



# SUPPORTING YOUTH AND WOMEN-OWNED MSES

Lessons from the Entrepreneurship and Business Growth Project in Ethiopia





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## The case for entrepreneurship development support in Ethiopia

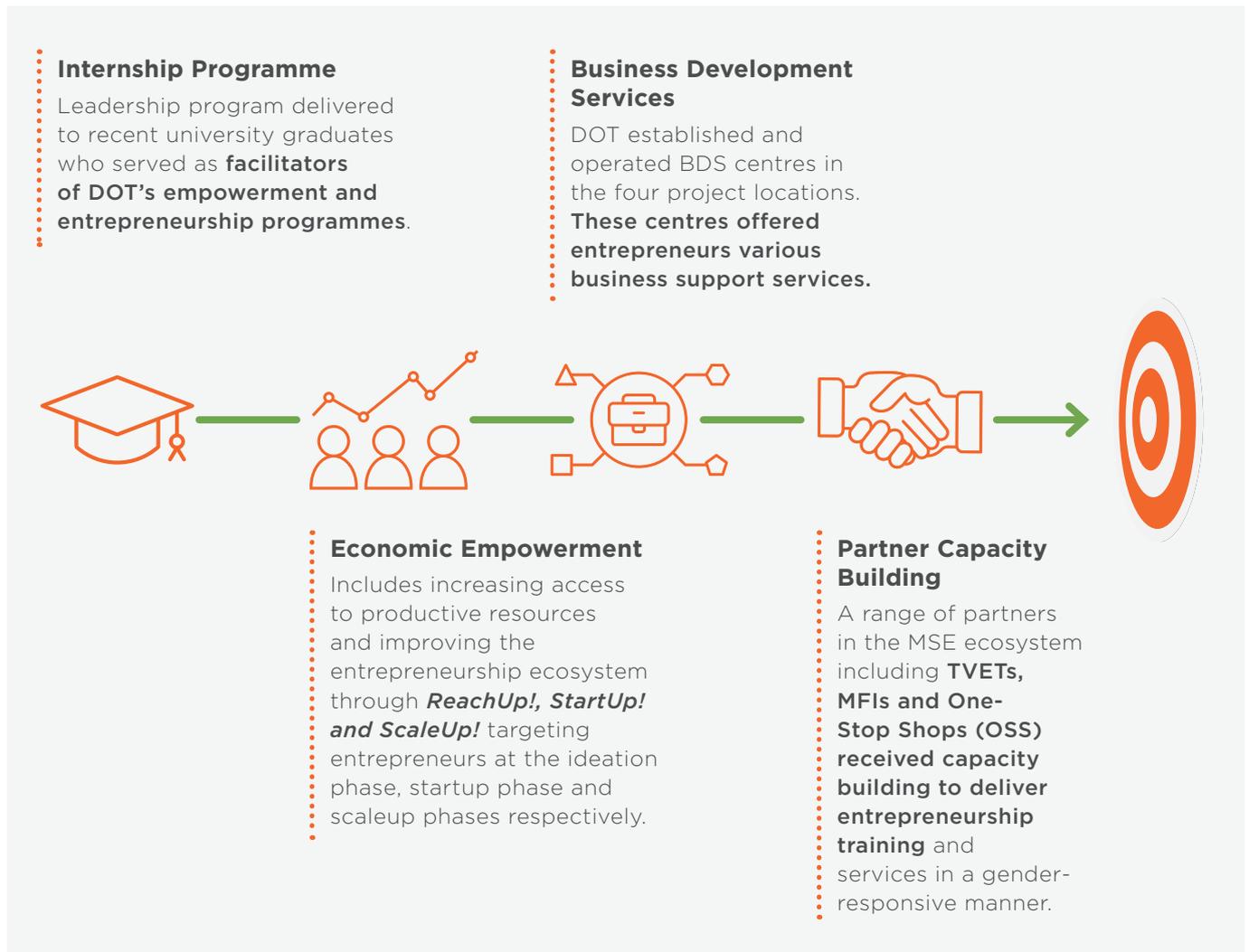
In Ethiopia, 1 out of 5 young people and 1 out of 4 women were unemployed in 2015.

Despite the country achieving sustainable economic growth in the new millennium, the nation struggled to leverage its demographic dividend - a third of the population were young people at the time. On the other hand, gender norms prevented women from equal and meaningful economic participation. Weak outcomes in education and technical skills, limited access to finance and end markets, and poor Internet connectivity were major bottlenecks for Micro and Small Enterprises (MSEs). At the same time, taxation and bureaucratic hurdles made starting and running a business challenging. The major challenge for Ethiopia was that economic growth wasn't facilitating private sector development. The growth was based on a model of government debt-funded consumption.

