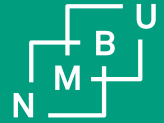


Youth Business Groups in Tigray: Evidence from a census of 742 groups in five districts



Stein Holden and Mesfin Tilahun

Addis Ababa Workshop February 4th 2019

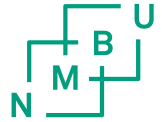
Introduction

- Initial study of youth business groups in Tigray in 2016
 - Funding from NMBU (own funds of project leader) and NORHED capacity building project “CLISNARP”
 - We heard about this new local initiative and got curious
 - Implemented a census in 5 districts

Pre-project Data

- Census of 742 groups in five districts in 2016
 - Average group size: 19 members
 - Early 2016: collected a range of baseline information on each youth group.
- Member survey of 119 youth business groups
 - Survey and lab-in the field experiments with 1142 individual group members in August 2016
 - Sample of maximum 12 members from sampled groups
- Second round survey and experiments of same groups and members in 2017

What is the “Youth Business Group Model” in Tigray?

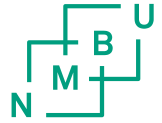


- Landless or near landless rural residents (mostly youth) that seek a rural livelihood within their home community and apply for land access
- Communities set aside rehabilitated communal land for distribution to groups
- Self-selection of group members most common in a village (got)
- Local administration/experts allocate land and define a suitable production activity on that land
- The group establishes a primary cooperative, based on cooperative law, that is given the land area

Primary cooperatives

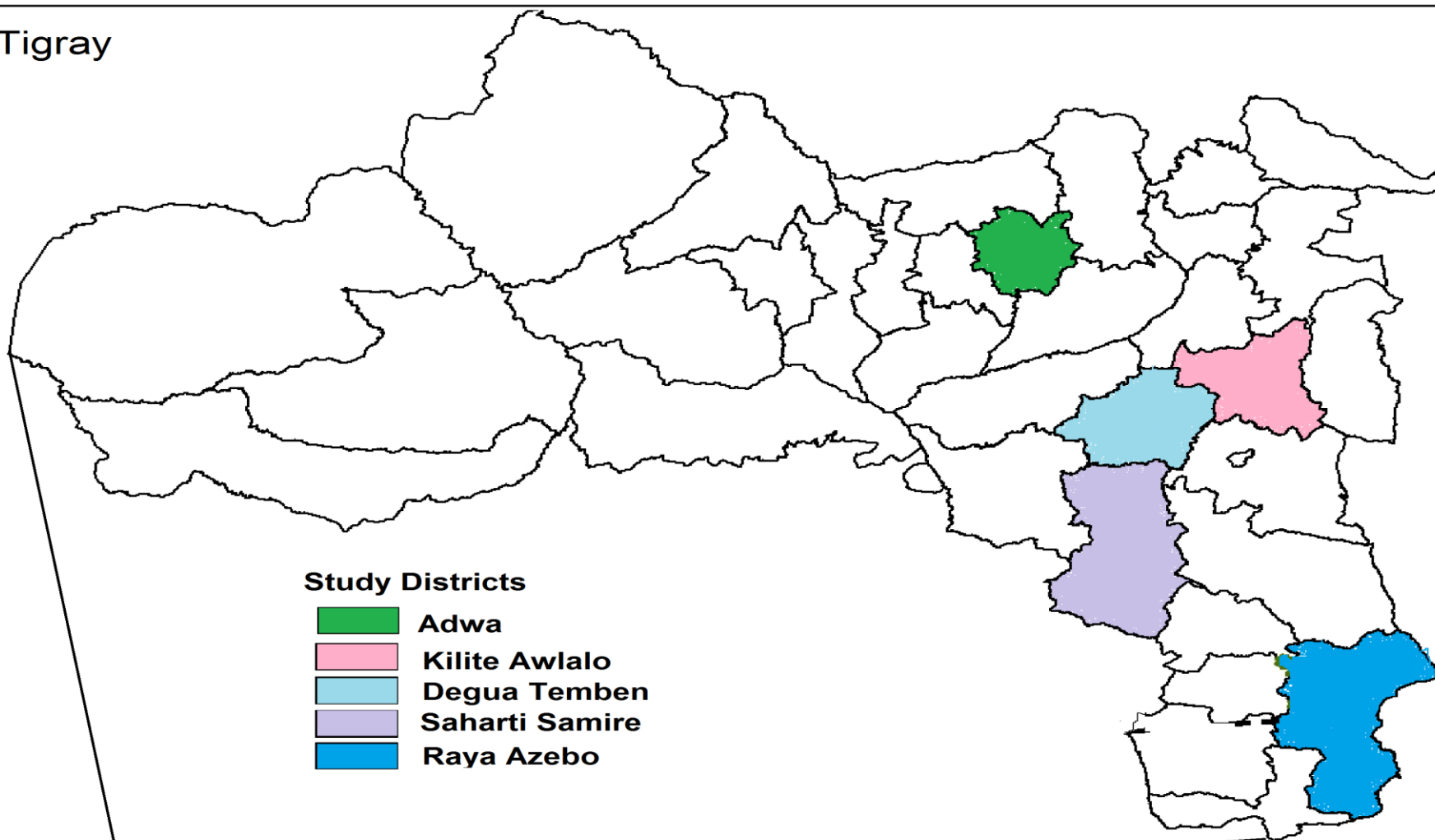
- Elect a **board of five members**
 - Leader, vice leader, secretary, accountant, treasury
- Develop their **own bylaw**
- Are required to prepare a **business plan** that has to be accepted by the local authorities
- Are required to **protect the land** area they are given
- After two years of good performance the group is given a letter that give them a **conditional right to the allocated land**
- Are subject to **auditing** (likelihood depends on administrative capacity)

