



Ifrah Ibrahim, female entrepreneur in Somali Region who accessed new local business development services. Photo: Mercy Corps, Ethiopia/Yosef Tiruneh, 2023

HOW EFFECTIVE ARE THE NEW 'MSE SERVICES' CATALYZED BY RIPA-NORTH?

Evidence from RIPA-North's 'Annual MSE Survey'

Micro and Small Enterprises (MSEs) dominate the business landscape across the lowlands of Ethiopia and have the potential to contribute significantly to economic growth and job creation, but most MSEs are experiencing stagnant growth due to constraints such as lack of business skills and access to credit. The Mercy Corps-led 'Resilience in Pastoral Areas – North' (RIPA-North) program aims to increase economic opportunities for women and youth by using a market systems development (MSD) approach to catalyze new and improved services for MSEs, with the aim of increasing MSE growth, profitability and, ultimately, job creation.

This evidence brief summarizes the outcomes from RIPA-North's 'Annual MSE Survey', conducted in September 2023, which interviewed 359 MSEs who have accessed the new 'MSE services'. The findings reveal high levels of improvements to MSE business practices, a dramatic impact on business profitability (average 62% increase per MSE), and more than 10,000 new jobs created. The survey also highlights gaps in service provision that RIPA-North can focus on addressing, for example the limited impact that BDS and mentoring are having on MSEs' ability to access loans.

Background

The challenge that RIPA-North is trying to address

Micro and Small Enterprises (MSEs) dominate the business landscape across the lowlands of Ethiopia and have the potential to contribute significantly to economic growth, job creation and government revenue. Mercy Corps assessments at the start of RIPA-North found the following features of MSEs in the lowlands:

- Most MSEs are stagnant with low or no growth, and transitions to larger categories of enterprise are very unusual (e.g. from micro to small, or from small to medium).
- Youth unemployment and underemployment is a huge challenge in the lowlands. Youth face many barriers to starting their own enterprise and, even when they are able, they struggle to make their business succeed and become sustainable.
- The lack of MSE growth and the barriers to entry for youth in starting new enterprises are limiting the numbers of wage employment jobs created.

The RIPA-North market assessments dug deeper into the root causes of this weak MSE performance and identified the following three major constraints faced by MSE owners:

1. Weak business skills and confidence	Existing MSE owners and aspiring entrepreneurs rarely have received any business training. Their everyday business and financial practices are poor, for example most don't keep records of their sales, and many don't use formal financial services. A key weakness is a lack of business planning and goal setting, so MSE business owners tend to be passive and reactive rather than proactive in growing their enterprise. The underlying constraint is a complete absence of sustainable BDS services in the lowlands, except for some low-quality business training by TVETs for their students.
2. Lack of access to credit	Access to credit services from formal financial institutions is extremely rare for MSEs in the lowlands. This limits their ability to invest in their business performance and growth. Access to informal credit from family or moneylenders is quite common, but these loans tend to be for business start-up and do not grow over time, so have limited impact on on-going business growth. The underlying constraint is financial services that do not meet the needs of MSEs, including restrictive collateral requirements, complex application processes, and a lack of marketing and communication that builds trust that products are truly 'sharia compliant'. Digital credit products have the potential to address these challenges but prior to RIPA-North were completely absent in the lowlands.
3. Poor technical skills	A lack of technical skills is a barrier to entrepreneurship start-up for many youth and hinders owner confidence to start many types of business beyond general retail. Owners with good foundational technical skills are better able to produce/supply quality products, convince their customers about the quality of their services, and provide additional information and services that builds their customer base. RIPA-North assessments of technical training providers found that the skills provided were ill-suited to those demanded by the market and were too long and/or costly to be useful for many young people or business owners.

Implementation approach

RIPA-North is using a market systems development (MSD) approach which aims to stimulate new market-based services that address the root causes of poor MSE performance and, crucially, which are sustainable and will continue beyond the program lifetime. RIPA-North has implemented the following systemic interventions¹ to address the major constraints for MSE growth in the lowlands.

