Establishing Successful Student Start-Up Businesses

ATTSVE LEARNING SERIES
Acknowledgments

The Agricultural Transformation Through Stronger Vocational Education (ATTSVE) project was led by Dalhousie University in partnership with Mennonite Economic Development Associates (MEDA), McGill University and Jimma University of Agriculture and Veterinary Medicine (JUCAVM). The ATTSVE project was made possible with the generous support of Global Affairs Canada.

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Abstract

Despite positive perceptions of entrepreneurship in Ethiopia, the country has one of the lowest rates of entrepreneurship in Sub Saharan Africa. As part of the Agricultural Transformation Through Stronger Vocational Education (ATTSVE) project, students in their final year of study at selected Agricultural Technical and Vocational Education and Training institutions (ATVETs) were invited to apply for grants to start or grow an agribusiness. Successful applicants received start-up grants, training and mentorship support, and were required to register their businesses with the government, so they would be eligible for additional support through the local Small-Medium Enterprise (SME) office. Among student business owners and instructors interviewed for this learning document, several gender differences were noted, including men’s broader business networks, gender-differentiated tasks within a business and women’s higher domestic workload which limits the time they can spend on business. Factors that contributed to business success included early-stage support, including start-up grants, skill acquisition and income generation. Challenges included COVID-19, interpersonal dynamics involved in running group businesses and the varying quality of business and financial services. The learning document makes several recommendations for future programming, including ways to support students running SMEs, educational recommendations and important business linkages to facilitate.
About the ATTSVE Project

Agricultural Transformation Through Stronger Vocational Education (ATTSVE) was funded by Global Affairs Canada (GAC) and implemented in Ethiopia from 2014-2021 by Dalhousie University, McGill University, Jimma University of Agriculture and Veterinary Medicine (JUCAVM) and Mennonite Economic Development Associates (MEDA). The goal of the ATTSVE project was to increase the number of men and women graduates from selected Agricultural Technical and Vocational Education and Training (ATVET) institutions in Maichew (Tigray region), Nejo (Oromia region), Wolaita Soddo (Southern Nations, Nationalities and People’s Region), and Woreta (Amhara region), with skills and knowledge required by the labour market for the commercial agriculture sector in Ethiopia.

MEDA was the project lead for business, entrepreneurship, and value chain development, focused on strengthening the educational and economic capacities of the targeted ATVETs through the following interventions:

- **Business advising and Innovation Fund Grants to ATVETs and graduating students** to promote sustainable and replicable income generating activities
- **Strengthening industry linkages** to facilitate skills development, enabling practical learning opportunities for students in appropriate sectors through facilitation of cooperative placements
- **Curriculum development** in value chain and business management in the selected ATVETs

The MEDA ATTSVE Learning Series

This paper is part of a series of learning documents developed by MEDA focused on identifying and sharing key lessons learned over the life of the ATTSVE project. There are a total of four documents in this series, each focusing on a key project element, namely:

- ATVET Income Generation through On-campus Businesses
- Establishing Successful Student Start-Up Businesses
- Industry Engagement through Cooperative Placement Programs
- Market-Driven Business, Entrepreneurship, and Value Chain Curriculum Development

This learning paper focuses on Establishing Successful Student Start-Up Businesses, highlighting what the project has learned about conducting a program that supports students to start and run their own SMEs in Ethiopia.

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1. Technical Vocational Education and Training or TVET is defined as education and training which aim to equip people with knowledge, know-how, skills and/or competences required in specific occupations or more broadly on the labour market. TVET institutions differ from universities in that they focus on providing more practical and experiential learning. Agricultural TVET or ATVET is a sub-set of the TVET system focused specifically on the agricultural sector. In this paper we also refer to ATVETs as agricultural colleges or colleges.
The Innovation Fund

A key component of MEDA’s role on ATTSVE was the establishment of an Innovation Fund with three distinct grant mechanisms supporting project objectives related to college income generation, youth entrepreneurship and industry linkages as outlined below:

