



INSPIRING LOCAL SOLUTIONS, EMPOWERING YOUTH AND WOMEN IN ETHIOPIA'S LOWLANDS

RIPA – NORTH'S approach to stimulating diversified and sustainable economic opportunities for youth and women transitioning out of pastoralism (TOPS)

Photo: Khalid Nur, business development services client, Gursum, Somali Region/2023/

INTRODUCTION

This approach brief describes one of the Resilience in Pastoral Areas (RIPA-North) program's components, Component 2, which focuses on providing Diversified and Sustainable Economic Opportunities for people, particularly youth and women, transitioning out of pastoralism (TOPS) through the promotion of diverse, sustainable economic opportunities.

The brief focuses on the five core services that enable Component 2 to achieve its objectives. These services increase the access of people transitioning out of pastoralism (ToPs) to get career advice, skills training, business advice, startup funds support, financial services and improved business enabling environment.

Component 2 covers a wide range of dynamic issues that cut across both rural and urban contexts and from low-income families in distant communities to students, entrepreneurs, financial institutions and government agencies. This complexity and diversity set Component 2 apart from the other RIPA-North components and makes it very challenging to implement.

The RIPA team has faced this challenge with an experimental, innovative and adaptive mindset that is boosting the prospects for young Ethiopians looking for brighter futures.



CONTEXT

The Somali, Afar, and Oromia regions are part of Ethiopia's diverse and complex lowlands, each with unique historical, cultural, and economic attributes. However, their economic development has been hampered by issues like inadequate infrastructure, and limited access to education and healthcare. Furthermore, each region faces unique challenges. For example, recurring intercommunal conflicts in the Somali Region; water scarcity and floods in the desertic and predominantly pastoralist Afar Region; and land tenure issues and ethnic tensions in the Oromia Region, which is considered an agricultural powerhouse. All these challenges affect the ability of people in these regions to participate in the economy, find jobs and create businesses.

The share of young people (aged 15-29) not in employment, education or training (NEET) in Ethiopia was about 19% in 2021; significantly below the global average and low compared to many other African countries. However, the 28% NEET rate amongst young women was nearly three times as high as the male rate. Furthermore, the country's NEET gender gap has widened considerably since 2013, and for young men and women with disabilities, NEET rates are over five times as high as those of young people without this additional obstacle. ([ILO Youth Country Briefs – Ethiopia, June 2023](#)).

ABOUT RIPA - NORTH

The USAID Feed the Future (FtF) funded program; Resilience in Pastoral Areas (RIPA-North) was commissioned in 2020 to improve the resilience capacities of households, markets and governance institutions in the three lowland regions mentioned above. RIPA-North is planned to end in 2025 and builds upon the achievements and lessons learned from the USAID funded PRIME program. Like its predecessor, RIPA-North uses an integrated and inclusive approach to development since several systems, including financial, market, health, agriculture and environmental, must interact and synergize to contribute to the prosperity and resilience of households and communities. Mercy Corps leads the Activity, supported by CARE International and five Ethiopian non-governmental organizations (NGOs). The five-year, \$45 million project consists of four components:

Component 1 - Improved Disaster Risk Management Systems and Capacity

Component 2 - Diversified and Sustainable Economic Opportunities for People Transitioning out of Pastoralism, particularly youth and women

Component 3 - Intensified and Sustained Pastoral and Agro-Pastoral Production and Marketing

Component 4 - Improved and Sustained Nutrition and Hygiene Practices, Conflict Sensitivity and Gender Equity and Social Inclusion.

Component 5 (Water Security) – RIPA – North is implementing a \$10 million water security project in Shabelle Zone of Somali Region, planning to reach a combined 14,200 households.

Additionally, RIPA-North also has a Crisis Modifier (supplemental resources inbuilt in the design) to enable responses to forecasted or actual crises to maintain long-term development gains using systems and

COMPONENT 2: DISSECTING THE INTERVENTION

Diversified and Sustainable Economic Opportunities for People Transitioning out of Pastoralism (ToPs), particularly youth and women

Component 2 aims to support women and youth to transition out of pastoralism by promoting diverse, sustainable economic opportunities. It addresses labor market dynamics that drive employment and entrepreneurship opportunities for ToPs.