In a major pivot, the Ethiopian government changed its growth model and pursued an ambitious economic vision to turn Ethiopia into an industrialised middle-income country by 2025. This coincided with the launch of the Entrepreneurship and Business Growth (EBG) project by Digital Opportunity Trust (DOT). The EBG project has provided holistic and end-to-end support to MSEs by working with various partners. The EBG project aimed to increase the number of youth and women-owned MSEs in Ethiopia by providing access to quality services that would enhance business readiness and performance.

The EBG project also equipped youth and women with entrepreneurship, life and digital skills - necessary 21st-century workforce readiness and competencies that unlock the agency to take control of their livelihoods. Over the nine-year duration, the EBG project implemented a range of interventions that reached approximately 90,000 participants - in Addis Ababa, Bahir Dar, Mekelle, and Hawassa.

The project's interventions had four main components.



## What makes entrepreneurship development support programmes work?

DOT appointed Genesis Analytics to conduct a final evaluation of the EBG project. The purpose of the evaluation was to assess whether beneficiaries received services as expected, evaluate whether the programme met its stated goals and objectives, review the results frameworks and document lessons learned. The evaluation also sought to identify recommendations for similar future interventions. This learning-focused evaluation took a theory-based approach and used qualitative and quantitative data to assess the project's performance, progress and results according to the OECD DAC criteria.

## RELEVANCE

Relevance is related to the appropriateness of an intervention. It is a foundational and necessary condition for any successful project.

The evaluation found that the project's design was highly relevant to the target audience's needs, with a majority of beneficiaries, partners and other stakeholders finding the project components highly appropriate and valuable for their needs. Experts designed the project components and curricula with extensive experience in the area of MSE ecosystem development and contextual understanding of Ethiopia.

In addition, the EBG project took a delivery approach centred on local community organisations and DOT Interns.

DOT Interns and community organisations with a strong connection with the target population added to the ability of the project to remain relevant to the needs of the target population and to pivot as needed to address emerging challenges and issues. The project also adopted gender-sensitive delivery approaches (such as targeted recruitment, scheduling to enhance women's attendance, use of small groups, and creating an environment where women feel safe to engage). This ensured that women attended and benefited from the training.

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## COHERENCE

Coherence ensures that interventions offer complementarity and fill new gaps instead of duplicating efforts.

The evaluation found a high level of complementarity with other interventions in Ethiopia. The project offered unique services that filled critical gaps in Ethiopia's entrepreneurship ecosystem. These gaps included digital literacy and ICT training, mindset training, capacity support and tailored support for women. The EBG project also successfully developed linkages and synergies with other projects and organisations working with youth and women entrepreneurs in Ethiopia. The project supported the TVETs and the World Bank Women Entrepreneurship Development Project (WEDP) by providing business and entrepreneurship training to their beneficiaries. The EBG project also built relationships with a network of Business Development Services (BDS) providers, including Microfinance Institutions (MFIs), women's associations, and business incubators.

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## EFFECTIVENESS

Effectiveness requires projects to meet targets.

Based on a range of stakeholders interviewed, analysis of programme documentation and quantitative surveys conducted, the evaluation found that the EBG project successfully met most of its targets because of robust and adaptive management.

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## EFFICIENCY

Efficiency is achieved when projects find the right balance between quantity and quality given available resources and continuously navigate the operating context.

The evaluation found that the project continuously adapted to changes in the economic context and political environment and to assumptions that did not hold during implementation. For example, informed by feedback from the beneficiaries, per diem and assistance with transportation costs were introduced in the later years of the project to help the most vulnerable beneficiaries access the training. The project also continually updated its training methodology to remain relevant to the emerging context and challenges. It also managed to remain on top of its aim to mainstream women-owned MSEs, by updating its operations and strategy to integrate women's needs and to make the training environment safe and conducive for women.