Organization of group activities



- **Frequent group meetings** where important decisions are made
- **Open election of board members**
- **Equal sharing of group work and income from group production activities**
- **Limited power of leaders:** Organize based on decisions by group
- Division of labor among board members
- **Everybody are required to contribute** and participate in all work activities decided by the group

Tigray



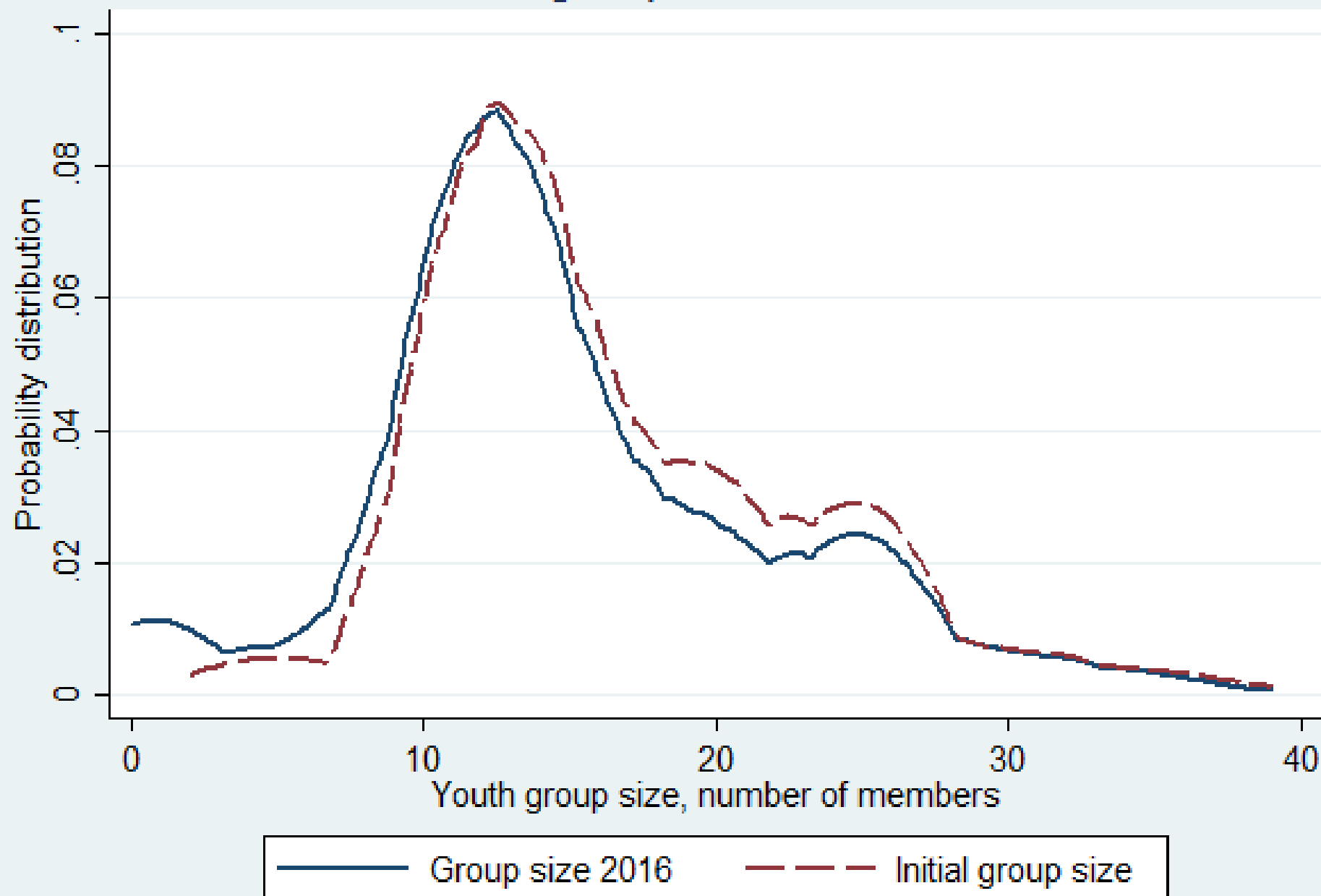
Study Districts

-  Adwa
-  Kilite Awlalo
-  Degua Temben
-  Saharti Samire
-  Raya Azebo

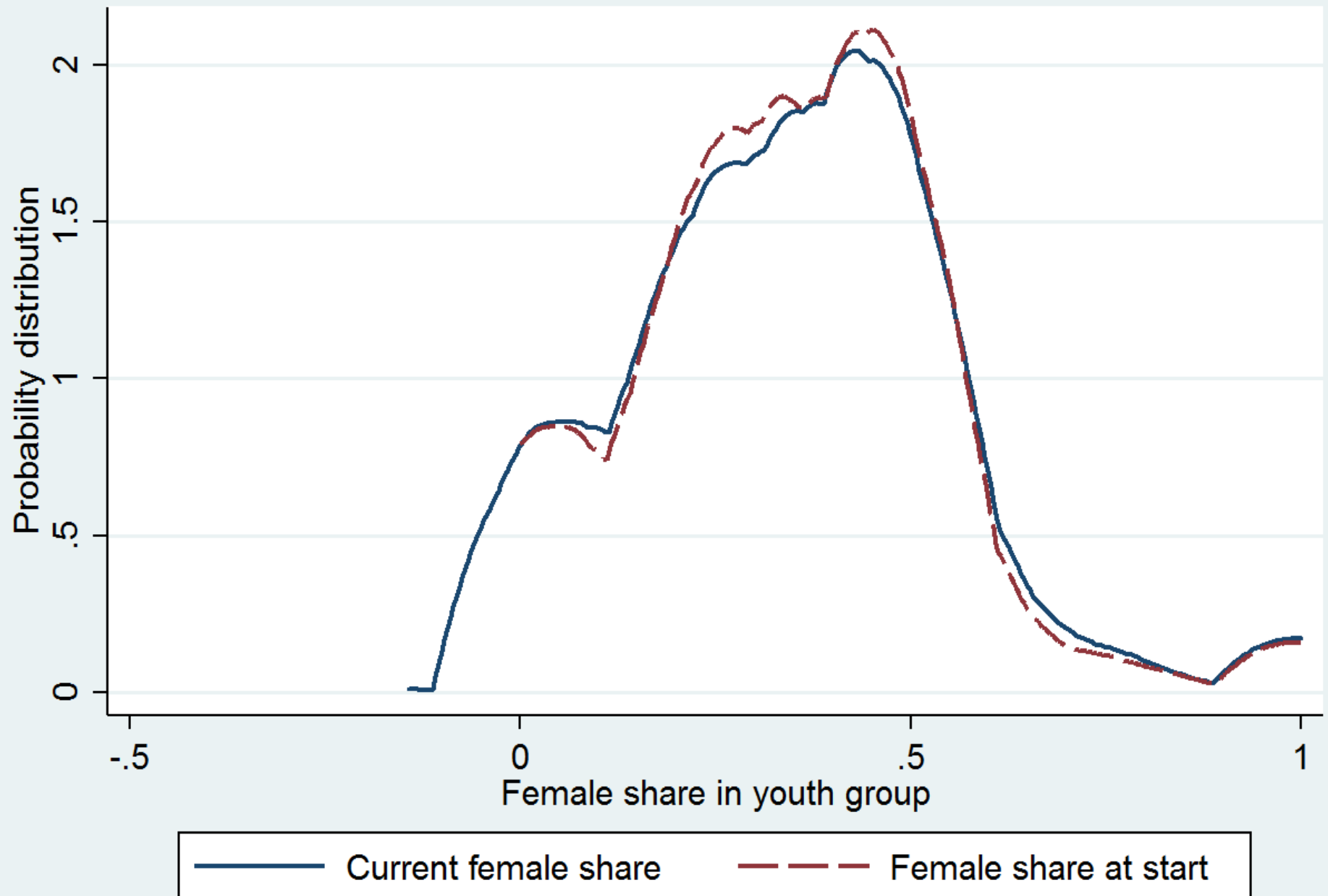


ETHIOPIA

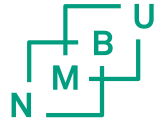
Youth group size distribution



Gender distribution in youth groups

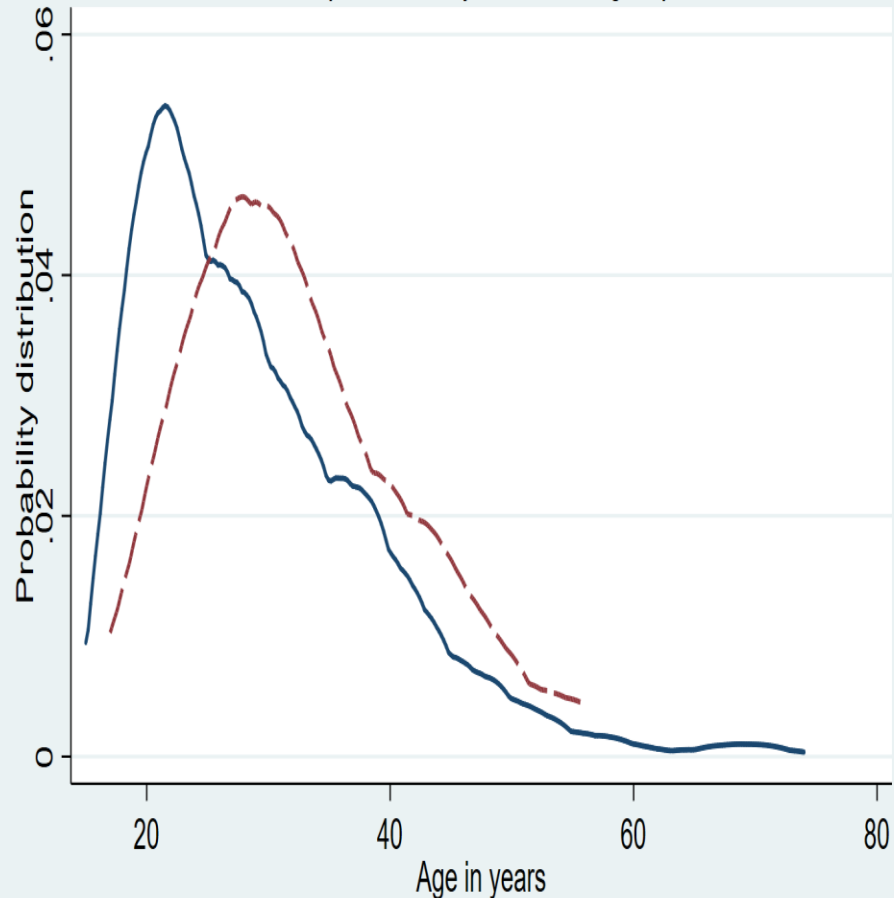


All members are not youth...