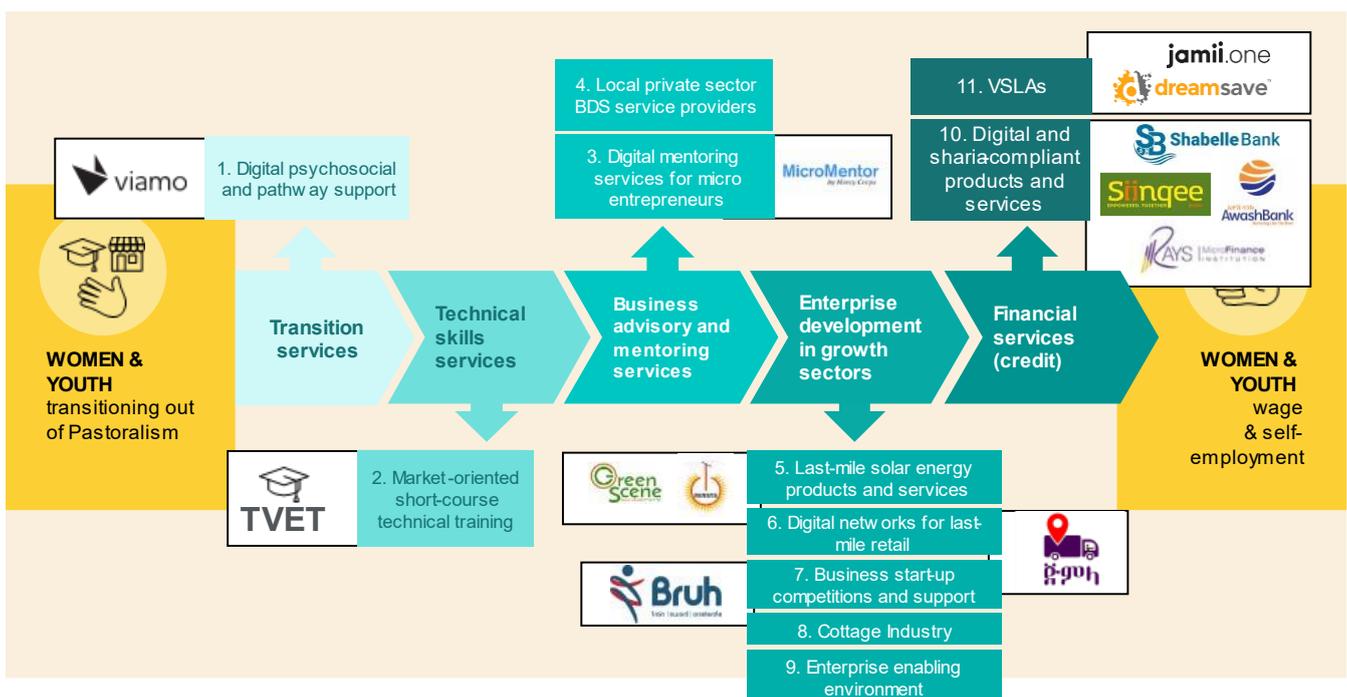
The three main objectives are as follows

- I. To improve the business enabling environment and the ability of ToPs to create successful businesses and employment opportunities.
- II. To increase the number of viable, eco-friendly economic opportunities for ToPs; and
- III. To improve access to finance for pastoral households and TOPs.

To achieve these objectives, Component 2 has several sub-components or services that are designed to work in a coordinated fashion but can also work independently for specific types of stakeholders. Each service is delivered through a set of initiatives. The component’s overall working hypothesis is that through a combination of these services, youth transitioning out of pastoralism or school will find dignified employment or set up successful businesses.

This is an ambitious component that demands significant creativity, risk-taking and experimentation from the RIPA team and its partners. The multi-sectoral nature of job transition processes, and the strong influence of human, social and psychological factors along the journey of ToPs towards new job opportunities makes this component particularly challenging but also equally interesting.

The diagram below shows the articulation of services and initiatives along the way of ToPs



Transition services

Changing jobs or trying to find one after secondary school or university can be a stressful and intimidating process. Now, imagine trying to do that when you have always lived in a remote rural village; with no connections, family or friends waiting for you; no experience navigating life in a large town or capital city, and, on top of that, in a country with high youth unemployment rates. If you are a woman, the challenges are even greater due to cultural and social preconceptions and norms.

This service provides ToPs with guidance at the very beginning of their journey out of pastoralism or school and into new and better jobs. It is a digital and phone-based guidance and training service that has been eye-opening for ToPs.

