	5	1,048	-	233	2,130
BENSHANGULE URBAN TOTAL	398	-	1,045	84	591	8	51	2,177
ASOSA	-	-	164	47	116	8	22	357
OTHER BENSHANGUL URBAN	398	-	881	37	475	-	29	1,820
S.N.N.P URBAN TOTAL	3,178	-	9,229	688	16,667	1,513	1,893	33,168
AWASA	2,289	-	585	69	1,287	1,513	63	5,806
OTHER S.N.N.P URBAN	889	-	8,644	619	15,380	-	1,830	27,362
GAMBELA URBAN TOTAL	101	-	625	57	782	-	80	1,645
GAMBELA	101	-	234	12	303	-	22	672
OTHER GAMBELA URBAN	-	-	391	45	479	-	58	973
HARARI URBAN TOTAL	28	-	709	44	767	-	86	1,634
HARAR	28	-	709	44	767	-	86	1,634
DIRE DAWA	42	75	823	-	1,277	-	95	2,312
ADDIS ABABA	109	-	8,902	784	7,798	-	2,761	20,354
TOTAL	6,211	135	110,065	3,031	67,868	1,834	8,890	198,034
percent	3.14	0.07	55.58	1.53	34.27	0.93	4.49	100.00

The data in Table 3.5 indicates that of the total persons engaged in the Informal Sector 45.73 percent are in Manufacturing, 37.08 percent are in Trade, Hotels and Restaurants which together accounts over 82 percent of the total workforce in the Informal Sector. The residual, 17 percent accounts to the remaining 5 major industrial groups.

On the other hand, a very insignificant contribution to Informal Sector employment comes from the Mining and Quarrying and Transport Sectors, which is 0.12 percent and 1.25 percent at national level, respectively.

c). <u>Informal Sector Operators by Urban Centers and Occupations</u>

For this survey, the nine major occupation classifications recommended by International Labour Organization are adopted. As indicated in Table 3.6, there is high concentration of operators in areas of Crafts, and Related Trades Workers (48.93 percent). The second largest occupational group is Elementary Occupation 24.70 percent of the total operators in the Informal Sector are engaged in. The third largest occupational group is Service Workers and Shop and Market Sales Workers, which constitutes about 21.46 percent.

In the case of employees, the largest occupation group is Crafts and Related Trades Workers constituting 60.70 percent. Service Workers and Shop and Market sales Workers occupational group is the second largest, which accounts for 32.97 percent of the total employees. The third highest occupational group for employees is the Elementary Occupations Occupational group, constituting 8.41 percent. (For details see Table 3.7).

The distribution of Informal Sector workforce by major occupational group at national level presented in Table 3.8, indicates that the majority of the workforce are in the Crafts and Related Trades Workers which is about 51.27 percent, the second dominant occupational group that has engaged a significant number of the workforce is Service Workers and Shop and Market Sales Workers . This occupational group has absorbed about 21.76 percent of the total persons engaged.