MSE Service / RIPA-North Intervention	Impact Logic
a. Local private sector BDS providers – RIPA-North is supporting a new model of last-mile private sector business development services (BDS) providers which deliver fee-based services to MSEs in their local area.	If MSEs access quality and affordable BDS services they will increase their revenue and profits, grow, and hire more workers.
b. MicroMentor – RIPA-North has launched a new digital platform to match microenterprises with more established peer businesses as mentors.	If MSEs have access to a mentor, they will be more likely to survive, increase revenue and growth, and hire more workers.
c. Digital loans – RIPA-North has partnered with financial institutions (FIs) to introduce new digital and sharia-compliant credit products for MSEs.	If MSEs have access to credit they will be able to grow their business, increase profits and hire more workers.
d. Technical skills training – RIPA-North partners with TVETs to introduce new short-course, fee-based technical training for youth, including post-course support to find a job or internship.	If youth have market-ready technical skills and experience of working in a business, they are more likely to have the confidence and skills to start their own business and make it successful.

Methodology

The RIPA-North team collects quarterly performance data from all market system partners providing the MSE services described above (e.g. financial institutions, local BDS providers, TVETs etc.). This enables us to obtain regular information about numbers of MSEs reached through these interventions, and even some details of the type of services accessed. However, this quarterly data collection does not provide any information about the usefulness of these services for the MSEs receiving them, nor about the impact of the MSE services on the performance of MSEs. To address this gap, RIPA undertakes an annual survey of a sample of MSMEs accessing the new services to get more detailed feedback which can be used to adapt our approaches and refine our support for market actors.

This Annual MSE Survey was undertaken in September 2023 and is the second such survey (the first was undertaken in December 2022). The survey was conducted by independent enumerators trained by Mercy Corps. The survey utilized a

Table 1: Numbers of MSEs using services and sample size for survey

MSE Service	# Of MSEs Used New Service	# Of MSEs Surveyed (% Of Total)	Margin Of Error (%)
a. Local BDS	1,468	183 (12%)	7%
b. MicroMentor	1,250	13 (1%)	26%
c. Digital loans	5,053	70 (1%)	11%
d. TVET graduates	521	93 (18%)	9%
ALL SERVICES	8,292	359 (4%)	5%

¹ RIPA-North has also implemented several interventions which seek to support youth and women transitioning out of pastoralism more directly, such as 'Bruh start-up competition' and 'cottage industry'.

cross-sectional design and randomly selected 359 MSEs across the four interventions, out of a total of 8,292 MSEs reached, as shown in Table 1.

The main challenge with the methodology for this survey was identifying and locating MSEs under each category in a way that didn't compromise the service providers' client relationships, because of MSE perceptions of an NGO involvement. This was particularly sensitive for the digital loans through RIPA's partner Rays MFI, due to the risk of MSEs believing that an NGO was financing the initiative and disincentivizing loan repayment, as has happened before in the Somali Region of Ethiopia. This placed a constraint on the sample size that could be included. However, overall for the survey the margin of error is just 5%. For MicroMentor, with a margin of error of 26% and sample size of just 13, the findings need to be treated with caution.

It's important to note that this 'Evidence Brief' is not trying to assess the level of systems change and sustainability of each of the new services. These important questions will be addressed through the RIPA-North Learning Briefs (e.g. our learning brief on ['Short-term, fee-based skills development'](#)).

Evidence and Analysis

What types of MSEs accessed the services?

The MSE survey enables us to learn more about the key characteristics of businesses that are accessing each of the services. This is important, as it sheds light on which businesses RIPA-North is impacting and will help the RIPA-North team and the private sector actors delivering the services to adapt our approach to better reach underserved groups. Table 2 summarizes the sex and age of the owners of MSEs accessing each of the four services. Key observations are:

- Sex:** The majority (55%) of surveyed MSEs accessing new MSE services are female owned, which is a significant achievement in a context in which women are frequently marginalized from opportunities. Access to services for female owned MSEs is most notable for local BDS services (58%) and digital loans (64%), which is probably because in both cases the service providers do direct marketing at the doors of businesses, enabling women to get information and support more easily. The percent of female MSEs is lowest for MicroMentor, highlighting the challenge that women in the lowlands face with digital access and literacy. Female participation in TVET courses was also very low, for reasons described in this [learning brief](#).