<table>
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<th>Innovation Fund Strategy</th>
<th>Overview</th>
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| **Strategy 1: Micro-Value Chain Development Grants**               | • **Description** – Grants for ATVETs to start businesses on campus. Each ATVET chose two commodities for a total of eight grants during the project.  
  • **Goal** – To provide practical learning opportunities for students and instructors as well as provide a source of income generation for the ATVET. |
| **Strategy 2: Student Start-Up Grants**                            | • **Description** – Grants for graduating students to fund new businesses. Students could apply in groups of up to five students. A total of 272 young people (90 women) received grants during the project.  
  • **Goal** – To provide practical ways for students to apply their learnings and provide a source of income generation. |
| **Strategy 3: Student Cooperative Placement Stipends**             | • **Description** – Stipends to cover living and transport costs for students to participate in four- to eight-week long cooperative placements with industry actors. A total of 2,580 students (1,006 women) completed the placement program.  
  • **Goal** – To provide practical learning opportunities for students, work experience and connections to potential future employers. |
Methodology

A combination of primary and secondary research was conducted for this paper. Between February and May 2021, interviews were conducted with five staff members from partner ATVETs and eight students or recent graduates running SMEs. Relevant information from project reports and monitoring documents have been included where appropriate and have been supplemented by secondary research.

The Maichew ATVET is located in the Tigray region, and due to the ongoing conflict, it was not possible to conduct interviews with staff or students for this paper. Where possible, data on Maichew is included from alternative sources, such as project reports.

Interview Respondents

Eight students running SMEs were interviewed, three of whom were women and five men. All interviewees are part of group-run businesses, ranging in size from two to five members. In addition to running a business, seven of the eight respondents receive income from other sources: four are salaried government employees, two run beauty salons and one earns money as a Development Agent (DA), or agricultural extension agent.

Five ATVET instructors, all men, were interviewed from three different regions (Woreta, Wolaita Soddo and Nejo). In addition to being instructors, one is also a Technology, Accumulations and Transfer (TECAT) focal person for SMEs, and another is an Associate Gender Focal Person. Topics of instruction include: entrepreneurship, farm management, business management, customer relations, irrigation, animal science, including dairy production, poultry, beekeeping and camel production, and plant science, including propagation.

Four of the five ATVET instructors support student businesses, providing training on business and entrepreneurship, supporting students in preparing business plans and preparing students who applied for ATTSVE’s Student Start-Up Grants. Four of the five instructors have participated in ATTSVE trainings. Over the life of the project, MEDA conducted 12 trainings with ATVET staff on value chain selection, business planning, business management, financial management, institutional business management, and marketing. MEDA also conducted a training session directly with student SMEs related to record keeping, operations management, marketing, financial management, sustainability and access to finance.

In addition, eight members of college management teams were interviewed.

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2. On the ATTSVE project, student SMEs were defined as those with one to five co-owners.
Entrepreneurship in Ethiopia

The Global Entrepreneurship Monitor (GEM) is a worldwide analysis of entrepreneurial attitudes, activities and growth expectations. Ten countries in Sub Saharan Africa participated in their 2012 survey, including Ethiopia. GEM found that 65% of Ethiopian adults from 18 to 64 years old saw opportunities for going into business, and 69% thought they had the skills and knowledge to start a career in private enterprise. These numbers are below the regional average, where 70% of adults saw opportunities and 76% felt they had appropriate skills and knowledge for private sector careers. The percentage of Ethiopian adults who say they intend to go into business is significantly lower at 22%, less than half the regional average. This translates into one of the lowest rates of entrepreneurial activity in Sub Saharan Africa, with only 12% of Ethiopians starting new businesses, compared to the 28% regional average. Access to finance is widely noted as a significant barrier:

Ethiopia ranked 137th out of 144 countries on this measure. Low levels of education in the country were linked to small numbers of people starting enterprises. In addition, public sector employment dominates wage employment in the non-farm sector: including state-owned enterprises, the government of Ethiopia provides fully half of non-farm wage employment, compared to 32% in low-income Sub-Saharan Africa.

However, entrepreneurs are perceived very positively: 92% of respondents stated that in Ethiopia, successful entrepreneurs have high social status, compared with the global average of 71%. Further, 76% agreed with the statement that “most people consider starting a business as a desirable career choice,” compared to 66% globally. Though only 15% of young Ethiopians between 15 and 34 are entering entrepreneurship, over half say they can see business opportunities and feel they have the skills to be successful.