TABLE 3.5 DISTRIBUTION OF PERSONS ENGAGED BY REGION/URBAN CENTERS AND MAJOR INDUSTRIAL GROUPS : 2002

REGION/URBAN CENTERS	MAJOR INDUSTRIAL GROUP							TOTAL
	AGRICULTURE, HUNTING, FORESTRY, AND FISHING	MINING, AND QUARRYING	MANUFACTURING	CONSTRUCTION	TRADE, HOTELS, AND RESTAURANTS	TRANSPORT	COMMUNITY AND PERSONAL SERVICES	
TIGRAY URBAN TOTAL	53	30	38,451	4,968	23,998	555	6,945	75,000
MEKELE	53	-	1,499	380	1,281	70	549	3,832
OTHER TIGRAY URBAN	-	30	36,952	4,588	22,717	485	6,396	71,168
AFFAR URBAN TOTAL	5	-	1,907	104	5,540	92	1,195	8,843
AYSAITA	5	-	270	5	761	50	112	1,203
OTHER AFFAR URBAN	-	-	1,637	99	4,779	42	1,083	7,640
AMHARA URBAN TOTAL	1,890	298	161,199	3,467	65,661	1,426	25,735	259,676
GONDER	96	93	6,502	444	3,988	32	3,057	14,212
DESSIE	11	24	3,166	244	4,150	10	2,561	10,166
BAHIR DAR	-	-	17,394	454	5,504	146	3,697	27,195
OTHER AMHARA URBAN	1,783	181	134,137	2,325	52,019	1,238	16,420	208,103
OROMIYA URBAN TOTAL	3,525	343	152,070	4,507	118,581	2,401	33,251	314,678
JIMMA	14	120	3,446	627	5,456	179	1,034	10,876
NAZARETH	448	-	4,175	161	5,558	32	799	11,173
DEBRE ZEIT	136	-	2,410	65	2,811	69	219	5,710
OTHER OROMIYA URBAN	2,927	223	142,039	3,654	104,756	2,121	31,199	286,919
SOMALIA URBAN TOTAL	311	43	4,032	334	13,827	1,084	4,056	23,687
JIJIGA	189	43	1,147	267	7,067	976	1,669	11,358
OTHER SOMALIA URBAN	122	-	2,885	67	6,760	108	2,387	12,329
BENSHANGULE URBAN TOTAL	622	-	5,710	191	2,590	49	460	9,622
ASOSA	6	-	697	90	733	20	91	1,637
OTHER BENSHANGUL URBAN	616	-	5,013	101	1,857	29	369	7,985
S.N.N.P URBAN TOTAL	11,086	-	42,053	3,061	67,394	6,607	15,046	145,247
AWASA	7,721	-	3,518	304	8,995	5,375	1,450	27,363
OTHER S.N.N.P URBAN	3,365	-	38,535	2,757	58,399	1,232	13,596	117,884
GAMBELA URBAN TOTAL	210	-	2,852	120	2,627	64	473	6,346
GAMBELA	210	-	1,268	31	1,177	21	187	2,894
OTHER GAMBELA URBAN	-	-	1,584	89	1,450	43	286	3,452
HARARI URBAN TOTAL	62	-	2,117	225	5,188	11	2,130	9,733
HARAR	62	-	2,117	225	5,188	11	2,130	9,733
DIRE DAWA	193	312	3,316	177	8,782	15	3,156	15,951
ADDIS ABABA	344	128	42,398	3,467	55,691	171	26,400	128,599
TOTAL	18,301	1,154	456,105	20,621	369,879	12,475	118,847	997,382
percent	1.83	0.12	45.73	2.07	37.08	1.25	11.92	100.00