Table 2: Sex and age of MSE owners accessing services

Type Of Service Received	% Female-Owned	% Youth-Owned
a. Local BDS	58%	36%
b. MicroMentor	15%	69%
c. Digital loans	64%	30%
d. TVET graduates	19%	80%
ALL SERVICES	55%	35%

- Age:** 35% of MSEs accessing the new MSE services are youth-owned (aged 15-29). This is highest for TVET graduates who started an enterprise (80% are youth), which is not surprising as the TVETs' marketing and courses are specifically geared to young people. More than two-thirds of MSEs using MicroMentor are also youth, reflecting young people's higher levels of exposure to social media (which is how MicroMentor is primarily marketed) and higher levels of digital literacy.
- Sector:** The most common sectors of MSEs across the different types of services are retail (54%), hospitality (14%), service provision (13%), and non-food manufacturing (11%). This is unsurprising,

as these are the most common types of business in the lowlands, in particular in urban areas. Interestingly, 18% of MSEs accessing local BDS were involved in the agriculture sector, as animal traders, agri-input suppliers or agri-processors. This makes sense, since the RIPA-North local BDS model specifically aims to foster these services outside of woreda capitals in small towns, closer to the livestock and farming system actors.

- **Size of enterprise:** Most businesses accessing the MSE services are microenterprises with five or less employees (Table 3). Only MicroMentor and local BDS services also reached some small enterprises (6 – 30 employees). A single medium size enterprise (more than 30 employees) accessed local BDS.

Table 3: Size of enterprises accessing each service

Type Of Service Received	Micro <5 Empl.	Small 6-30 Empl.	Medium >30 Empl.
a. Local BDS	92.9%	6.6%	0.5%
b. MicroMentor	85%	15%	0%
c. Digital loans	100%	0%	0%
d. TVET graduates	100%	0%	0%
ALL SERVICES	95.4%	4.3%	0.3%

MSE engagement and perceptions of services

The MSE survey provides useful detail about how MSEs are engaging with the different services and insights into which aspects of the services they think are useful and the extent to which the services are impacting their business practices.

LOCAL BDS

Information and Access

The most common way that MSEs heard about local BDS services was through the BDS provider visiting their establishment (68%). This highlights the crucial importance of door-to-door visits as a marketing strategy for the local BDS providers. 44% of MSEs heard about the presence of a local BDS provider from a Mercy Corps team member, highlighting that RIPA-North is still playing an active role in creating awareness and convincing businesses about the value of the local BDS providers, a role that is also unsustainable. Other smaller, but significant sources of information were from a friend (20%) and from government offices (10%).

Duration of Support

73% of surveyed MSEs first received local BDS support within the last six months, and another 16% within the last 12 months. This highlights just how new these services are in lowland areas of Ethiopia. The local BDS services as a system will need at least a couple more years to mature and generate evidence before RIPA-North will get a comprehensive picture of effectiveness and sustainability.

Areas of Support

The top four areas of capacity-building that local BDS providers delivered to MSEs were: i) Creating market linkages to suppliers/buyers (64% of MSEs); ii) record-keeping practices (62% of MSEs); iii) Business proposal and marketing strategy (45%); and iv) Access to finance (39%).

Perceptions of Usefulness

73% of MSEs supported by local BDS providers felt that the support they received was either 'extremely useful' or 'very useful', with another 16% saying the support was 'quite useful'. This is an impressive level of customer satisfaction for the services. This is reinforced by 73% of MSEs saying they would recommend the services to a fellow business (7% were unsure and 15% said they wouldn't recommend).