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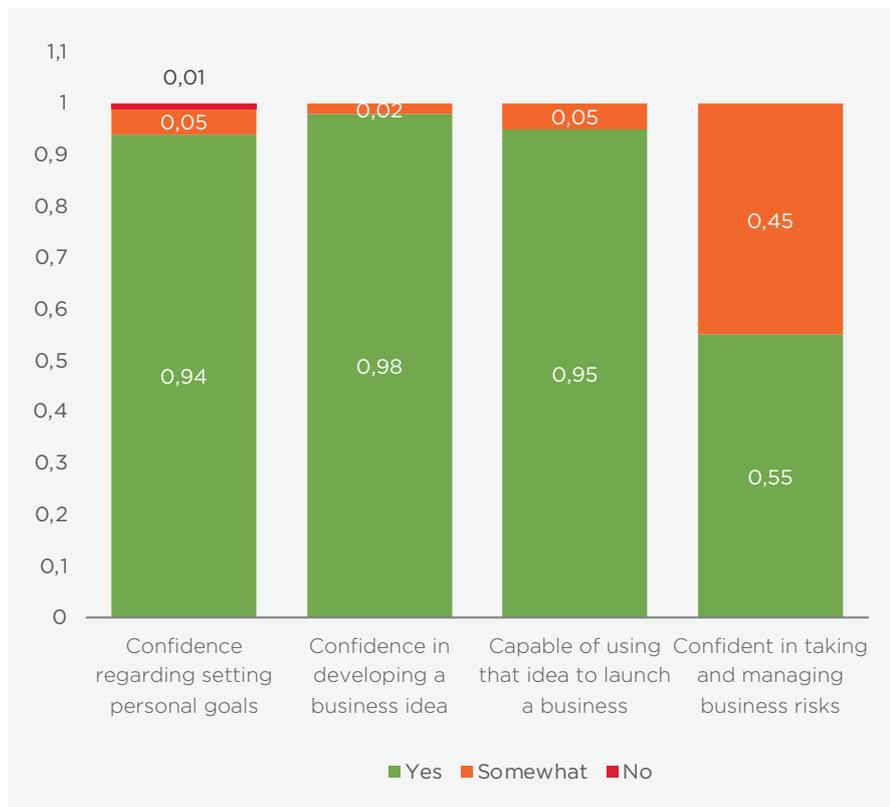
## IMPACT

Impact occurs when the circumstances of beneficiaries are materially improved. It requires interventions to provide support that is both deep and broad.

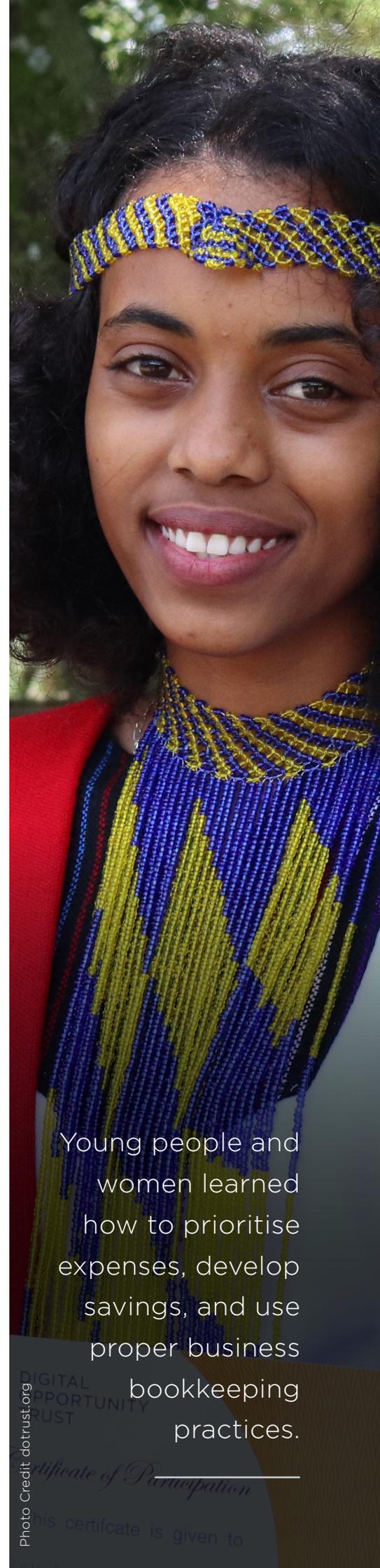
The analysis of survey data, programme documentation and qualitative data revealed that the EBG project provided holistic services across the life cycle of entrepreneurship and

addressed the beneficiaries' external and personal challenges. *ReachUp!* offered life skills training focused on mindset - a key ingredient to entrepreneurship success and resilience for life. The beneficiaries became adaptable, more self-aware and accountable. They developed the confidence, attitude, appetite and skills to start businesses. Around 45% of *ReachUp!* beneficiaries started businesses after going through EBG training. Beneficiaries then progressed to the project's next programme - *StartUp!* - where they were supported with identifying and developing business ideas, chiefly through the business model canvas. Beneficiaries met like-minded individuals in the networking sessions and gained new sources of knowledge and support. The benefits of network effects were particularly strong among the female beneficiaries.

