

INTERVENTION BRIEF | MSE SYSTEM

OUTSOURCING SALES FOR MICRO AND SMALL ENTERPRISES

THE PROBLEM

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.

Outsourcing/subcontracting by larger enterprises is one way of securing dependable demand for MSE products, but this practice is hardly present among MSEs. Out of over 3,000 MSEs surveyed by the Ethiopian Development Research Institute in 2018, only 3% were involved in subcontracting agreements with larger enterprises.

OUR INTERVENTION

LIWAY partnered with Muday Association and the Bureau of Labour, Enterprise, and Industrial Development (BoLEID) to pilot a new outsourcing model to create jobs and increase income for young and adult women as subcontracted producers of enjera.

Enjera is produced for local customers, including universities, hospitals, and retail shops, and is exported to several countries. Demand for the product is expected to continue to grow both locally and internationally. The Muday Association produces enjera for local and export markets and their Muday Enjera brand is trusted for quality and timely delivery. The Muday Association typically operates on a wage employment basis, but they recognised the opportunity to increase their production capacity through an outsourcing model.

Muday, in collaboration with BoLEID, identify, engage, and organise unemployed/underemployed young and adult women based on criteria developed with support from LIWAY. The women are supported to develop sustainable enjera making businesses that supply agreed quantities of their product to Muday based on pre-determined prices. They can also sell directly to customers using the Muday Enjera brand. Following an initial three months of financial support from LIWAY to catalyse the model, the women now pay to use shared working space that is provided by Muday. Muday also provides technical and business training to ensure quantity and quality parameters are met, as well as manages quality control and ensures access to quality inputs, which includes pre-financing for MSEs. The groups independently manage their financials and share profit every month within their groups.

The intervention strives to create jobs and increase income for 1,000 young and adult women in the pilot phase.



KEY ACHIEVEMENTS TO DATE

- Self-employment opportunities created for 698 target women and youth.
- Technical and business training provided for 698 women and youth.
- Short-term COVID-19 support facilitated for 283 target groups, including facemasks, soaps, sanitisers, and partial food and rental payment support.
- Five shared production centres established (one fully owned by target groups).
- Target group members are progressing and showing strong ownership, commitment, and entrepreneurial behaviour.
- Muday Association expanded its market through diversified sales outlets and linkages with public institutions such as the school feeding programme.
- Muday Association adapted the business model to strengthen individual and group enterprises to independently manage and sustain their business. Based on success and learnings to date, a franchise model is being tested with 40 young and adult women.

OF YOUNG AND ADULT
WOMEN ENGAGED IN A
SUSTAINABLE ENJERA
MAKING BUSINESS

698



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

For more information, visit: www.liway.org