Impact on Business Practices

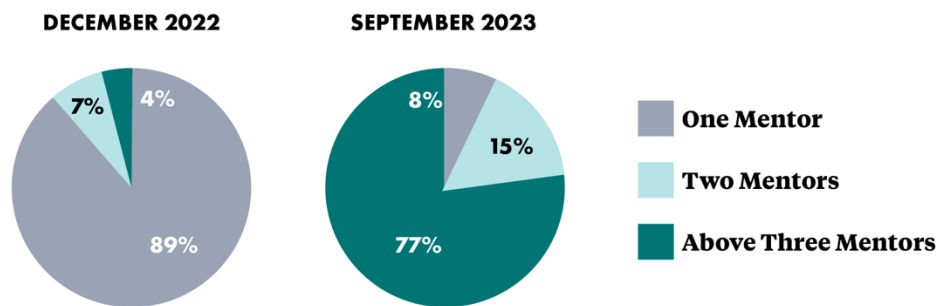
The positive perceptions of usefulness of local BDS services are reflected in high rates of improvement in business practices reported by MSEs. The most common improvement is record keeping (62% of MSEs), which is not surprising for the RIPA-North team as this is extremely weak across businesses in the lowlands. Local BDS providers also played a key role in MSE's strategic planning, with 57% of business developing an improved business plan and 45% of businesses improving their target setting. 21% of MSEs also improved their access to finance as a result of MSE services, which is significant but still low given the huge need, and this could be an area of focus for local BDS providers to improve their performance.

MICROMENTOR

Engagement With Mentor

31% of MSEs using MicroMentor interact with their Mentor several times per week, while 39% interact between one and four times per month. This frequent engagement for 70% of MSEs is an indication that MSEs see value in their mentor. Interestingly, the vast majority (77%) of MSEs using MicroMentor choose to have three or more mentors, as shown in Figure 1. This is a big change from the MSE survey conducted in 2022, when 89% of MSEs only had one mentor, suggesting that MSEs using the platform have continued to seek additional mentors over time.

Figure 1: Average number of mentors per MSE using MicroMentor



Mentoring channels

Most MSEs using MicroMentor interact with their mentor on Facebook (54%), WhatsApp (8%) or through telephone calls (15%). Interestingly, 15% of MSEs engage with their mentor in-person, suggesting at least some of the mentee-mentor linkages are within the local business community.

Areas of support

The top mentoring areas that MSEs received from their mentor were: i) Record-keeping (54% of MSEs); ii) Marketing and branding (31%); Market linkages (31%) and Business proposal and marketing strategy (31%).

Perceptions of usefulness

23% of MSEs working with a mentor through MicroMentor said they 'strongly agree' that the mentoring has been valuable for their business and an additional 69% of MSEs said they 'agree'. Only 8% of MSEs reported that the mentoring had not been valuable for their enterprise. This positive perception of MSEs is validated by 85% of MSEs saying they plan to continue using MicroMentor in the future.

Impact on business practices

The survey findings show that all MSEs feel they have made practical improvements to their business as a result of using MicroMentor. The most common areas for business improvement were record keeping (54%), target setting (54%) and improved business planning (46%), suggesting that the biggest impact of mentors is

strategic guidance in ways that changes the mentality of MSE owners. Only 8% of MSEs reported that they had improved access to financial services.

DIGITAL LOANS FROM RAYS MFI

Information and Access MSEs who accessed digital loans tended to hear about the digital loan through numerous sources. Most common was that MSEs heard about the new loan product from Rays MFI branch staff (87%), but 69% reported also seeing the advertisement on a billboard and 55% said their local mobile money agent had informed them about the loans. This is a validation of Rays MFI's investment in marketing efforts and is a key factor behind the remarkable success of the digital loans. Interestingly, 19% of MSEs heard about the digital loan from a local BDS provider, showing the value of cross-service promotion and marketing. When it came to the application itself, Rays MFI staff facilitated the loan application process for 67% of the MSEs that accessed digital loans, while 31% did the application themselves on their own phone or other device, which roughly corresponds to the 45% of MSEs who own a smartphone.