Initially, the focus is on psychosocial support. Through 12 five-minute sessions, the service explains possible challenges and traumatic experiences that ToPs might face during their transition process and offers them advice on how to manage their impacts and be more resilient. For example, how to navigate life in a larger town or city; and how to develop self-esteem and social awareness. It also explains the advantages, disadvantages and requirements of wage employment and entrepreneurship.

After this, the users are asked which pathway they would like to follow. Once they decide, they are presented with a choice of two courses: Work Readiness or Entrepreneurship Training. Each course is composed of another set of 12 five-minute sessions.

The Work Readiness course covers things like where to get information on employment opportunities, where to get skills training, how to write a CV and prepare for job interviews, what to expect from an internship, and how to build productive relationships with colleagues.

The Entrepreneurship Training covers topics like entrepreneurial readiness, understanding the importance of emotional intelligence and resilience, evaluating one's foundational knowledge of entrepreneurship, business idea generation, financing startups, marketing and sales, and business risk management.

RIPA-North partnered with a company called VIAMO PBC to co-create and deliver the content to mobile phones through their platform. They are currently partnering with Ethio Telecom and exploring a future partnership with Safaricom to increase outreach. Currently, RIPA is covering the costs of the calls, but negotiations are ongoing with both Telcom companies to provide the service for free to increase penetration in the markets where RIPA operates.

Technical Skills Training Services

ToPs who are looking for wage employment or setting up a business require skills. Unfortunately, the training courses provided by public and private Technical and Vocational Education and Training institutions (TVETs) in the lowlands are usually too long and expensive. There is also a misalignment between the courses on offer and the needs of both ToPs and employers. These issues have hampered the access of ToPs to TVET services, and contributed to high unemployment rates of TVET graduates, which stands at approximately 50% in Ethiopia.

To address this problem, this service is piloting a new model of short-term, fee-based training courses informed by the interests of ToPs and the needs of employers. Graduates receive Certificates of Completion from the TVETs that are recognised by the Government as well as support to seat for Certificate of Competence, internships, apprenticeships and other job opportunities.

The model has been successfully piloted by three partner TVETs (two private and one public). The courses have proven to be both profitable and popular and -more importantly- are helping ToPs find jobs and set up their own businesses. Almost 80% of graduates have [gained employment](#) or created small businesses that have create new jobs. The partner TVETs have reinvested in the development of new courses and other improvements based on tracer studies done by themselves, with technical support from RIPA.

The success of this new model called the attention of other TVETs who were initially contacted by the program but hesitated to be part of the pilot. They have now contacted the program team seeking advice (not funding) to adopt the model. Furthermore, the Ethiopian government has ordered all public TVETs to operate as enterprises and become financially self-sufficient. This is likely to contribute to a broader adoption of this model.

Business Advisory and Mentoring Services

Access to information and business advice is one of the most important services for entrepreneurs to sustain and grow their businesses. This is particularly true for existing small businesses and Entrepreneurial ToPs. Crucial processes like structuring a viable business plan, finding the right market segments, and accessing relevant financial services require qualified business advice.

Unfortunately, there are significant supply and demand obstacles. On the one hand, most of the business advisors are in major cities like Addis Ababa, Jigjiga and Dire Dawa, and their fees that are too high for ToPs. Government agencies and provide free or highly subsidized advisory services, but they have low reach, sustainability or quality. On the other hand, small-scale entrepreneurs are unlikely to ask for business advice or do not understand the value.

To address these obstacles, RIPA-North is developing a local market for Business Development Services (BDS) that is relevant, affordable and accessible for MSME operating in remote areas and secondary cities. To achieve this, the program is implementing two complementary strategies: Training last-mile BDS providers and leveraging Mercy Corps' Micro Mentor platform to connect entrepreneurs in its areas of operation with business mentors around the world.

Training Last Mile Business Development Services (BDS) Providers

RIPA collaborated with professional BDS providers to train, coach and mentor last-mile BDS providers selected from both public and private institutions. Interested individuals from these institutions are invited to participate in a five-week training. Individuals meeting the basic requirements are selected and enrolled.

During the training, five businesses are assigned to each last-mile BDS provider to practice what they learn. After completing the training, the participants are evaluated on key performance indicators and awarded certificates. The training includes topics like business feasibility, marketing, human resourcing, costing and pricing, record keeping and reporting, stock management and reporting to revenue and customs authorities.