TABLE 3.6 DISTRIBUTION OF TOTAL INFORMAL SECTOR OPERATORS BY REGION/URBAN CENTERS AND OCCUPATION : 2002

REGION/URBAN CENTERS	MAJOR OCCUPATIONAL GROUP										TOTAL
	LEGISLATORS, SENIOR OFFICIALS AND MANAGERS	PROFESSIONALS	TECHNICIANS AND ASSOCIATE PROFESSIONALS	CLERKS	SERVICE WORKERS AND SHOP AND MARKET SALES WORKERS	SKILLED AGRICULTURAL AND FISHERY WORKERS	CRAFTS AND RELATED TRADES WORKERS	PLANT AND MACHINE OPERATORS ASSEMBLERS	ELEMENTARY OCCUPATION	NOT STATED	
TIGRAY URBAN TOTAL	399	177	150	107	8,847	30	32,017	3	13,345	209	55,284
MEKELE	-	3	9	-	525	30	1,578	3	966	7	3,121
OTHER TIGRAY URBAN	399	174	141	107	8,322	-	30,439	-	12,379	202	52,163
AFFAR URBAN TOTAL	10	6	96	2	2,828	486	1,586	37	2,018	97	7,166
AYSAITA	5	6	10	2	464	3	271	-	238	17	1,016
OTHER AFFAR URBAN	5	-	86	-	2,364	483	1,315	37	1,780	80	6,150
AMHARA URBAN TOTAL	420	40	883	27	32,363	1,844	126,054	203	39,537	1,026	202,397
GONDER	28	16	182	-	1,650	122	5,699	-	3,359	142	11,198
DESSIE	-	-	79	27	1,756	78	3,097	-	3,700	148	8,885
BAHIR DAR	-	-	-	-	3,496	359	15,225	-	4,297	-	23,377
OTHER AMHARA URBAN	392	24	622	-	25,461	1,285	102,033	203	28,181	736	158,937
OROMIYA URBAN TOTAL	462	311	2,327	238	53,448	4,952	134,285	17	62,982	914	259,936
JIMMA	-	18	208	24	1,895	41	3,223	9	3,080	54	8,552
NAZARETH	25	35	165	-	2,652	478	3,913	-	1,884	-	9,152
DEBRE ZEIT	-	6	33	9	1,714	157	2,302	8	815	24	5,068
OTHER OROMIYA URBAN	437	252	1,921	205	47,187	4,276	124,847	-	57,203	836	237,164
SOMALIA URBAN TOTAL	578	6	1,493	-	6,779	667	3,688	98	5,955	1,094	20,358
JIJIGA	418	-	1,119	-	3,531	199	1,298	-	3,457	138	10,160
OTHER SOMALIA URBAN	160	6	374	-	3,248	468	2,390	98	2,498	956	10,198
BENSHANGULE URBAN TOTAL	-	-	8	7	1,463	279	4,912	7	742	27	7,445
ASOSA	-	-	8	4	373	14	602	3	262	14	1,280
OTHER BENSHANGUL URBAN	-	-	-	3	1,090	265	4,310	4	480	13	6,165
S.N.N.P URBAN TOTAL	469	110	983	338	37,163	7,212	42,051	204	22,972	574	112,076
AWASA	15	17	76	37	4,424	4,044	3,399	14	9,494	36	21,556
OTHER S.N.N.P URBAN	454	93	907	301	32,739	3,168	38,652	190	13,478	538	90,520
GAMBELA URBAN TOTAL	19	5	-	68	1,129	147	2,422	-	884	28	4,702
GAMBELA	14	5	-	17	408	124	1,083	-	554	17	2,222
OTHER GAMBELA URBAN	5	-	-	51	721	23	1,339	-	330	11	2,480
HARARI URBAN TOTAL	450	36	283	62	1,577	82	1,753	-	3,569	289	8,101
HARAR	450	36	283	62	1,577	82	1,753	-	3,569	289	8,101
DIRE DAWA	-	30	602	-	2,409	168	3,087	19	7,203	121	13,639
ADDIS ABABA	424	485	4,621	124	23,560	874	39,294	177	38,266	419	108,244
TOTAL	3,231	1,206	11,446	973	171,566	16,741	391,149	765	197,473	4,798	799,348
percent	0.40	0.15	1.43	0.12	21.46	2.09	48.93	0.10	24.70	0.60	100.00

TABLE 3.7 DISTRIBUTION OF EMPLOYEES BY REGION/URBAN CENTERS AND OCCUPATION : 2002

REGION/URBAN CENTERS	MAJOR OCCUPATIONAL GROUP										TOTAL
	LEGISLATORS, SENIOR OFFICIALS AND MANAGERS	PROFESSIONALS	TECHNICIANS AND ASSOCIATE PROFESSIONALS	CLERKS	SERVICE WORKERS AND SHOP AND MARKET SALES WORKERS	SKILLED AGRICULTURAL AND FISHERY WORKERS	CRAFTS AND RELATED TRADES WORKERS	PLANT AND MACHINE OPERATORS ASSEMBLERS	ELEMENTARY OCCUPATION	NOT STATED	
TIGRAY URBAN TOTAL	906	177	-	107	2,911	34	13,007	6	2,392	174	19,714
MEKELE	-	3	-	-	50	34	564	6	49	3	709
OTHER TIGRAY URBAN	906	174	-	107	2,861	-	12,443	-	2,343	171	19,005
AFFAR URBAN TOTAL	16	-	5	4	1,087	46	291	-	164	65	1,678
AYSAITA	16	-	5	4	118	-	31	-	7	6	187
OTHER AFFAR URBAN	-	-	-	-	969	46	260	-	157	59	1,491
AMHARA URBAN TOTAL	703	-	-	-	7,888	1,073	44,094	-	3,247	277	57,282
GONDER	130	-	-	-	600	44	2,139	-	93	12	3,018
DESSIE	-	-	-	-	361	12	617	-	215	75	1,280
BAHIR DAR	-	-	-	-	603	-	3,054	-	162	-	3,819
OTHER AMHARA URBAN	573	-	-	-	6,324	1,017	38,284	-	2,777	190	49,165
OROMIYA URBAN TOTAL	1,216	5	36	9	14,007	2,360	34,002	17	3,030	58	54,740
JIMMA	-	5	-	-	659	15	1,191	17	401	35	2,323
NAZARETH	-	-	36	-	607	119	1,148	-	113	-	2,023
DEBRE ZEIT	-	-	-	9	205	38	322	-	44	23	641
OTHER OROMIYA URBAN	1,216	-	-	-	12,536	2,188	31,341	-	2,472	-	49,753
SOMALIA URBAN TOTAL	838	-	8	-	1,131	202	944	-	197	6	3,326
JIJIGA	640	-	8	-	361	-	127	-	55	6	1,197
OTHER SOMALIA URBAN	198	-	-	-	770	202	817	-	142	-	2,129
BENSHANGULE URBAN TOTAL	-	-	-	6	333	514	1,189	18	105	13	2,178
ASOSA	-	-	-	-	57	-	214	10	76	-	357
OTHER BENSHANGUL URBAN	-	-	-	6	276	514	975	8	29	13	1,821
S.N.N.P URBAN TOTAL	758	-	55	163	11,516	3,385	13,959	-	3,043	290	33,169
AWASA	30	-	-	-	674	2,415	870	-	1,818	-	5,807
OTHER S.N.N.P URBAN	728	-	55	163	10,842	970	13,089	-	1,225	290	27,362
GAMBELA URBAN TOTAL	31	-	-	116	552	112	813	-	21	-	1,645
GAMBELA	26	-	-	63	205	101	256	-	21	-	672
OTHER GAMBELA URBAN	5	-	-	53	347	11	557	-	-	-	973
HARARI URBAN TOTAL	306	-	-	40	331	44	460	-	173	280	1,634
HARAR	306	-	-	40	331	44	460	-	173	280	1,634
DIRE DAWA	-	-	33	-	815	65	887	-	503	9	2,312
ADDIS ABABA	304	130	180	140	4,916	269	10,551	-	3,770	94	20,354
TOTAL	5,078	312	317	585	45,487	8,104	120,197	41	16,645	1,266	198,032
percent	2.56	0.16	0.16	0.30	22.97	4.09	60.70	0.02	8.41	0.64	100.00