**Figure 1:** Improvements in starting and running a business after participating in *ReachUp!*



The beneficiaries credited the EBG project for the increased competitiveness of their businesses, particularly through the *ScaleUp!* programme. Young people and women learned how to prioritise expenses, develop savings, and use proper business bookkeeping practices. They learned communication, marketing, customer management and diversification. This culminated in growth for some of the beneficiaries, as seen in more employees being hired, more added products, and revenue and profit increasing.



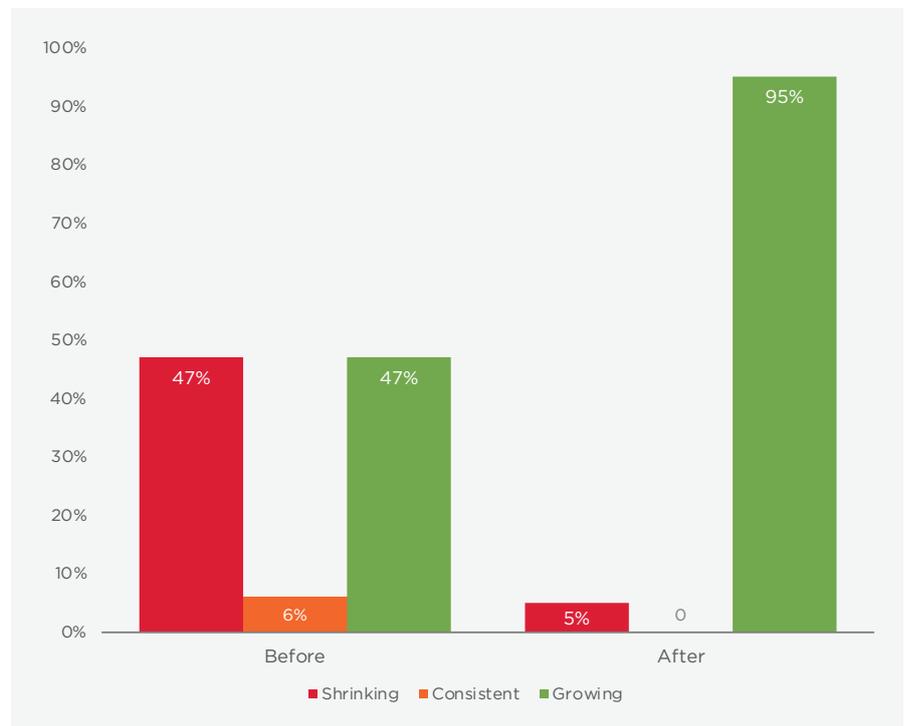
Young people and women learned how to prioritise expenses, develop savings, and use proper business bookkeeping practices.



Young people become empowered to empower others.

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**Figure 2:** Profit before and after participating in the *ScaleUp!* programme



Even before digital technologies significantly impacted African economies, DOT recognised their potential to enhance entrepreneurship. From the onset of the EBG project, DOT recognised that digital technologies could significantly lower entry barriers, improve market access and uplift productivity. The EBG project provided digital technology training to beneficiaries and empowered them to leverage digital technologies and social media to promote their products and reach broader markets.

As training facilitators, Interns were at the centre of the EBG project. The interns were found to be excellent facilitators, as demonstrated by the high level of satisfaction among beneficiaries and partners and their high employment rates (95%) after graduation from the programme. Facilitation training improved Interns' abilities to communicate with different audiences. Interns gained gender awareness, leading to long-term changes in how they engage with women. A virtuous leadership cycle emerged. Young people become empowered to empower others. In the years following their engagement with DOT, around 33% of Interns were in leadership positions, and many were actively involved in their communities. The Interns unequivocally attributed this civic engagement to the EBG project.

In Ethiopia, as in the rest of Sub-Saharan Africa, the economic performance of Ethiopia's male-owned businesses continues to be stronger than that of women-owned businesses, explained mainly by the differential access to productive resources like credit, assets, inputs, and education. Women also carry the brunt of work in the unpaid care economy, serving as the primary caregivers for children and ageing parents. DOT continuously strengthened the support for women beneficiaries and addressed their specific constraints. In the Women's Empowerment Programme survey, 84% of women indicated that their ability to make good decisions improved and 72% indicated that the project furthered their careers and businesses. Around 97% of *ReachUp!* female beneficiaries indicated that they were confident about developing a business idea. Ultimately, the gender gap in business performance as measured by revenues, the number of employees and profit narrowed.