Top-performing graduates go through results-based coaching and mentoring. They work with three businesses selected by them to improve their performance. The newly graduated BDS providers gather data on key performance indicators from each of the businesses and help them prepare and implement improvement plans. The best BDS providers receive micro-grants to cover part of the costs of starting their consultancy services.

Most businesses (93%) accessing last-mile BDS promoted by RIPA-North are microenterprises. Almost 60% of them are owned by women and 55% by young people between 16 and 29 years of age. They have a positive perception of the services they receive. For example, 70% of businesses surveyed by the RIPA-North program received BDS guidance on average three times per month or higher, and nearly 50% use these services five times per month or more. Also, 84% said they are paying for BDS and 95% will pay for them in the future. Most importantly, average sales revenues increased by 57% and 91% of the businesses accessing BDS increased their profits by 81%. It's not possible to determine causality without a control group, but it's likely that the BDS services provided by these last-mile providers contributed to this performance.

BDS providers in action

(From interviews with two BDS providers in Babile, Oromia, September 2023)

“Getting people to pay for our services is a challenge. People here do business in a very traditional way and are not used to paying for BDS. So, what we do is introduce ourselves and our services, and we can help their business. Then, we provide basic counselling and help them develop a business plan for free. *[72% of businesses are exposed to these services through these visits]*. After this, people start to notice some benefits and many of them start to pay. They also tell other people about our services. We have provided BDS to many types of businesses, such as veterinary pharmacies, cooperatives, restaurants and street vendors. *[The most impactful advice seems to be linked to business planning, marketing and promotion, and record keeping]*.”

“Even if right now we do not get paid enough, we are in the stage of promoting our services. In the long run we will focus on profit but right now we are in the stage of growth. Our strategy to provide free support helps us to introduce ourselves and promote our services. Secondly, we have an objective; a vision: We want to open a consultancy firm. We are in the process of getting a license from the government”.

MicroMentor



MicroMentor is an online business mentoring platform that enables entrepreneurs and experienced business mentors from all over the world to connect and build successful businesses together. The emphasis of this long-standing Mercy Corps initiative (created in 2008) is to help large numbers of small-scale and under-resourced entrepreneurs operating in remote areas overcome geographical barriers and access business expertise and resources at low costs. A large share (70%) of the businesses served by MicroMentor in the RIPA-North areas are small businesses with an average of eight full-time employees. This complements well the last-mile BSD strategy, which benefits mainly microenterprises.

RIPA-North has been collaborating with MicroMentor to adapt its content and delivery methods to benefit larger numbers of ToPs and MSMEs in its areas of operation, and to increase access for female entrepreneurs (26%). For example, translating its content into local languages, integrating training courses, and adding a functionality that allows women to specify if they want to connect only with female mentors, (in a context where interactions between men and women are restricted). In terms of youth engagement, the situation is more positive with 52% of mentees being young businesses owners.

Interactions through MicroMentor are frequent and happen mainly in written and asynchronous fashion, which improves accessibility and flexibility, especially when mentors and mentees are in different time zones. Almost 70% of businesses communicate with their mentor at least two to three times per week. It is also common for the interactions to take place in real time on platforms like WhatsApp. As a result, RIPA-North has been in conversations with MicroMentor to add synchronous messaging features to further streamline the mentoring process and the mentees' experience.

In terms of impacts, almost 90% of MicroMentor users 'strongly agreed' that they have benefited from their mentoring experience. Furthermore, all the participating businesses surveyed by the program declared that the mentoring has led to practical changes in businesses practices. The most common changes are related to vision and target-setting, business planning and financial management. As a result, sales revenues have increased by an average of 30%. Rafiya Sha Hassan (picture – left) is among the many participants who find value in the Micromentor platform and improve their businesses.

Last-mile solar energy products and services

Enterprise development in growth sectors

Ethiopia is the third largest and one of the most challenging off-grid markets in the world, partly due to its complex regulatory environment for pay-as-you-go (PAYGO) schemes and low population density in low land areas. For example, the Somali region has approximately 8 million people with less than 10% connected to an unreliable national grid. For most businesses and households, meeting basic energy needs such as light, listening to the radio or charging mobile phones is still a challenge (Source: [Shell Foundation](#)). This hampers business growth and job creation.

To address this problem, the RIPA-North program partnered with two large Ethiopian solar supply companies; RENSYS Engineering and Green Scene Energy, to promote home and irrigation systems. Currently, the products that are getting the most traction are solar lighting and micro-irrigation technologies. A new partnership with a company called Green Hope is underway to promote the use of clean cookstoves, as well as home and solar irrigation systems. The partners were expected to develop last-mile retail and after-sales service networks to benefit a minimum of 10,000 customers in the three areas of operation of the program.