TABLE 3.8 DISTRIBUTION OF SIZE OF PERSONES ENGAGED BY REGION/URBAN CENTERS AND OCCUPATION : 2002

REGION/URBAN CENTERS	MAJOR OCCUPATIONAL GROUP										TOTAL
	LEGISLATORS, SENIOR OFFICIALS AND MANAGERS	PROFESSIONALS	TECHNICIANS AND ASSOCIATE PROFESSIONALS	CLERKS	SERVICE WORKERS AND SHOP AND MARKET SALES WORKERS	SKILLED AGRICULTURAL AND FISHERY WORKERS	CRAFTS AND RELATED TRADES WORKERS	PLANT AND MACHINE OPERATORS ASSEMBLERS	ELEMENTARY OCCUPATION	NOT STATED	
TIGRAY URBAN TOTAL	1,305	355	150	214	11,758	64	45,024	9	15,736	382	74,997
MEKELE	-	7	9	-	575	64	2,142	9	1,015	9	3,830
OTHER TIGRAY URBAN	1,305	348	141	214	11,183	-	42,882	-	14,721	373	71,167
AFFAR URBAN TOTAL	26	6	101	6	3,915	532	1,877	37	2,182	161	8,843
AYSAITA	21	6	15	6	582	3	302	-	245	22	1,202
OTHER AFFAR URBAN	5	-	86	-	3,333	529	1,575	37	1,937	139	7,641
AMHARA URBAN TOTAL	1,123	40	883	27	40,250	2,917	170,149	203	42,783	1,303	259,678
GONDER	158	16	182	-	2,249	166	7,838	-	3,451	154	14,214
DESSIE	-	-	79	27	2,117	90	3,715	-	3,915	223	10,166
BAHIR DAR	-	-	-	-	4,099	359	18,279	-	4,459	-	27,196
OTHER AMHARA URBAN	965	24	622	-	31,785	2,302	140,317	203	30,958	926	208,102
OROMIYA URBAN TOTAL	1,678	317	2,364	247	67,456	7,311	168,288	34	66,011	972	314,678
JIMMA	-	24	208	24	2,554	56	4,414	26	3,481	89	10,876
NAZARETH	25	35	202	-	3,259	596	5,061	-	1,997	-	11,175
DEBRE ZEIT	-	6	33	18	1,919	196	2,624	8	859	47	5,710
OTHER OROMIYA URBAN	1,653	252	1,921	205	59,724	6,463	156,189	-	59,674	836	286,917
SOMALIA URBAN TOTAL	1,417	6	1,501	-	7,910	870	4,632	98	6,153	1,100	23,687
JIJIGA	1,058	-	1,127	-	3,892	199	1,425	-	3,512	144	11,357
OTHER SOMALIA URBAN	359	6	374	-	4,018	671	3,207	98	2,641	956	12,330
BENSHANGULE URBAN TOTAL	-	-	8	13	1,796	794	6,101	23	847	40	9,622
ASOSA	-	-	8	4	430	14	816	12	338	14	1,636
OTHER BENSHANGUL URBAN	-	-	-	9	1,366	780	5,285	11	509	26	7,986
S.N.N.P URBAN TOTAL	1,227	110	1,039	501	48,679	10,597	56,011	204	26,015	864	145,247
AWASA	45	17	76	37	5,098	6,459	4,269	14	11,312	36	27,363
OTHER S.N.N.P URBAN	1,182	93	963	464	43,581	4,138	51,742	190	14,703	828	117,884
GAMBELA URBAN TOTAL	49	5	-	184	1,680	259	3,235	-	906	28	6,346
GAMBELA	40	5	-	79	613	225	1,339	-	576	17	2,894
OTHER GAMBELA URBAN	9	-	-	105	1,067	34	1,896	-	330	11	3,452
HARARI URBAN TOTAL	756	36	283	102	1,909	126	2,213	-	3,741	568	9,734
HARAR	756	36	283	102	1,909	126	2,213	-	3,741	568	9,734
DIRE DAWA	-	30	636	-	3,224	233	3,974	19	7,706	130	15,952
ADDIS ABABA	728	615	4,802	263	28,477	1,143	49,845	177	42,036	513	128,599
TOTAL	8,309	1,520	11,767	1,557	217,054	24,846	511,349	804	214,116	6,061	997,383
percent	0.83	0.15	1.18	0.16	21.76	2.49	51.27	0.08	21.47	0.61	100.00