Age distribution of youth group members

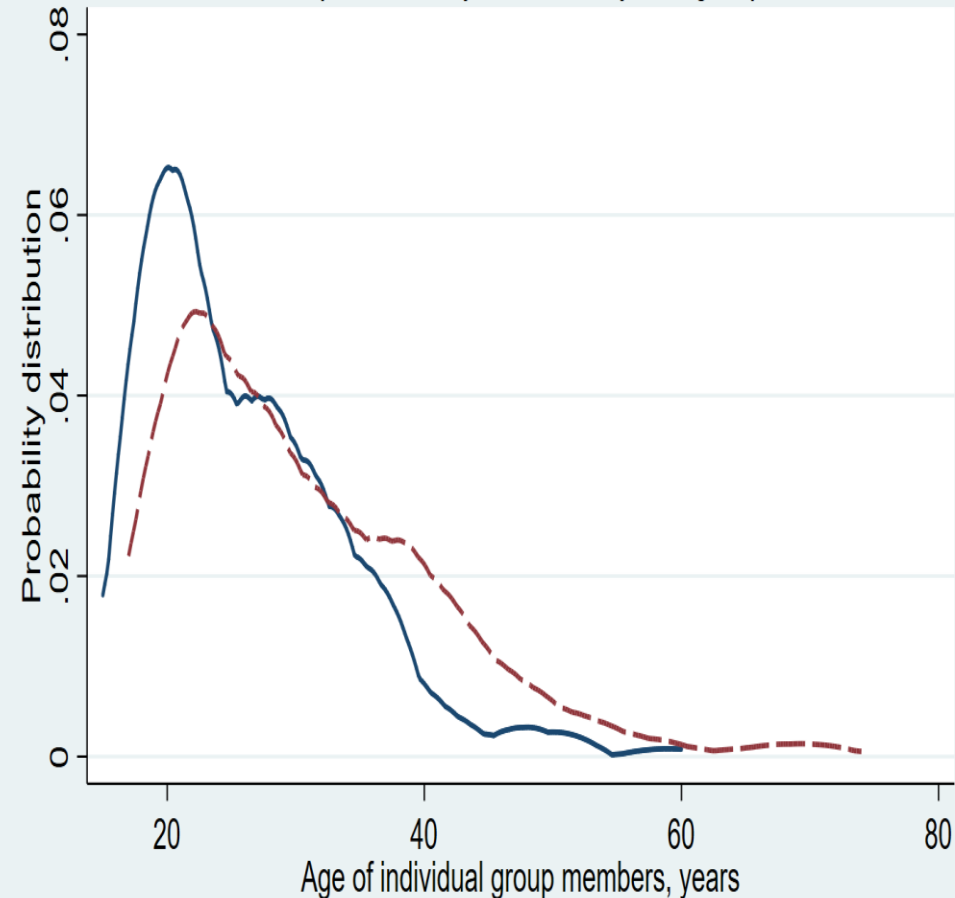
Sample of 1130 youth in 119 groups



— Age distribution all members - - - Age distribution group leaders

Age distribution by gender