To achieve this, they have recruited and trained sales agents, conducted awareness-raising campaigns in the Somali and Oromia regions, and signed collaboration agreements with financial institutions to finance the PAYGO model.

Digital networks for last mile retail

There is significant potential for stimulating entrepreneurship opportunities for women in the lowlands through improved efficiencies and expansion of last-mile retailing, including products that improve nutrition and hygiene.

Understanding this potential but also the logistical challenges related to coordination, transportation and the creation of economies of scale, RIPA-North set out to promote the use of digital technology in last-mile retailing. The original idea was to partner with JEMLA to pilot their business model in the lowlands. JEMLA is a fast-moving consumer goods (FMCG) supply company which has sales agents taking orders through a digital system. This system aggregates demand from small kiosks in their own collection hubs and delivers the FMCG to them in its own trucks. This allows the kiosk owners to get their products without having to travel to the central marketplaces and reduces costs and time invested in accessing these goods.

However, after an assessment done by JEMLA, they found out that the distance between kiosks make transportation costs too high; there are security risks during transportation; and there is cross border, tariff-free trade with Kenya, Somalia and Djibouti, which reduces price competitiveness of JEMLA's products. All of this has questioned the viability of the business model in the lowlands. Consequently, RIPA and JEMLA are now in the process of exploring whether an alternative business model is feasible -for example, a model where customers order via JEMLA's platform but collect themselves at existing, nearby distribution hubs owned by others- or if the partnership should end.

Business startup competitions and support

ToPs with more and better skills need dignified jobs and opportunities to create their own businesses. To address this, Component 2 works also on the demand side of the labour market. This includes interventions to stimulate business startup and growth in the Ethiopian lowlands. Some of these interventions are implemented through a partnership with the Bruh program, which was created in 2020 by the Ministry of Labor and Skills to address three major problems related to starting and running a business, namely: lack of business start-up skills, particularly in young university graduates; lack of uncollateralized capital to start a business; and lack of acceleration services for successful start-ups with high growth potential. Bruh normally focuses on tech-based and digital-enabled companies, like software and ICT development. However, these types of businesses are very scarce in the program's areas of operation. This is why the program worked with the Ministry of Labor and Skills to raise Bruh's awareness about the potential of focusing on profitable business ideas that address challenges faced by pastoral and agro-pastoral communities.

So far, almost a thousand youth from the three regions where RIPA-North operates have applied to this initiative. Out of these, around 150 businesses have been selected for boot camp training, which lasts 10 days and is designed to help the participants improve their ideas and business plans and develop prototypes of their products and services. Out of these, 62¹ were selected after pitching their business idea to a selection panel and received financial awards in the form of seed grants. The winners are mainly from agri-business (45%), manufacturing (18%) and services (12%). In the coming 12 months, RIPA and Bruh plan to accelerate 10 of the most promising grantees. Acceleration of these types of businesses in the lowlands will be an important learning opportunity for both RIPA-North and Bruh.

Some of these entrepreneurs are already producing important impacts; buying inputs from pastoralists and agro pastoralists in the area; providing relevant products and services to these communities and creating new jobs. For example, the grantees in Afar have created almost 70 jobs (14% for women) within six months of starting their business.

Enterprise enabling environment

It is not easy to do business in Ethiopia. The [2020 World Bank's Doing Business Project](#) ranked the country in the 159th place out of 190 economies. This limits private investment and job creation. RIPA-North is trying to contribute to a more enabling business environment by partnering with the investment commissions of the three regions to strengthen their capacity to address the main challenges that investors face.

The Afar Investment Commission is an example of the potential of this initiative. In Q4 of FY22, RIPA provided support to this investment office to organise a forum for investors operating in this region aimed at promoting dialogue, learning and exploration of solutions to investment barriers. After the forum, the region managed to attract 118 new investors who subsequently made concrete investments that reached almost USD 90 million in agriculture, manufacturing, services, mining, construction, tourism and education, with the total value of their planned investments totalling almost USD 142 million. So far, these new investments have created permanent employment opportunities for nearly 4,000 job seekers, about 1,000 of which are women. RIPA has also provided technical support to the Afar commission to organise trade and job fairs and develop a website to automate investment licencing and offer incentives such as tax benefits for investors all over the world.