3.2. INFORMAL SECTOR ESTABLISHMENTS/ACTIVITIES

As shown in Table 3.9, the total number of Informal Sector establishments/ activities was estimated to be 799,358. During the survey period detailed information was collected from each Informal Sector Operator regarding his/her major establishment/activity even if he/she has more than one establishments/activities. The main reason in doing so was to avoid confusion of the operators since they have no record keeping practices which would enable them to provide data separately for each of the establishment/activity where they have more than one. It was estimated that 20.04 percent of the operators have more than one Informal Sector establishments/activities.

a). Informal Sector Establishments/Activities by Urban Centers and Type of ownership

Table 3.9 presents the distribution of Informal Sector establishments/activities by type of ownership. As indicated in this table, the Informal Sector is dominated by Sole Ownership which accounts for 99.09 percent of the total establishments/activities at national level. The other forms of ownership are not found to be common in this sector which consists of only 0.64 percent.

3.3. DISTRIBUTION AND LABOUR PRODUCTIVITY IN THE INFORMAL SECTOR

Among others, the major objectives of the national urban Informal Sector survey were to obtain number of establishments/activities and their spatial distribution, information on employment, productivity and estimate the value of various economic measures from which statistical data that will be an input to the System of National Accounts (SNA) can be compiled. Accordingly, this part of the report discusses the geographic and industrial distribution of number of establishments/activities, initial capital, gross value of income, value added, operating surplus and labour productivity of the national urban Informal Sector.