Loan History and Continuity 74% of MSEs who accessed the digital loan had never received a loan from a financial institution before, which shows that the new digital loan products are primarily impacting new businesses, not simply enabling existing loan customers to transition to a new type of loan (24% of digital loan customers previously held a conventional loan with Rays MFI). One striking finding from the survey, is that only 4% of digital loan recipients said they had received a repeat loan after the initial loan.

Perceptions of Usefulness MSEs receiving digital loans overwhelmingly stated their preference for the new digital loan products: 99% said that the digital loan was better, 1% said there was not much difference between the digital loan and a conventional loan, and no MSEs said they preferred the conventional branch loan. The reasons for this preference are also clear: 59% said the main advantage was an 'easier loan application process' and 41% said the main advantage was a 'quicker loan application process'. When asked about the challenges with the digital loan, 45% of MSEs said they didn't see any challenges, while 43% felt their limited digital financial literacy was a problem and 39% said the loan size was too small.

TVET GRADUATES WHO STARTED AN ENTERPRISE

The findings for MSEs started by TVET graduates need to be approached slightly differently to the other types of MSE services, since these are all new businesses, not existing businesses.

Technical and Business Training TVET graduates surveyed were heavily skewed towards those taking the driving license course (64% of respondents), so the findings in this section need to be treated with some caution. Other courses taken by respondents were barbering (16% of graduates) and women's hairdressing (12%). Of these graduates surveyed, 18% had started their own enterprise, so the sample size of MSEs started by TVET graduates is only 17. Of the graduates surveyed, 69% said that they received a module on business or entrepreneurship training as part of their TVET course (31% said they didn't receive any such training). Those receiving training found it useful: 45% said it was 'very useful' and 55% said it was 'quite useful'.

Business Start-up	On average, graduates who started their own MSE invested ETB 595,000 (~\$10,000) as start-up capital in their enterprise. This is surprisingly high and significantly higher than in the survey last year. It's likely that this amount is skewed upwards by the bias towards driving license graduates who started a transportation service as their enterprise, requiring a large investment in a bajaj (tuktuk). 50% of MSEs raised this start-up capital through funding from family members and 38% used their own funds.
Business Practices	Of the 17 MSEs started by TVET graduates, only 20% have a business plan and only 13% are keeping regular business records. This suggests that the business training provided by TVETs is not currently equipping graduates with the skills they need to manage their enterprise professionally. However, 80% of MSEs have a savings account with a financial institution.

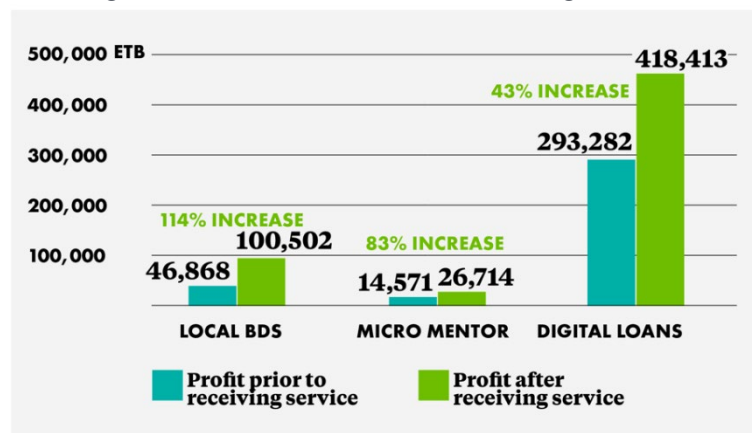
PERFORMANCE OF MSEs ACCESSING THE SERVICES

MSE GROWTH

Business Survival Business survival rates are high for MSEs accessing all four different services. The survival rate for MSEs started by TVET graduates is slightly lower at 88%, but this is still impressively given that these are all new start-up enterprises. For MSEs accessing local BDS services (90%), MicroMentor (92%) and digital loans (100%), business survival rates were even higher.

