



YOUTH VESA BUSINESS

The USAID funded SPIR Program, led by World Vision in a consortium with CARE and ORDA, is intended to help households in the PSNP4 program achieve food security for their households through a combination of savings, diversifying their sources of income through income generating activities, and skills training that can help them graduate from food assistance. This complementarity is core to the success of the collaboration between the GoE and the USAID funded SPIR Program. SPIR supports 526,444 direct project participants in the Amhara, Oromia and SNNPR regions of Ethiopia.

More than 50% of Ethiopia's young people are unemployed, and struggling to find ways to support themselves and contribute to their families. The SPIR project is helping youth of PSNP households' family to create their own employment opportunities through soft skill training provision and organizing into youth VESA thereby access credit that helps to engage on IGAs.

Youth VESAs

Youth VESA's work exclusively with young people from families that are on Ethiopia's Productive Safety Net program, the poorest families in Ethiopia. They take the VESA methodology traditionally applied to adults and focus it on young people who typically do not own land and are dependent on their parents. In one of the CARE's operational area namely East Harraghe, most youth only have opportunities for occasional day labor and petty trading, which is not a stable or predictable income. This makes it especially challenging for youth to be in VESAs, because they cannot count on even the meagre agricultural income that their parents depend on. This is part of why SPIR's activities for youth VESAs focus on building businesses that can employ the youth members and provide incomes.

1,137 youth received soft skills training across all SPIR/CARE operational woredas. As a result, 748 have organized into 38

Youth VESA groups. Together they have saved 353,913 ETB (USD \$12,796) in the first year of saving.

Starting Businesses

The business training for youth VESAs includes looking at local value chains to see what can be profitable and supply local markets. Youth get training in a range of activities, and the skills to look at startup costs, market opportunities, and potential profits before they start building a business. Using these skills, the groups choose what businesses make the most sense for them to start as a group. Sometimes the money comes from the VESA loan fund, and other times, youth create an additional VESA contribution that goes specifically to saving for the business.

The group also look at what it will take to run that business, and how they can divide those duties across the group so that everyone can earn some income and still have time to take advantage of other opportunities and spend time on their individual income generating activities. The groups re-invest many of their profits into growing the business so that they can continue to provide incomes and create more stable employment opportunities.

Raising a day old chicken is a new business in the area and initiated to address high market demand of poultry producing farmers in the district and requires small area and minimum initial capital to start the business compared to others. It is relatively inexpensive to feed the chickens, and the youth do not need large amounts of land an important consideration, as most young people do not have land of their own. Often, the kebele government will donate some land for the youth group to build chicken coops and start their business. Another reason growing chickens is a popular investment is that in addition to the income earned selling the chicken for meat, there is steady income from eggs to supplement the VESA loan funds or income to the youth who care for them.



CASE STUDY 1: Youth groups in egg business

The (adult chickens) egg producing youth VESA has 25 members, from age 18 to 31 years old. From Having seen adult VESAs before, they were interested in the opportunity to try it themselves. They started saving just 10 birr (0.35 USD) a week, which helped them to get loans for individual income generating activities and fund a social fund to help their members in emergencies. They use the money from these activities to buy clothes and cover their basic needs. Sometimes they use the money from social fund to buy clothes and cover basic needs if a group decided to support a member intentionally

The savings were helpful, but this group wanted bigger opportunities. So as a group, they discussed business opportunities that might work for them. They decided to raise chickens because they didn't need much money or land to get started. In their business plan, the group worked out that they each needed to contribute 450 birr

(15.73 USD) a month for 4 months to cover the startup costs of 78,700 birr (2,751.75 USD). 2 people work every day to feed and water the chickens, and everyone gets involved in selling the 65 eggs a day they get from their production.