TABLE 3.9 DISTRIBUTION OF INFORMAL SECTOR ESTABLISHMENTS/ACTIVITIES
BY REGION/URBAN CENTERSAND TYPE OF OWNERSHIP : 2002

REGION/URBAN CENTERS	TYPE OF OWNERSHIP								TOTAL	
	SOLE OWNERSHIP		PARTNERSHIP		OTHERS		NOT STATED			
	Number	percent	Number	percent	Number	percent	Number	percent	Number	percent
TIGRAY URBAN TOTAL	55,269	99.97	-	-	-	-	17	0.03	55,286	100.00
MEKELE	3,106	99.46	-	-	-	-	17	0.54	3,123	100.00
OTHER TIGRAY URBAN	52,163	100.00	-	-	-	-	-	-	52,163	100.00
AFFAR URBAN TOTAL	7,066	98.60	42	0.59	42	0.59	16	0.22	7,166	100.00
AYSAITA	999	98.33	9	0.89	3	0.30	5	0.49	1,016	100.00
OTHER AFFAR URBAN	6,067	98.65	33	0.54	39	0.63	11	0.18	6,150	100.00
AMHARA URBAN TOTAL	201,652	99.63	363	0.18	44	0.02	339	0.17	202,398	100.00
GONDER	11,111	99.23	68	0.61	-	-	18	0.16	11,197	100.00
DESSIE	8,806	99.09	21	0.24	-	-	60	0.68	8,887	100.00
BAHIR DAR	23,377	100.00	-	-	-	-	-	-	23,377	100.00
OTHER AMHARA URBAN	158,358	99.64	274	0.17	44	0.03	261	0.16	158,937	100.00
OROMIYA URBAN TOTAL	256,474	98.67	1,627	0.63	71	0.03	1,767	0.68	259,939	100.00
JIMMA	8,319	97.28	108	1.26	65	0.76	60	0.70	8,552	100.00
NAZERTH	9,030	98.67	57	0.62	6	0.07	59	0.64	9,152	100.00
DEBRE ZEIT	5,037	99.37	32	0.63	-	-	-	-	5,069	100.00
OTHER OROMIYA URBAN	234,088	98.70	1,430	0.60	-	-	1,648	0.69	237,166	100.00
SOMALIA URBAN TOTAL	20,102	98.74	224	1.10	28	0.14	5	0.02	20,359	100.00
JIJIGA	10,144	99.84	16	0.16	-	-	-	-	10,160	100.00
OTHER SOMALIA URBAN	9,958	97.64	208	2.04	28	0.27	5	0.05	10,199	100.00
BENSHANGULE URBAN TOTAL	7,405	99.45	6	0.08	32	0.43	3	0.04	7,446	100.00
ASOSA	1,271	99.30	6	0.47	-	-	3	0.23	1,280	100.00
OTHER BENSHANGUL URBAN	6,134	99.48	-	-	32	0.52	-	-	6,166	100.00
S.N.N.P URBAN TOTAL	110,488	98.58	1,322	1.18	268	0.24	-	-	112,078	100.00
AWASA	21,314	98.87	116	0.54	127	0.59	-	-	21,557	100.00
OTHER S.N.N.P URBAN	89,174	98.51	1,206	1.33	141	0.16	-	-	90,521	100.00
GAMBELA URBAN TOTAL	4,688	99.70	14	0.30	-	-	-	-	4,702	100.00
GAMBELA	2,213	99.59	9	0.41	-	-	-	-	2,222	100.00
OTHER GAMBELA URBAN	2,475	99.80	5	0.20	-	-	-	-	2,480	100.00
HARARI URBAN TOTAL	8,078	99.73	10	0.12	12	0.15	-	-	8,100	100.00
HARAR	8,078	99.73	10	0.12	12	0.15	-	-	8,100	100.00
DIRE DAWA	13,584	99.60	16	0.12	38	0.28	-	-	13,638	100.00
ADDIS ABABA	107,239	99.07	851	0.79	117	0.11	39	0.04	108,246	100.00
TOTAL	792,045	99.09	4,475	0.56	652	0.08	2,186	0.27	799,358	100.00

Partnership - not registered

a) **Distribution of Informal Sector Establishments/Activities by Industry and Urban Centers.**

The distribution of the Informal Sector establishments/activities by major urban centers and industrial group is shown in Table 3.10. Accordingly, the survey result indicated that the total estimated number of Informal Sector establishments/activities for all urban centers in the country was about 799,352. The data in Table 3.10 further demonstrates that for the country as a whole i.e. for all major industrial groups combined manufacturing major industrial group ranks first in terms of the number of Informal Sector establishments/activities. This accounts for 43.29 percent of the establishments/ activities in the sector. The next important industrial group in the Informal Sector in the country in this respect is the Trade, Hotels and Restaurants major industrial group, which constituted 57.78 percent of the total number of Informal Sector establishments/activities. That means the share of the two sectors alone was about 81 percent of the overall industrial groups, leaving only about 19 percent for other major industrial groups. Therefore, the Ethiopian Informal Sector is generally characterized by high concentration in Manufacturing and Trade, Hotels and Restaurants major industrial groups.

The output by manufacturing major industrial group includes among many others production of light consumer goods, like local drinks and clothing (mainly weaving of cultural clothes and tailoring). The services given by Trade, Hotels and Restaurants among many others includes mainly petty trade like “gullit”, small shops and other retail trades and sales of local drinks and food. The types of goods produced and services rendered by Manufacturing and Trade, Hotels and Restaurants indicate the dominance of the two major industrial groups in the Informal Sector establishments/activities. This situation could be attributed mainly due to the low level of initial and working capital requirements for these activities. The high demand for these basic and cheap products and services especially by the majority of the low-income group of the population and lack of adequate skills for other alternative investment opportunities on the part of the Informal Sector operators might be the other major reasons for concentrating in these two industrial groups.