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## SUSTAINABILITY

**Sustainability is achieved when the benefits of the intervention can continue beyond the project's life cycle.**

The evaluation found that the EBG project's strong partnerships embed sustainability in the intervention. Organisations that received capacity building were found to have adopted and integrated approaches introduced by the EBG project, particularly regarding offering holistic support and following up with beneficiaries. In the survey, 93% of partners indicated that the training made their organisations more gender-responsive, while 97% indicated changes in their approaches following DOT's capacity building. A further 48% emphasised that capacity building had completely changed their approaches.

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# What are the lessons for future interventions?

## Lesson 1: Embedding the support organisation in communities leads to more substantial outcomes.

While the EBG project management was headquartered in DOT's Ottawa office, the project had four offices in Ethiopia and partnered with hundreds of national organisations over nine years. The project also relied on over 650 Interns to deliver training. In these four offices, the EBG project also formed effective partnerships with TVETs according to synergies and complementarities. Implementing partners provided the EBG project with beneficiaries, and DOT's BDS centres established in the four field offices acted as open access points for beneficiaries and other community members.

Moreover, the range of stakeholders consulted all revealed that one of the most vital features of the EBG project is the Interns who facilitate the programmes. This eliminates many barriers that may exist between facilitator and trainer and creates strong networks between the facilitators and trainers as well as among the Interns, ultimately leading to sustainable outcomes. By being rooted in the community, the project included many stakeholders vested in the problem in implementing the solution. In the case of the EBG project, this also led to indirect capacity building. The staff of implementing partner organisations learned about effective facilitation from witnessing the training that DOT Interns delivered to beneficiaries.

### Recommendation 1



Projects should be rooted in the communities they aim to serve. Embedding the project in the community optimises the bottom-up and top-down approaches. It ensures that stakeholders are part of the solutions that are implemented. This approach also maximises the networks formed among partners, beneficiaries and facilitators. In the case of the EBG project, this led to a cycle of beneficiaries motivated to uplift their own lives and communities.

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## Lesson 2: An effective training delivery methodology coupled with a relevant and agile curriculum is fundamental to entrepreneurship support.

The curriculum of the EBG project was also found to be strong, and beneficiaries highlighted several modules that have given them life-long lessons. The EBG project drew on the support of experts in developing the curriculum and adapted it several times across the years to ensure that it never lost relevance.

### Recommendation 2



Projects supporting emerging leaders and entrepreneurs should ensure that the curriculum is constantly reviewed and updated. Interventions could also consider adopting parts of the curriculum and adapting them to their contexts. More specifically, the EBG project has illustrated that entrepreneurship training curricula should include communication, customer management and financial management modules. Practical experiences that facilitate access to markets and networks were also found to be necessary. Interns overwhelmingly credited experiential learning for improving communication, facilitation and networking skills.

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### Lesson 3: Supporting the capacity of partners is crucial for sustainability.

The partnership model reduced the risk of duplication of investment and effort and was a significant element of the project's sustainability strategy. Partners who received capacity building have overwhelmingly indicated that they have integrated the approaches of EBG and will continue to be able to support beneficiaries based on the effective delivery method of DOT and the strong curriculum. Most partners who received gender equality capacity building were found to have adopted a more gender-responsive approach to supporting women.

#### Recommendation 3



Drawing on the experience of the EBG project, future interventions that aim to achieve sustainability should consider capacity building and skills transfer across the ecosystem. However, this requires consideration regarding the investment needed for the skills transfer.

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### Lesson 4: Mindset-oriented training programmes lead to stronger outcomes.

A growing body of literature has demonstrated the positive impacts of mindset-oriented training on entrepreneurship support. Mindset training is particularly crucial for the Ethiopian and SSA contexts with persistent and pressing economic and conflict-related challenges. Conversations with beneficiaries revealed that the mindset training improved their optimism, ability to identify business opportunities and general risk appetite and management, and it also led to resilience and adaptability. There was also a clear and robust improvement in the confidence of beneficiaries. According to beneficiaries, these traits were critical in navigating the recent challenges in Ethiopia.

#### Recommendation 4



Future interventions that support young people and women should embed mindset training in their curricula. The mindset training should be foundational and offered early in the curriculum. In particular, vulnerable women at risk or who experienced gender-based prejudice benefit from mindset training. Through mindset training, beneficiaries become better equipped to navigate life even if they may not go on entrepreneurial tracks.

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