Sample of 1130 youth in 119 youth groups

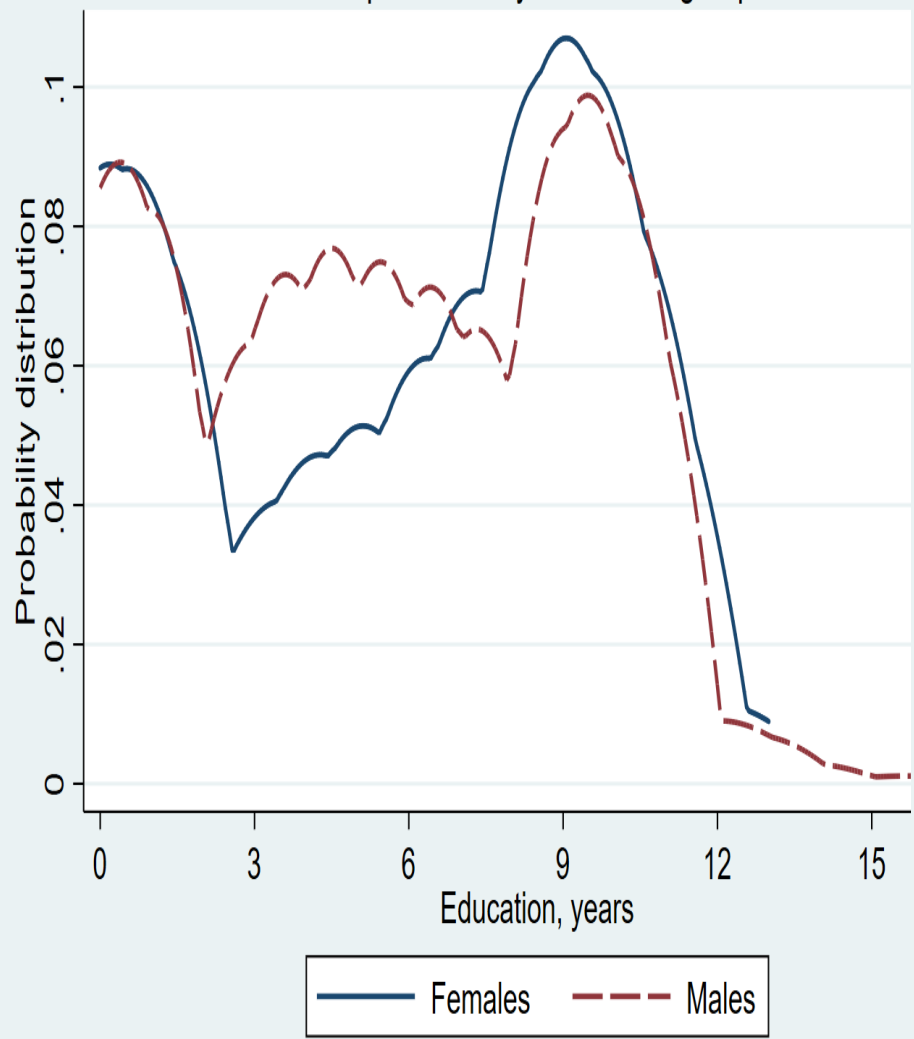


— Females - - - Males

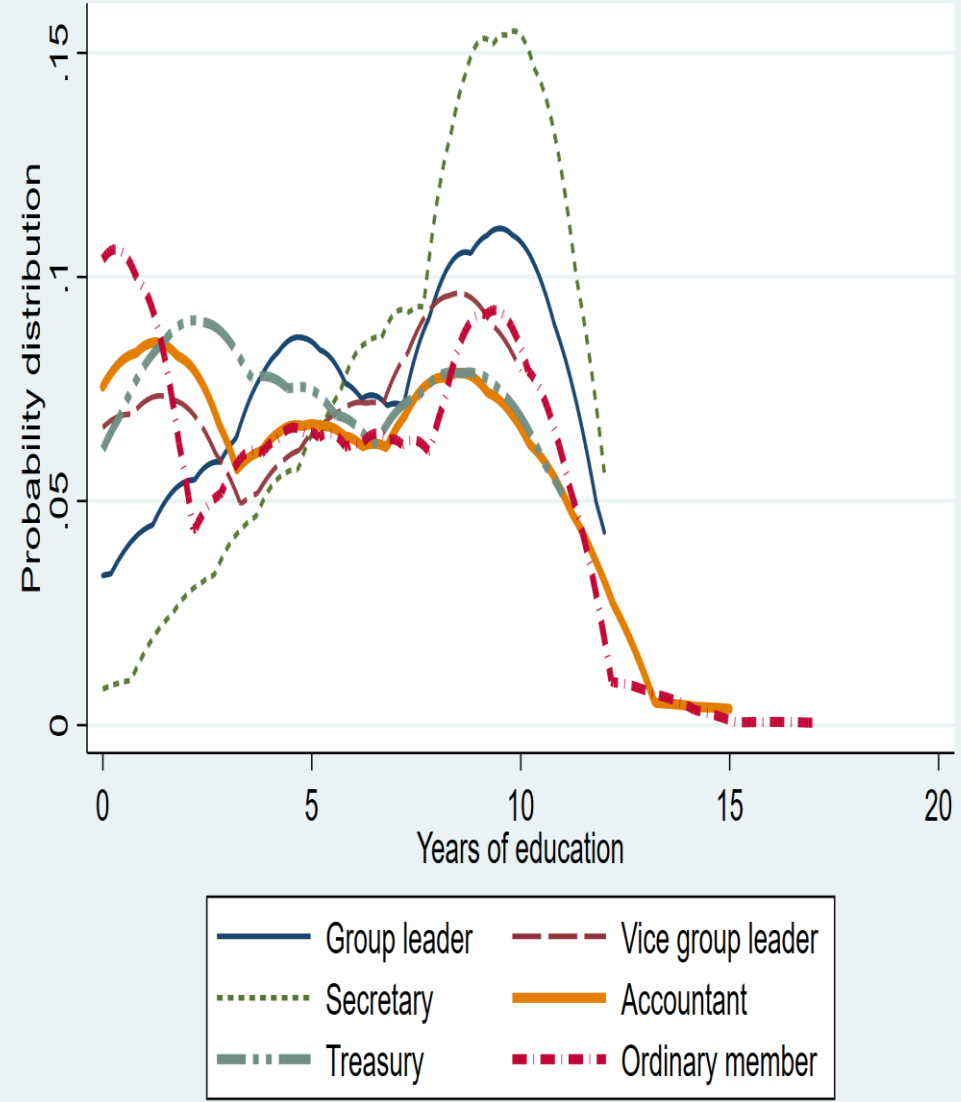
Education by gender and position in youth groups