Among urban centers of the country, Addis Ababa took 13.5 percent of the total establishments/activities existing in the reference period. Following Addis Ababa the next five urban centers are Bahir Dar, Awassa, Dire Dawa, Gonder and Jijiga in this order. The percentage share of these urban centers i.e., Addis Ababa, Bahir Dar, Awassa, Dire Dawa, Gonder and Jijiga in total number of Informal Sector establishments/activities were 13.54, 2.92, 2.69, 1.70 1.40 and 1.27 percent respectively, which was all together 23.52 percent (See Table 3.10). Among others the major reason for the concentration of Informal Sector establishments/activities in few large urban centers, specially in Addis Ababa could be mainly due to the size of the city's' population.

b) Distribution of Informal Sector Establishments/Activities by Urban Centers, Initial Capital and Source of Initial Capital.

The distribution of Informal Sector establishments/activities by ranges of value of initial capital and its source for each major urban center and for the national urban are presented in Tables 3.11 and 3.12.

As Table 3.11 shows 74.67 percent of the Informal Sector establishments/activities started their operation with a total capital of up to Birr 250 and while only 2.12 percent started their activities with Birr 20,001 and above. The same Table indicates also that the structural distribution of Informal Sector establishments/activities by range of initial capital was very similar to that of the average national urban across all urban centers of the country in the year under review.

During the survey period, operators of Informal Sector establishments/activities were asked to state the source of their initial capital for starting their Informal Sector operation. It can be observed from Table 3.12 that among the total urban Informal Sector establishments/activities 45.03, 23.92 and 20.28 percent stated own saving, borrowed from friends/relatives and assistance from friends/relatives, respectively, were their major source of initial capital. All together 89.23 percent of the total urban Informal Sector establishments/activities secured their initial capital from the sources mentioned above. The same table makes clear that similar to that of the national urban, the most common source of initial capital of Informal Sector establishments/activities for each major urban center except for Awassa was their own savings, followed by borrowed and assistance from friends/relatives. Therefore, these findings prove the widely held presumption that Informal Sector operators who get loans from formal financial institutions mainly from banks are very few (only 0.12 percent were financed by banks).

c) Gross Value of Income of Informal Sector Establishments/Activities by Urban Centers and Industry

The distribution of gross value of income which includes the sale value of all products and services, rent of machinery and equipment, other income and the net change in value of stocks, among various major industrial groups and urban centers are shown in Table 3.13.

For the overall national urban Informal Sector, Trade, Hotels and Restaurants constitutes the biggest share in gross value of income compared to other major industrial groups, though, the Manufacturing major industrial group as mentioned earlier took the highest proportion in terms of number of establishments/activities. The Trade, Hotel and Restaurants major industrial group alone contributed 63.35 percent of the total gross value of income in the reference period. The next highest industrial group which accounted for 25.70 percent of gross values of income was contributed by the manufacturing major industrial group. The share of the rest of the major industrial groups all together was only 10.95 percent of the total national urban Informal Sector, which again proved the dominance of the two major industrial groups.

Regarding the distribution of gross value of income by urban centers like that of the share of number of Informal Sector establishments/activities, about 12.11 percent of the total gross value of income was contributed by Addis Ababa. The share of gross value of income by the other major urban center (excluding small urban centers combined for Tigray, Affar, Amhara, Oromiya Somalia, Benshengul-Gumuz, S.N.N.P. and Gambela) was 26.17 percent compared to that of the national urban Informal Sector.

d) Value Added and Operating Surplus of Informal Sector Establishments/Activities by Urban Centers and Industry

This part of the report shades light on the structural distribution of value added and operating surplus among different major industrial groups and urban centers in the country. The value added in the national account concept at market price is shown in Table 3.14, which includes gross value of income less intermediate costs, which meant the sum of profits, and wages and salaries and employee benefits. On the other hand, in order to summarize the profitability of the Informal Sector establishments/activities, operating surplus (i.e., value added less wages and salaries) and employee benefits was also calculated for each major industrial group and urban centers as given in Table 3.15.

The total estimated value added and operating surplus for the entire national urban Informal Sector were Birr 750,233,897 and 718,427,992 as indicated in Tables 3.14 and 3.15, respectively. The average annual value added and operating surplus per Informal Sector establishment/activity, were Birr 938.55 and 898.76, respectively, in the reference period.