Revenue and Profitability For MSEs accessing local BDS services, MicroMentor and digital loans, access to the new services coincided with a dramatic improvement in revenue growth and increased profits². Average annualized revenue for MSEs accessing local BDS services increased the most dramatically, from ETB 87,000 prior to receiving services to ETB 229,000 since they've been receiving BDS support, an increase of 163%. Average revenue for MSEs using MicroMentor increased by 69% to ETB 276,000 and revenue for MSEs accessing digital loans increased by 81% to ETB

Figure 2: Profit increase for MSEs accessing services



1.1 million. As shown in figure 2, these increases are also reflected in increased profitability of MSEs, with average annualized profits more than doubling for MSEs who received local BDS and increasing by 83% and 43% for MSEs accessing MicroMentor and digital loans, respectively. While the increase in profits is slightly

² Since MSEs started by TVET graduates are new enterprises, this 'before' / 'after' analysis of revenue and profits is not applicable.

lower for digital loan recipients, it was these MSEs that received the biggest increase in profits in absolute terms, with ETB 125,000 extra in profits per year (≈\$2,250) which is a major change for a microenterprise. In the absence of a control group of MSEs who didn't receive these services, it's not possible to quantitatively measure the *contribution* of the MSE service to this improved MSE performance. However, given the overwhelmingly positive perception of MSEs about the usefulness of the services and their feedback on the ways they have improved their business practices, it's fair to conclude that a significant portion of this improved business performance can be attributed to the new MSE services.

JOB CREATION

RIPA-North is also very interested in the impact that improved MSE performance after receiving the new MSE services has had on employment and job creation within the MSEs. Table 4 shows the average number of full and part-time employees for MSEs before they received the new service, and after receiving the service.

Table 4: Average number of employees per MSE before and after receiving the MSE service

Type Of Service Received	Full-Time Jobs			Part-Time Jobs			Avg. # Of New Family Members Working on Business
	# before	# after	Avg. change	# before	# after	Avg. change	
a. Local BDS	1.97	1.97	0	0.84	0.96	0.12	1.11
b. MicroMentor	1.25	1.62	0.37	0.25	0.46	0.21	0.08
c. Digital loans	0.36	1.40	1.04	0.00	0.10	0.10	0.31

The data shows that:

- Local BDS** Local BDS had the least impact on formal jobs created despite local BDS contributing to the highest revenue and profit growth. There was no discernible impact on full-time jobs and only a minor impact on part-time jobs. Instead, these MSEs tended to bring additional family members in to help manage their business (more than one new family member on average per MSE). One possible explanation for this is that, compared with the other services, MSEs accessing local BDS tend to be outside the main towns, so they are more inclined to use family members rather than salaried employees.
- MicroMentor** On average, one full-time job was created per three MSEs using MicroMentor, and one part-time job was created per five MSEs using the new service. These findings have to be treated with caution given the small sample. MicroMentor appears to have more impact on formal job creation than local BDS, but less than digital loans.
- Digital Loans** Of the three services, it was access to digital loans that had by far the biggest impact on jobs created per MSE. On average, one full-time job was created for each MSE that received a digital loan, while one part-time job was created for every ten MSEs who received a digital loan. With more than 5,000 MSEs accessing the new digital loans, this means that digital loans have contributed to an estimated 5,255 new full-time jobs.