CASE STUDY 2: Raising Chicks Pullet Growers

The pullet growers' youth VESA has 15 members between 18 and 28. They started with a regular VESA a little over 1 year ago. After they were established as a VESA, they got a soft skills training that taught them about business opportunities and presented different options that work well in the local market. This group decided to invest in raising day-old chicks into pullets to sell for families that want to participate on poultry production. They started their business with an investment of 65,700 birr (2,297.20 USD), which they used to buy 1,200-day-old chicks with 3 months' feed from Addis Ababa. After 3 months, they were able to sell all of the chicks for 109,000 birr (3,811.19 USD), nearly doubling their initial investment. From that, they put 89,000 birr

into buying more chicks for the second round of raising, and enclosing the chicken house they rent.

This group has big dreams for the future. Right now, they buy all of the chickens from Addis Ababa, over 540km away because there is not a local source for a day old chicken. They would like to expand their business until they can become the providers for chicks in this region. To do that, they'll need to invest in an incubator and some other equipment. They are already building a chicken house of their own on land the local government allocated to them. One day, says Fetiya Reshid —the group's treasurer, "We'd like to be exporting chicken meat to Djibouti."



Fetiya is one of 4 young women in the (baby chickens) VESA. She has a degree in accounting, but was unemployed. So when she heard about the youth VESA training, she joined, just like many young men in her community. Because of her skills, she is now the group's treasurer, and manages the money for their chicken business.

Integration With Other Purposes

Chickens aren't the only business youth get involved in. Another popular activity is land regeneration—where youth get

permission from the local government to fence off an area of barren land and build terraces to prevent erosion and increase soil fertility. The groups grow grasses on these terraces that helps fix the soil. After 2 years, the groups plan to start oxen fattening business by using animal forages /grasses grown in delineated areas and harvesting grasses to sell as animal fodder—another high demand item in local markets.

After working different biological and physical soil and water conservation activities in the delineated area, the youth plan to participate on income generating activity (oxen fattening by using income generated from poultry production as initial capital for fattening) They also provide more fertile soil in communities that suffer from a lack of fertile land, tying into the agricultural component. Since reduced erosion also makes the soil better able to absorb moisture, the land regeneration will help resilience to climate change by preventing flooding and helping grow crops in times of drought. This is also contributing to program purpose 4 that addressing DRR and Climate Change Resilience.

Lessons Learned

Working with youth is different for community facilitators than working with adult VESAs.

SPIR has so far worked with 38 youth VESAs, and is starting to notice some trends. Youth tend to have more education than adults. They are often as educated as the Village VESA Facilitator, and so are sometimes less deferential to that authority than adults might be.

Youth are positioned well to start group businesses, because they can invest more time spread out across group members. They are often excited about trying bigger ideas faster. They are also more likely to be very strict with each other on shares and loan repayment, because they have fewer fallback options for income than their adult counterparts who have land and homes already.

Finally, youth groups require more hands-on coordination and accompaniment than more experienced adult groups do. Because the percentage of youth VESA sin SPIR is currently low, that is not impacting community facilitator workloads to a great extent. However, this might become a challenge in the future as facilitators take on more youth groups.

Visit for more information: www.care.org/spir
Contact: Monzu Morshed (Monzu.Morshed@care.org)
Sisay Awgichew (Sisay.Awgichew@care.org)

CARE Ethiopia

Strengthen PSNP4 Institutions and Resilience (SPIR)
Development Food Security Activity (DFSA)
Yeka Sub City, Woreda 07, House Number 671,
P.O. Box 4710, Addis Ababa, Ethiopia
Tel: +251 116 183 294 Fax: +251 116 18 32 95
facebook: <https://facebook.com/CARE.Ethiopia>
www.care.org

Acknowledgement

This publication was produced by CARE in collaboration with World Vision under the SPIR Program, Cooperative Agreement Number AID-FFP-A-16-00008, funded by the U.S. Agency for International Development.

Disclaimer

This Learning Brief is made possible by the generous support of the American people through the United States Agency for International Development (USAID). The contents are the responsibility of CARE and do not necessarily reflect the views of USAID or the United States Government.