Education of YG members by gender

Sample of 1130 youth in 119 groups

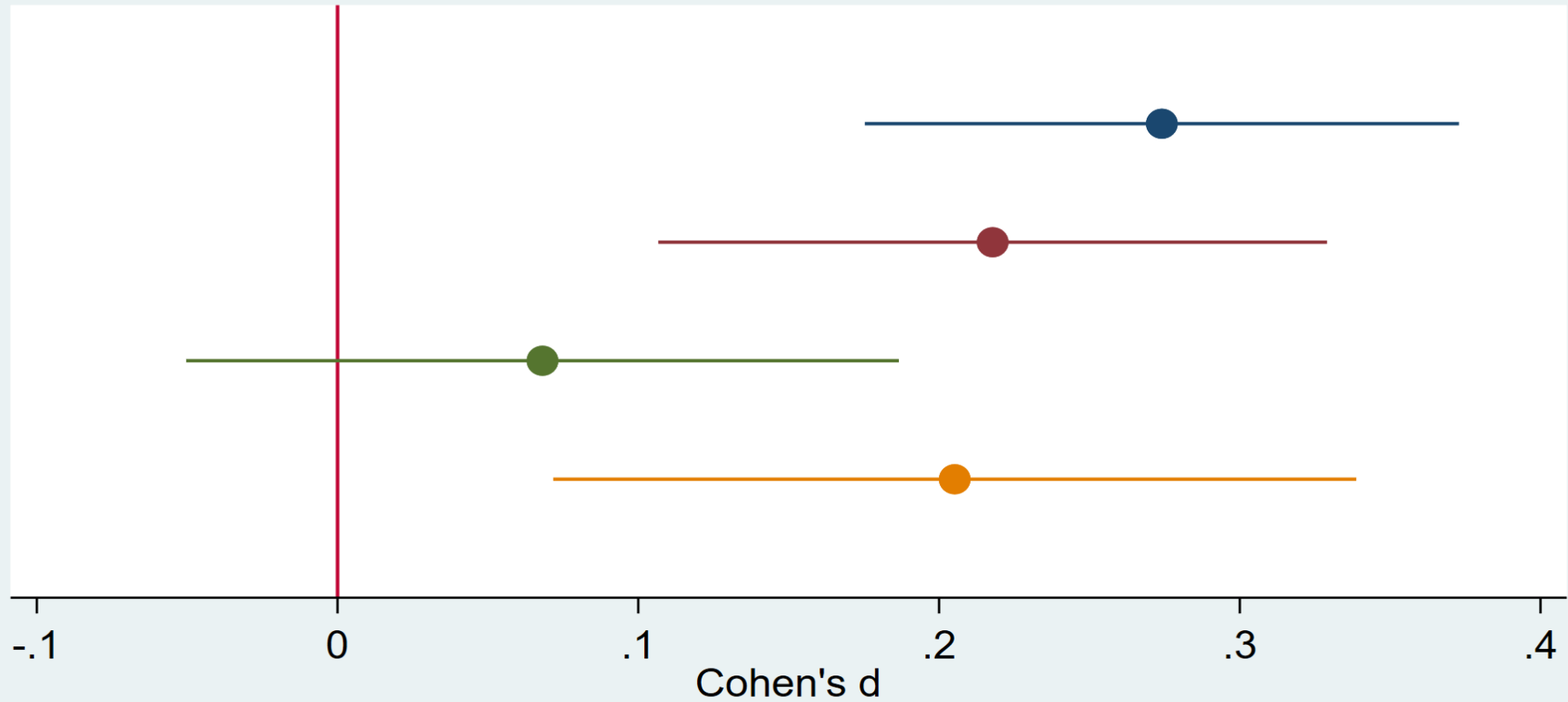


Education of group members by position in group



Gender differences in Endowments and Income

Gender differences: Males vs. Females



Endowments and Incomes

Livestock

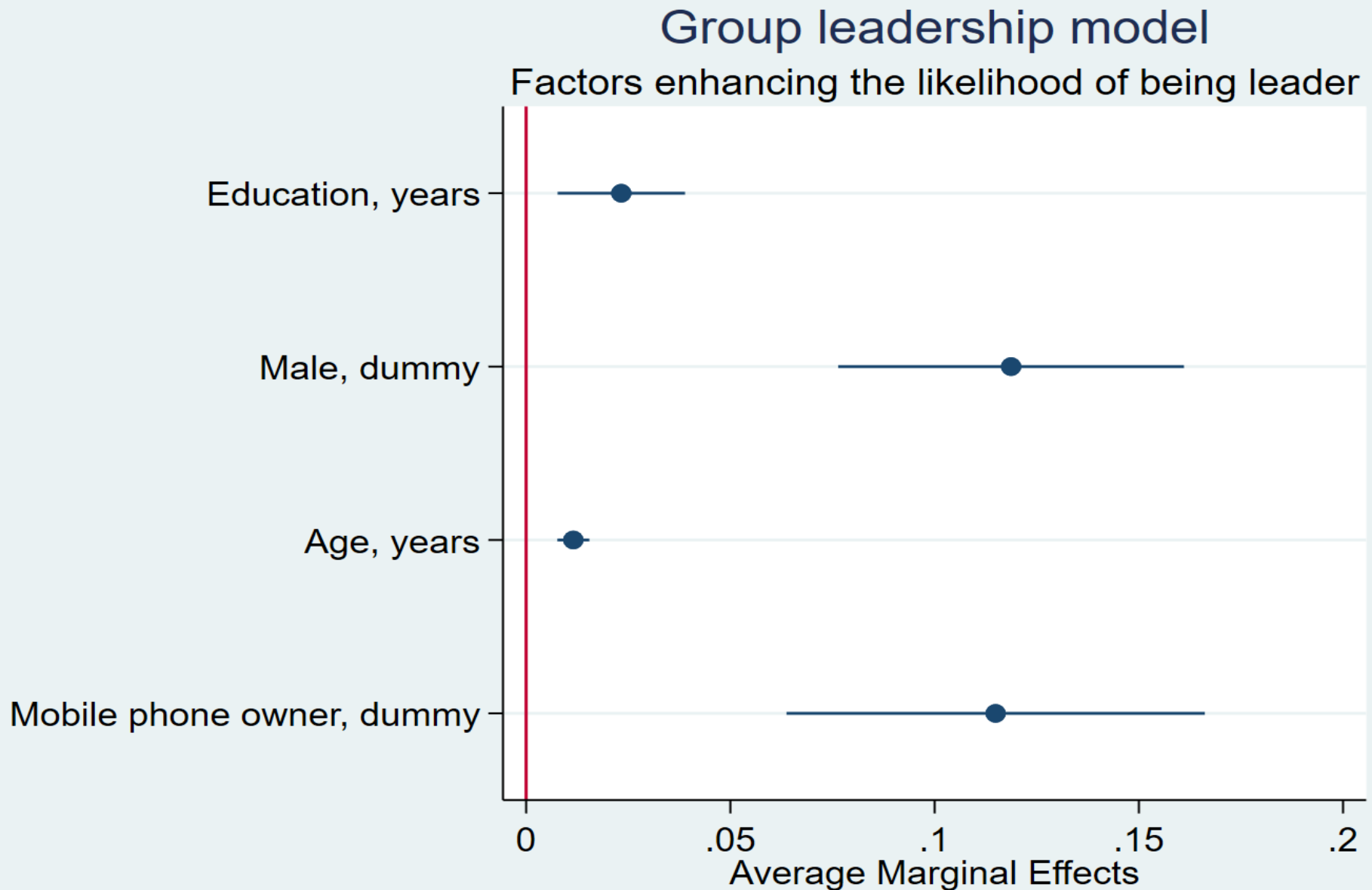
Group activity net income

Durable assets, number

Complementary net income

95% confidence intervals based on bootstrapped standard errors

Who becomes group leader?



