

INTERVENTION CASE STORY | MSE SYSTEM

## OUTSOURCING MODEL ADAPTATION ENABLES GREATER OWNERSHIP AND INCOME FOR WOMEN AND YOUTH

Micro and small enterprise (MSE) start up and growth is constrained by lack of affordable quality working space, inability to pre-finance inputs, and skills gaps, as well as limited networks and unpredictable sales. Socially and economically excluded groups, such as less educated young and adult women, are particularly constrained. Most women owned MSEs, for example, operate from home with limited space and limited access to market opportunities.



To help address the constraints, LIWAY partnered with Muday Association and the Bureau of Labour, Enterprise, and Industrial Development (BoLEID) to pilot a new intervention called Outsourcing for MSEs (O4MSEs). The pilot aims to create jobs and increase income for 1,000 young and adult women as enjera producers. It includes technical and business training, access to shared working space, pre-financing of inputs, and secured markets through sub-contracted (commission) production and sales. As of June 2022, self-employment opportunities had been created for 694 target women and youth.

Based on the pilot’s success and learnings to date, Muday began testing an adaptation to the model to strengthen individual and group enterprises to independently manage and sustain their businesses through a micro-franchise model. They cover their own operating expenses including electricity, water, and workspace rental, and share profit among the group members. Muday continues to provide technical assistance, supply inputs as needed, and purchase enjera from them.

To date, 40 young and adult women are participating in the micro-franchise model with encouraging results. The groups have taken ownership of their businesses, engaged in different marketing and sourcing activities, and managed their finances. As a result, they have increased income from an average of 1,500 ETB per month through the commission-based model to an average of 3,000 ETB per month working only two days a week. As such, the model provides them flexibility and time to engage in other income generation activities.



Prior to the O4MSEs intervention, some of the women were jobless and many were housemaids and small-scale vegetable sellers/vendors. Often their income was not sufficient to cover basic expenses and feed their children. Through the intervention they were able to initially increase their income through commission-based enjera production and sales, and then realise further income gains through the micro-franchise model. A strong sense of hope, team spirit, passion, and ownership has been created among the group members. Not only do they have strong commitment to grow their businesses by increasing production and securing additional market outlets, but they also want to help others by encouraging them to join their groups.