Resilience of MSEs

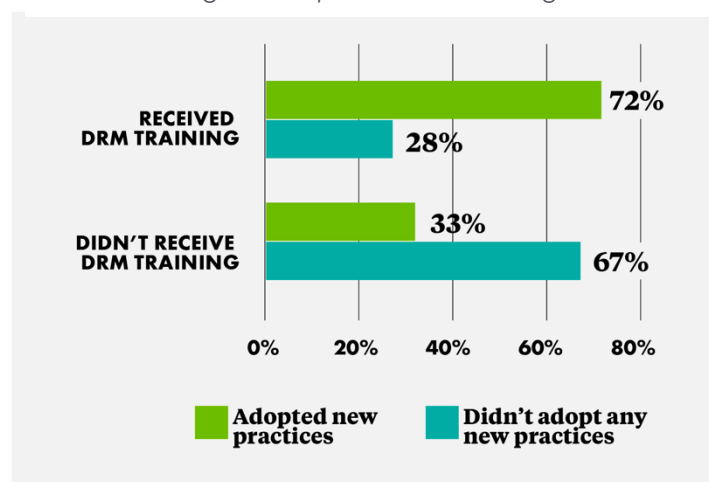
RIPA-North recognizes that businesses, like households, are often vulnerable to shocks, particularly in a context such as the lowlands of Ethiopia which suffers frequent droughts and is prone to conflict. The ability of MSEs to cope with these shocks and adapt their business practices is therefore a key focus for RIPA-North programming. Examples include climate information services (CIS) targeting businesses and disaster risk management (DRM) training for businesses.

Shock Impact 35% of surveyed MSEs reported being impacted by shocks in the last year, while the remaining 65% said they had not been affected. The most common shocks to impact MSEs were 'decreased availability or increased price of inputs' (42% of shock affected MSEs), 'drought' (23%), 'floods' (19%) and 'social tensions or conflict' (17%). Around one-third of shock affected MSEs have either 'complete recovered' (8%) or mostly recovered (30%), while around one-fifth are struggling to recover, either 'not at all recovered' (2%) or only 'little recovered' (17%). The remainder (44%) reported having 'somewhat recovered'.

Access to Resilience-Enhancing Services 14% of surveyed MSEs reported receiving DRM training, either directly from RIPA-North or from local BDS providers who provide DRM guidance and mentoring as part of their service offering. A slightly higher proportion (25%) reported receiving climate or early warning information and the most important sources of this information were government (63% of MSEs who received information) and community channels (61% of MSEs). Interestingly, 29% of MSEs said they received climate or early warning information from 'direct business partners', suggesting close relationships based on trust can be an important resilience-capacity for businesses, as it enables exchange of this type of information. Only 9% of MSEs received information from conventional media, such as radio, print or online, indicating that RIPA-North's strategy to strengthen government and community institutions for climate information dissemination is the correct one.

Shock-Adapted Business Practices 31% of surveyed MSEs said they had practically undertaken disaster risk planning, while 45% of surveyed MSEs said they had adopted new business practices to cope with shocks. Crucially, as shown in Figure 3, MSEs that received DRM training in the past 12 months were more than twice as likely to have adopted new business practices in response to shocks compared with MSEs that didn't receive DRM training. The most common examples of new business practices adopted in response to shocks were: 'provided credit to customers' (35% of MSEs); 'actively found new sales channels or markets to sell products' (30% of MSEs); 'used mobile

Figure 3: Impact of DRM training



services to reach customers' (29%); 'stockpiled inputs in preparation for demand' (29%); and 'actively sought out new suppliers' (25%).

Confidence to Cope with Future Shocks The MSE survey also asked businesses how confident they feel about their ability to handle future shocks. Overall, 82% of MSEs said they feel either 'very confident' or 'somewhat confident'. The findings suggest that access to DRM training is also a significant factor in MSE confidence: 91% of MSEs that received DRM training were 'very' or 'somewhat' confident, while for MSEs that didn't receive DRM training this falls to 78%.

