

# Youth Business Groups for Sustainable Development: Lessons from the Ethiopian Model

Norglobal NFR Project 2019-2022

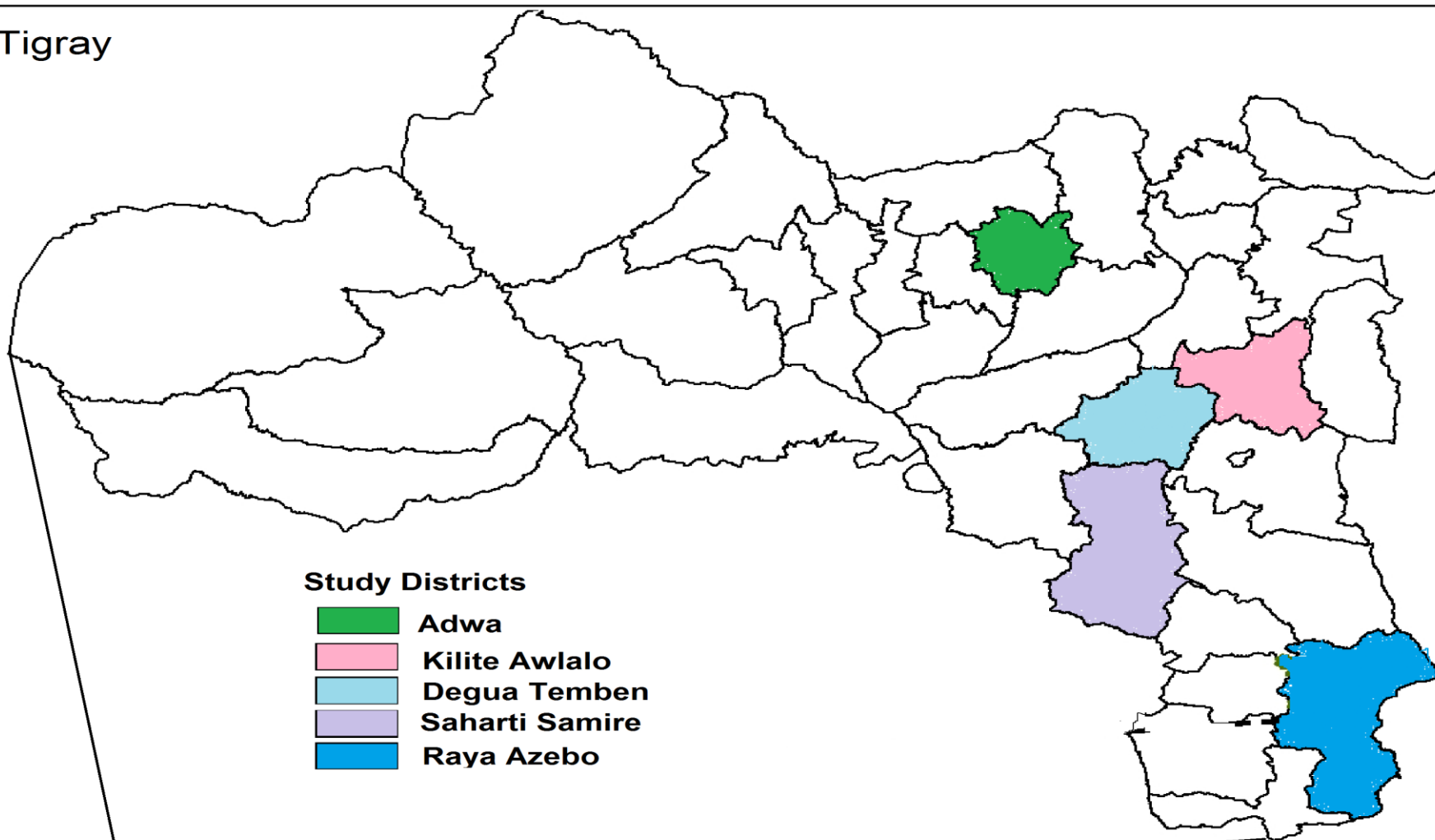
## OVERVIEW

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# Motivation

- *Provide knowledge that can help to improve the Ethiopian Youth Group Business model*
- *Provision of new and better livelihood options for youth*
  - **SDG8** (*Decent work and economic growth*)
  - **SDG5** (*Gender equality*)
  - **SDG1** (*No poverty*)
  - **SDG4** (*Quality education*)
  - **SDG13** (*Climate action*)

Tigray



**Study Districts**

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



**ETHIOPIA**

# Project objectives I

- Overall:
  - *Identify factors that enhance the performance and sustainability of formal youth groups as a business and livelihood option*
- Specific:
  - *Evaluate the effect of **group leader training and incentives** on **quality of leadership and group performance**.*
  - *Evaluate the **effect of gender empowerment training** on within-group gender differences in performance and on overall performance of youth groups.*

# Project objectives II

- *Specific objectives, continued:*
  - *Evaluate how awareness of climate change, **climate shock experiences** and **climate risk awareness and preparedness training** affect youth preferences, behaviour, group production planning, livelihood strategies and performance.*
  - *Extract and disseminate the wider policy lessons from the Ethiopian youth business group experience.*