Income sources of youth

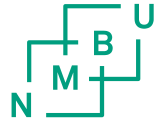


August 2015 – July 2016	Rank 1, %	Rank 2, %	Rank 3, %
Youth group activity	7.0	27.6	16.8
Land renting/Sharecropping	16.8	14.0	3.5
Trade	9.6	7.4	3.4
Construction work	10.9	8.7	4.5
Support from family	20.9	10.3	3.5
Own farm	29.2	5.3	1.9
Other, specify	5.7	5.7	3.0
No activity	0	20.9	63.5
Total	100	100	100

Expected main source of income five years into the future

Source of income	Freq.	Percent
Youth group activity	691	60.72
Land renting/Sharecropping	67	5.89
Trade	137	12.04
Construction work	20	1.76
Support from family	9	0.79
Own farm	189	16.61
Other, specify	11	0.97
Do not know/Very uncertain	6	0.53
Missing responses	8	0.7
Total	1,138	100

What are the most important/serious threats to the sustainability of the group



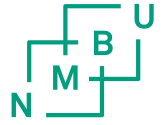
Responses from 742 group leaders	Rank 1, %	Rank 2, %	Rank 3, %	Rank 4, %
Too low productivity of the land due to water scarcity	17.1	6.7	2.7	2.7
Poor market access for inputs	4.0	5.0	2.3	1.8
Poor market access for outputs	26.3	24.1	8.2	1.5
Lack of skills/training	3.5	4.7	5.8	2.0
Lack of capital/credit	9.0	11.7	8.6	2.2
Lack of complementary income for members	8.0	17.5	17.5	7.3
Lack of motivation among group members	6.6	10.1	17.4	5.1
Internal cooperation problems in group	20.0	10.5	7.7	2.7
Other	5.0	3.0	1.9	0.7
No response	0.5	6.6	27.9	74.1

Investment loans, training needs & satisfaction with production activities by main production type

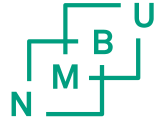


Responses from 742 group leaders in 2016	Animal rearing	Bee keeping	Forestry	Irrigation
% of groups with investment loan	27.9	51.6	7.1	24.0
% of groups with additional training need	92.1	92.5	95.2	96.9
% satisfied with current prod. activities	65.0	69.2	71.4	77.1
% who want more production activities	18.6	17.0	16.7	15.6

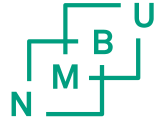
Eucalyptus + beehive group



Eucalyptus enriched forest



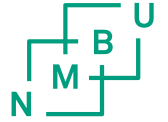
Bee hive group



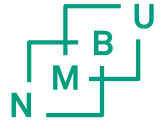
Rehabilitated land, horticulture group



Rehabilitated land (WB/NTF-funded)



Animal fattening group



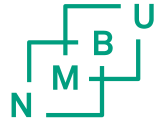
Shed for livestock during night



Hardin versus Ostrom

- One basic question is whether allocation of rehabilitated forests and grazing lands to youth groups has a high risk of ending as a “**Tragedy of the Commons**”? (Hardin 1968)
- Or alternatively, whether such groups have a high probability of being able to cooperate and establish sustainable livelihoods and behave more in line with the **Design Principles of Elinor Ostrom**?
- Can lessons be learnt from the degree of compliance and the early performance of youth groups?