Regarding the distribution of value added and operating surplus by major industrial groups the share of Trade, Hotels and Restaurants in a similar way to that of gross value of income ranked first in the reference period. That means according to the findings of this survey, the Trade, Hotels & Restaurants industrial group is more profitable than the other major industrial groups including Manufacturing. The share of the Trade, Hotels and Restaurants industrial group in the period under review was 36.30 and 35.99 percent of the total national urban Informal Sector value added and operating surplus, respectively.

The proportion of Manufacturing in value added and operating surplus in the same period was 34.57 and 34.85 percent of the overall national urban Informal Sector, respectively. That indicates the dominance of Trade, Hotels and Restaurants and Manufacturing major industrial groups in the Informal Sector establishments/activities holds true also in terms of value added and operating surplus. The survey result proved once more the widely held presumption that, there is an ease of entry to these two major industrial groups of the Informal Sector. A glance at the same tables makes clear also that, the percentage share of community and personal services was 18.68 percent, while that of construction was 7.56 percent. The rest of the major industrial groups contributed 2.85 percent of the total value added. The same pattern of contribution would also be observed to the operating surplus of the Informal Sector.

In respect to the distribution of value added and operating surplus by urban centers, Tables 3.14 and 3.15 demonstrate that like that of the share of Informal Sector establishments/activities and gross value of income, about 16 percent of each was contributed by Addis Ababa from the total national urban Informal Sector value added and operating surplus.

e). <u>Gross Value of Income and Value Added Per Person Engaged by Industry</u>

Gross value of income and value added per person engaged are summarized in Table 3.16. This table makes clear that, on the average i.e., for all major industrial groups combined, annual gross value of income and value added per person engaged were Birr 4,237 and 752, respectively in 2002. For gross value of income per person engaged, the intra-major industrial group structural distribution ranged from Birr 1,562 in community and personal services to Birr 9,891 in Agriculture, Hunting, Forestry and Fishing major industrial group. In annual value added per person engaged the lowest value was found to be Birr 100 in Agriculture, Hunting, Forestry and Fishing and the highest Birr 2,761 in construction major industrial group.

The finding of this survey showed that, labour productivity as measured in terms of annual gross value of income per person engaged was the lowest in Community and Personal Services as compared to that of the other major industrial groups in the Informal sector, though, this industry was the third leading major industrial group in terms of number of establishments/activities. On the other hand, the evidence presented in the same table portrays that labour productivity as measured in terms of the annual value added per person engaged was too low in Agriculture, Hunting, Forestry and Fishing as compared to that of the other major industrial groups in the Informal Sector, though, this major industrial group took the highest share in the gross value of income per persons engaged.

3.4. PROBLEMS OF INFORMAL SECTOR ESTABLISHMENTS/ACTIVITES

During the survey period, information on problems encountered when starting the establishment/activity and types of difficulties faced during operation were collected from each sample operator. The final results obtained from the survey on these questions are presented in Tables 3.17 and 3.18 and discussion below refer to the *First Major Difficulties*.

a). Difficulties Faced when Starting the Operation

The operators were asked to rank their difficulties by order of importance they faced when starting their operations. The distribution of first major difficulties by urban centers is presented in Table 3.17 below while distribution of these difficulties by Industry is presented in Tables 71a, 71b and 71c, in Chapter IV, Statistical Tables.

As indicated in Table 3.17, one of the major problems which affected about 37.970 percent of the establishments/activities is the lack of sufficient capital. The second and third major problems are inadequate skill and lack of premises which affected 9.8 percent and 6.15 percent of the Informal Sector establishments/activities, respectively. These are followed by other problems, access to raw materials and obstacles from government regulations. This result could help policy makers to identify areas of concentration of problems and there by formulate possible intervention policies and programs regarding the Informal Sector.

b). Difficulties Faced During the Operation

Summary of difficulties experienced by Informal Sector establishments/activities during operation are presented in Table 3.18. As the survey results indicate, shortage of working capital is the major obstacle which affected 29.77 percent of the Informal Sector establishments/activities in the past. Likewise, limited market (29.75 percent) and health problem (5.47 percent) are the second and third major obstacles, respectively, which hinder the day to day activities of the Informal Sector establishments/ activities. This table also shows that social obligations and problems with workers seem to affect very few establishments/activities.