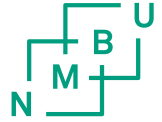
# Project research partners

- School of Economics and Business-NMBU
  - **Stein Holden** (project leader)
  - **Dag Einar Sommervoll**
  - **Arild Angelsen**
- Others
  - **Mesfin Tilahun**, Mekelle University, Ethiopia
  - **Erwin Bulte**, Wageningen University, The Netherlands
  - **Sosina Bezu**, Christian Michelsen Institute, Bergen
  - **Stefanie Engel**, Osnabrück University, Germany
  - **John Quiggin**, University of Queensland, Australia

# WP1: Group leadership, training, monitoring and incentives

- **Responsible:** Erwin Bulte and Stein Holden will take the lead on this component with support from Mesfin Tilahun.
- **Status of Knowledge/knowledge gap:**
- Kosfeld and Rustagi (2015) found that **leader types** had strong influence on group performance. Leaders who emphasized equality and efficiency contributed to more positive forest outcomes in their groups than anti-social leaders.
- Grossman and Hanlon (2014) developed a model for how monitoring of leaders affect leader effort and incentives to stay in the leadership position. Monitoring enhances effort but also the likelihood that more able leaders would opt out and seek alternative options.
- **RCT** that includes leadership training, group monitoring and a performance-based reward for good leadership. Leader types will be obtained in lab-in-the-field experiment. The experimental data will be complemented with survey data on the election process for group boards and leaders.

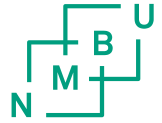
# WP2: Gender differences, women's participation and empowerment in business



- **Responsible:** Stefanie Engel and Stein Holden will take the lead for this component with field assistance by Mesfin Tilahun.
- **Status of knowledge/knowledge gap:**
- Ethiopian culture is patriarchal and men have traditionally been household heads and taken up almost all leadership positions in the society. Recent legal reforms in the country have strengthened women's land rights (Holden et al. 2011). Less is known about the position of women in business. Holden and Tilahun (2018) find a strong gender digital divide in youth business groups.
- **RCT with mobile phone and training for business for female group members, with monitoring and incentives.** There will be one treatment group (training+monitoring+incentives) and one control group, with 50 groups in each. Two willing elected female group members will be trained from each treatment group. **Horticulture/irrigation and animal rearing groups** will be used for this experiment as these groups have higher female participation and more complex **production planning and marketing** challenges.



# WP3: Stimulating investment through targeting and commitment devices in risky environment



- **Responsible:** Stein Holden and John Quiggin will lead this component, with support from Mesfin Tilahun and Dag Einar Sommervoll.
- **Status of knowledge/knowledge gap:** The theoretical foundation for this WP builds on rank dependent utility (Quiggin 1982), reference-dependent utility (Kőszegi and Rabin 2006), including cumulative prospect theory (Tversky and Kahneman 1992; Wakker 2010). This implies **using nudging and commitment devices to stimulate youth groups to identify more ambitious targets for their businesses**. The zooming theory of Holden and Quiggin (2017b) explains hyperbolic discounting and magnitude effects in intertemporal choice as adjustments to varying reference-points. The implication is that by setting longer-term and bigger targets, investment motives can be stimulated.
- **RCT** with training in production planning, risk analysis and setting of long-term goals and shorter-term milestones (commitment devices) randomized to specific groups (integrated with WP1 and WP2).

# WP4: Qualitative Showcase Studies

- **Responsible:** Sosina Bezu and Stein Holden will lead this Work Package with support from Mesfin Tilahun.
- **Status of knowledge/knowledge gap:** Relatively little is known about the reasons for youth joining youth groups where the key eligibility requirement for joining such group is that they need to be landless and come from the community. The alternative to joining a youth group may be to stay or migrate and search for other sources of livelihood. Some of those joining youth groups are also returning migrants, quite a number have returned from Saudi Arabia. The purpose of this WP is to gather in depth knowledge on a few youth groups representing different types of activity to give a face to the groups such that their lives and experiences can more easily be understood and reach a broader audience.
- **Qualitative case studies**

# WP5: Synthesis and dissemination of findings

- **Responsible:** Arild Angelsen and Stein Holden will take the lead and edit the joint book output from the project.
- This package will combine the analyses in WP1-4 to **a book** that will be **targeted towards policy makers and the development and environmental communities**. It will put the study findings into a broader international perspective with **emphasis on policy lessons**, not only for Ethiopia, but in general in terms of mobilizing youth to achieve the Sustainable Development Goals.
- The book will also contain chapters that have relevance to other communities of scholars and policy makers, for example, on ways to improve group organization and leadership (WP1), empowerment of women in youth business groups (WP2), and ways to enhance investments to stabilize livelihoods through climate adaptation (WP3).

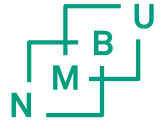


# Pilot testing of survey

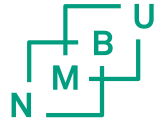




# Dairy group: Mostly women



# Information about our research



- Website of Centre for Land Tenure Studies at NMBU:
  - [www.nmbu.no/clts](http://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>