Ostrom's Design Principles

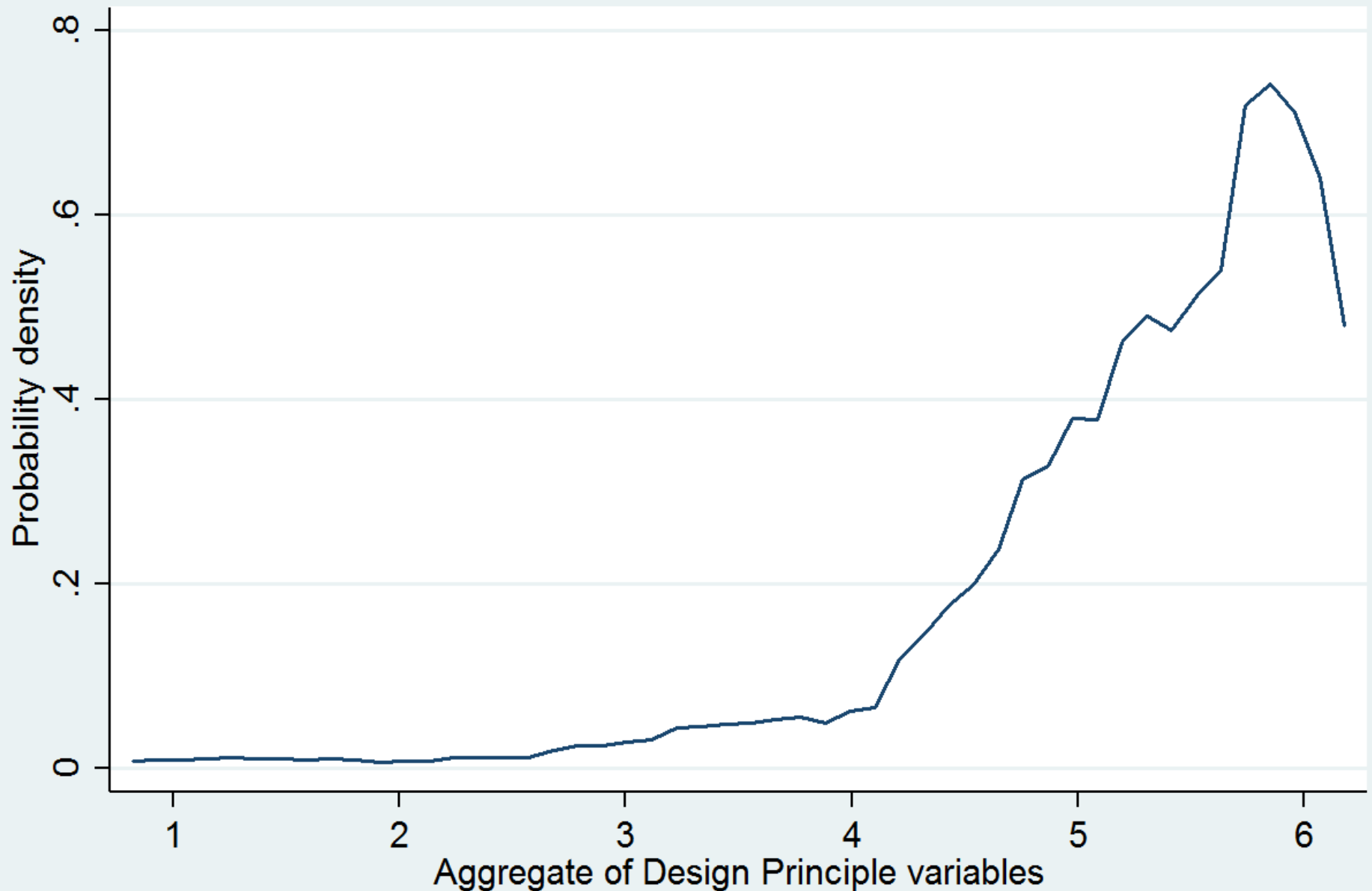


DP No	Short name	Explanation
1	Clearly defined borders	Individuals with rights to the common pool resource (CPR) must be clearly defined and the same applies to the borders of the CPR Ostrom (2010): 1a. User boundaries, 1b. Resource boundaries
2	Matching appropriation and provision rules	There must be a balance between appropriation rules (benefit sharing rules), provision rules (required contributions by group members) and this must match the CPR Ostrom (2010): 2a. Congruence with local conditions, 2b. Appropriation and provision
3	Collective choice arrangements	There must be an inclusive decision-making process related to adjustment of rules for CPR utilization and management
4	Monitoring	There must be an accountable monitoring system in place that monitors the CPR management and ensures its protection Ostrom (2010): 4a. Monitoring users, 4b. Monitoring the resource.
5	Graduated sanctions	Appropriators who violate the rules for CPR management or extraction face graduated sanctions depending on the seriousness of the violation or repetition of violations
6	Conflict resolution mechanism	Appropriators have a good and efficient (low-cost) system for conflict resolution among themselves and between appropriators and outsiders
7	Recognized rights to organize	Government bodies allow groups to self-organize by forming own internal rules of conduct
8	Nested enterprises	Appropriation, provision, monitoring, enforcement, conflict resolution, and government activities are organized in multiple layers of nested enterprises

Objectives

- A) This study investigates the *extent to which the newly formed youth groups in northern Ethiopia comply with Ostrom's Design Principles the way they are organized*
- B) Assess *how their compliance with the Design Principles is correlated with a number of early performance indicators for the youth groups in terms of their stability, trust and overall performance.*

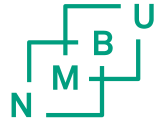
Degree of compliance with Ostrom's DPs



kernel = epanechnikov, bandwidth = 0.1779

Our youth research: Youth business groups

World Development 104 (2018) 10–30



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World Development

journal homepage: www.elsevier.com/locate/worlddev



The importance of Ostrom's Design Principles: Youth group performance in northern Ethiopia



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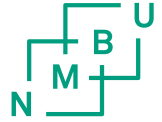
WD paper Conclusions

- Our study revealed **a high degree of compliance with Ostrom's Design Principles** across the youth groups:
 - **Ostrom's «Invisible hand» is with us😊**
 - **And it seems to enhance group performance**
- Overall, **the youth business group model shows promise**
- **Still, they face many challenges**
 - **A lot of room for improvement**
- **The youth business group model is worth testing elsewhere**

Potential, advantages and requirements of the approach

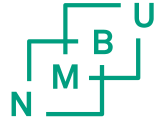
- Facilitates self-organization & mobilization
- Facilitates formalization and orchestration
 - System for planning and training (economies of scale)
 - Service provision
- Can be used in urban as well as rural areas
 - Temporary or permanent groups
 - Many types of activities
- Requires
 - Allocation of rights/resources
 - Planning and organizational capacity/system
 - Training (technical skills, business skills)
 - Marketing, diversification, precessing (value chain integration)

Tentative ideas on Potential



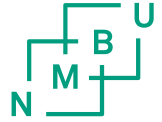
- The Youth Group Model may help facilitate rural transformation
 - Establishment of larger and more professional businesses (from micro farms to small commercial farms)
 - Contract farming may be one option
 - Marketing & processing (value chain) development is essential
 - Clusters of groups may organize joint marketing (e.g. dairy cooperatives)

Information about our research



- Website of Centre for Land Tenure Studies at NMBU:
 - www.nmbu.no/clts
 - Working papers
 - Journal papers
 - Reports
 - Summaries
 - News
- ResearchGate: Project link:
 - <https://www.researchgate.net/project/Youth-Livelihood-Strategies-in-a-Transforming-World>

References



- **Journal paper:**

Holden, S. T. and Tilahun, M. (2018). The importance of Ostrom's design principles: Youth group performance in Northern Ethiopia. *World Development* 104: 10-30. [Link](#)

- **Working papers:**

Holden, S. T. and Tilahun, M. (2018). Land rental as a complementary income source for land-poor youth. CLTS Working Paper No. 6/2018. Centre for Land Tenure Studies, Norwegian University of Life Sciences, Aas, Norway. [Link](#)

Holden, S. T. and Tilahun, M. (2018). Gender Digital Divide and Youth Business Group Leadership. CLTS Working Paper No. 5/2018. Centre for Land Tenure Studies, Norwegian University of Life Sciences, Aas, Norway. [Link](#)

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Holden, S. T. and Tilahun, M. (2017). Group Trust in Youth Business Groups: Influenced by Risk Tolerance and Expected Trustworthiness. CLTS Working Paper No. 13/2017. Centre for Land Tenure Studies, Norwegian University of Life Sciences, Aas, Norway. [Link](#)

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