Lessons Learned and Recommendations

1. **Working at a systems level has enabled RIPA-North to reach impressive scale:** By working to catalyze an ecosystem of services supporting MSEs, RIPA-North has reached more than 8,000 MSEs, which is far more than RIPA-North could have reached through direct support. Although this evidence brief is not assessing the sustainability of the services, the positive perceived utility of services by MSEs suggests the services have a good chance of being sustainable.
2. **Access to MSE services is driving business growth, profitability and job creation:** The evidence brief validates RIPA-North's program logic, that unlocking key underlying constraints for MSEs (access to finance, business development support and technical skills) will stimulate improved business performance and ultimately job creation. MSEs accessing the services achieved a dramatic average increase in profits of 62%, and more than 10,000 jobs were created.
3. **Job creation appears to be a function of MSE type and size, rather than the specific MSE service received:** The average profit increase for MSEs accessing digital loans (43%) was significantly lower than for local BDS (114%) and MicroMentor (83%), yet digital loans resulted in far more full-time jobs created (1.04 new jobs per MSE). The key factor appears to be a much higher baseline level of revenue/profit for MSEs that received digital loans, combined with a lower initial number of employees (only 0.36 per MSE on average). The high growth in revenue and profits in absolute terms pushed them over a key threshold and triggered them to hire additional employees. MSEs accessing local BDS, on the other hand, had nearly two full-time employees already, and their revenue growth in absolute terms was much lower, so they were able to absorb this business growth into the roles of existing employees.
4. **Direct marketing and outreach is most effective in reaching female-owned MSEs:** Rays MFI (provider of new digital loans) and local BDS providers both primarily rely on door-to-door marketing to find their clients, and these services have been very successful at reaching female entrepreneurs (64% and 58% of MSEs, respectively). By generating cross-learning about successful direct marketing approaches between BDS providers and across different services, RIPA-North can generate useful learning and continue to improve access for women.
5. **MSE services (with the exception of digital loans) have not yet been transformative in enabling MSEs to access credit:** 21% of MSEs accessing local BDS services and 9% of MSEs using MicroMentor said that the services helped improve their access to financial services in general, but this appears to be related to savings and/or Mobile Money services not loans (only 5% and 8% of these service users, respectively, have loans). Given the huge importance of credit for business growth, RIPA-North should identify ways to further strengthen the ability of local BDS providers and MicroMentor mentors to better support MSEs to access loans.

6. **DRM training is a key resilience service for MSEs:** The findings revealed that 72% of MSEs who received DRM training had adopted new business practices to cope with shocks, compared with only 33% who didn't receive DRM training. Similarly, businesses who received training were more confident in their ability to handle future shocks (91% 'very' or 'somewhat' confident) than those who didn't receive DRM training (78%). RIPA-North's DRM training is an innovative approach, and these findings should give the team confidence to continue to scale the approach and foster sustainable systems for the training.
7. **Cross-service promotion of MSE services could be an effective way of scaling up the services:** The MSE services catalyzed by RIPA-North are highly complementary: MSEs receiving digital loans would benefit hugely from BDS support and mentors, and MSEs accessing local BDS are highly in need of loans. This suggests the various channels could become an important source of marketing and information for MSEs (e.g. financial institutions promoting MicroMentor and local BDS providers). The survey revealed that this is already starting to happen, for example 19% of digital loan recipients heard about the service from their local BDS provider, and the RIPA-North team could do more to foster this cross-service promotion.
8. **The services catalyzed by RIPA-North are largely for existing businesses not aspiring entrepreneurs:** Local BDS, MicroMentor and digital loans are all currently designed exclusively for existing businesses and not suitable for aspiring entrepreneurs who want to start their own business. Only the technical training through TVETs contributed to the ability of youth to start their own business. RIPA-North has some 'direct' interventions supporting youth enterprise start-up (e.g. Bruh). However, given the huge challenge of youth unemployment in the lowlands, future programming should also focus on additional sustainable services that support youth business start-ups, through entrepreneurship training and access to credit.
9. **Future 'Annual MSE Surveys' should generate more evidence related to gender integration and impact:** RIPA-North places a strong focus on gender integration across all interventions. This was also the case for the MSE services / interventions described in this brief, yet the 'Annual MSE Survey' provides limited insights into the success of this gender integration process. Future surveys should capture more information about how the service providers are adapting their models to cater for the needs of female-owned MSEs, and the experience and perceptions of female-owned MSEs who are accessing the services.



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Resilience in Pastoral Areas – North (RIPA-North) is a five-year, \$38 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.