Financial services

Digital and Sharia-compliant products and services

Both existing businesses and entrepreneurs trying to set up new businesses require access to relevant and affordable financial services. Unfortunately, the geographic context, and cultural and economic dynamics in the lowlands have made it difficult for financial institutions to penetrate this region.

This is why the RIPA-North program is working to transform access to financial services (mainly savings and loans) for a wide range of activities, including livestock and agriculture. Building upon the work done by the PRIME program to introduce basic mobile money services, RIPA-North is working with its partners to use digital technologies that are enabling easier access to Sharia-compliant saving and loan products.

Progress through these partnerships has been encouraging. For instance, in the Somali region Rays MFI introduced a new digital loan product called e-Murhaba in collaboration with an e-commerce and logistics company called HudHud Express. This Sharia-compliant product has already provided average loans of USD 240 to more than 5,000 clients, of which more than half are women. Additionally, Awash Bank introduced mobile banking in Afar. Around 15,000 clients are using this service with transactions reaching a daily average of USD 12,000. And Siinqee Bank established two new fully-fledged branches in the Oromia region to expand its digital and Sharia-compliant banking services.

Young dreams get a moral boost as access to finance gets easier for businesses



20-year-old Gudon Ahmed overcame many obstacles to start a successful beauty and cosmetics business in Jigjiga using her savings and family support. However, she reached a point where she needed extra capital to increase stocks and take her business to the next level.

After her brother told her about Rays' Microfinance Sharia-compliant loan, she applied online, adding her legal documents, trade license and shop photos. She selected the products she needed from a cosmetics distributor which is one of Rays' partners. Once the application was approved, the bank paid for the products and charged 2% for the service.

Gudon got the stock she required, worth USD 3,500, in two instalments. She hopes to pay back the loan shortly, as her business keeps on growing. She is saving almost USD 100 per month, which helps her cover her expenses and support her extended family. Gudon's long-term goal is to grow her business into "the biggest beauty and cosmetics company in Somali Region".



\$453 K

AMOUNT OF
MONEY SAVED BY
VSLA'S IN 2023

11,000

NUMBER OF HHs BENEFITED
THROUGH LOANS AND LIVELIHOOD
IMPROVEMENT IN 2023

Village Savings and Loan Associations (VSLA)

RIPA-North's intention to improve the resilience capacities of both households and markets manifests in the development of thriving and sustainable VSLAs to improve the resilience of extremely marginalized and vulnerable households. RIPA-North recognizes the importance of VSLAs as a savings mechanism to mitigate crises and meet important needs during expenditure peaks. Also, as spaces where members (especially women) build social capital, learn basic business management skills, share knowledge, and come up with business ideas and other initiatives to benefit their families and communities. Evaluations conducted in 2023 show that VSLAs have promoted the habit of saving and that these behavior changes are spreading beyond these groups.

By October 2023, the program helped to create almost 700 of these groups, benefiting more than 11,000 members and mobilizing savings of approximately USD 136,000. Less than six months later, the number of groups increased by 24% to 870, the number of members by 30% to 14,300 and the money saved by 233% to USD 453,000.

Most members use their savings to buy food, pay for health services, create or expand their businesses, and maintain or increase agricultural production (through investments in vaccination, fodder, breeding, herd management, digital extension services, and improved seeds). The program has also found out that VSLA members are three to five times more likely to make these types of investments than non-members.

VSLAs promote a savings discipline and financial literacy amongst their members, which RIPA-North leverages to connect VSLA members to more sophisticated financial services. The program does this mainly by (i) involving local agents that provide VSLAs with technical assistance and training on income generation for a fee, (ii) introducing digital technologies to improve the groups' record keeping and help members build a credit history to improve their eligibility for loans, and (iii) partnering with financial institutions to offer loans and other services to VSLA members.



For more information on
RIPA-North please contact:

VIMBAI CHISHANU
Chief of Party
vchishanu@mercycorps.org

DAVID OKUTU
CLA/MEL Team Lead
dokutu@mercycorps.org

JALANE HIRPESA
C2 Team Lead
jhirpesa@mercycorps.org

Resilience in Pastoral Areas – North (RIPA-North) is a five-year, \$45 million USAID-funded program operating in lowland areas of Somali, Oromia and Afar regions of Ethiopia (2020 – 2025). RIPA- North aims to improve the resilience capacities of households, markets, and governance institutions, collectively contributing to enhanced food security and inclusive economic growth.