In interviews conducted for this paper, students and former students running SMEs were asked about their perceptions of entrepreneurship. All eight interviewees stated that they consider entrepreneurship to be a viable long-term career option, and that they believed this perception was typical of young people in their community. Further, they preferred to run a business than to have a salaried job. Self-employment was seen as a way to “live a better life,” to leave poverty behind,
create jobs for others, including family members and change one’s own life and standard of living. In addition to these opportunities for advancement, many interviewees spoke of their enjoyment in running a business: entrepreneurship “gives me a pleasure,” increases self-confidence and is part of a personal vision. Several respondents also noted that youth entrepreneurship is a government priority, which may bring advantages to those running businesses.

“Salary jobs especially are not good for youth because it needs waiting for employment opportunity. Until then, you kill your time, you damage your daily effort in which you may develop new skills, get experienced, etc. and being salaried, you only get an income for your life.”
– Female Student SME Co-owner, KII

Instructors were also asked about their perception of entrepreneurship. Like the students, instructors were positive about entrepreneurship as a way to stimulate national development and a pathway for individuals to earn a living with a degree of freedom and independence. One instructor observed that lack of employment opportunities was a significant problem for young people in Ethiopia, one that “can only be minimized through entrepreneurship.” This was confirmed by another instructor, who said that there were more graduates than available positions in government offices, necessitating self-employment. Another noted that youth entrepreneurship is a government priority, which can give youth advantages in starting and running a business. Despite government support, youth face significant challenges in starting businesses, including lack of financial resources, knowledge and experience.

Interviews with ATVET management yielded more mixed opinions, with half of respondents noting that students were generally not interested in self-employment, preferring to seek government jobs. One stated that the “commitment of trainees is poor,” but noted that this challenge was overcome with close supervision and regular visits to the student SMEs. By contrast, one respondent identified students’ “business attitude” as a key success factor in the SME program. Another noted that some students involved in SMEs have become role models in their communities. Notably, one successful student-run SME provided a placement for a cooperative student.

“If it is conducted and run with full commitment from the beginning, it is more advantageous than employment.” – ATVET instructor, KII

12. Cited twice, by one male and one female student SME co-owner, KIIs
13. Male student SME co-owner, KII.
14. Male student SME co-owner, KII.
15. Male student SME co-owner, KII.
16. Cited twice, by two male student SME co-owners, KIIs.
17. Male ATVET instructor, KII.
18. Male ATVET instructor, KII.
19. Male ATVET instructor, KII.
20. Male ATVET instructor, KII.
21. Male ATVET instructor, KII.
22. Male ATVET instructor, KII.
23. Male ATVET instructor, KII.
Student Start-Up Grant Program

Students in the final year of studies and Development Agents enrolled for upgrading were invited to apply for grants to start or grow an agribusiness. Applicants submitted business plans, including an operations strategy, a financial plan and an implementation timeline. The grant application specified that business activities should be based on a thorough value chain analysis, responding to customer need and should demonstrate a realistic path to profitability. Applicants were invited to consider ways that their enterprises could demonstrate environmental and social performance, including how their business would impact women and youth. In total, 272 students, including 90 young women, were awarded 62 grants to start SMEs over the life of the ATTSVE project. Of these, 32, or 52% were still active at the time of this research.

ATTSVE required successful applicants to launch their businesses with a degree of formality. Specifically, SMEs had to register with the government so they would be eligible for various types of support, including financing and business services that were available through the local government SME office. The level of support varied by region, but this was a key sustainability strategy for ATTSVE, as the government offices will continue offering services after the project has concluded. In addition, SMEs were required to open bank accounts in which to receive the project grant and also to link students to long-term financial services. Finally, SMEs signed a contract with the colleges, outlining the commitments on each side, namely that the college would provide mentoring visits, linkages to the local SME office and other service providers and value chain actors; SMEs committed to using the funds according to their business plan, and agreed to run their business according to Ethiopian law.

ATTSE staff and ATVET instructors regularly conducted follow up visits to student SMEs, providing mentorship and tailored recommendations on ways to improve the business. Recommendations ranged from areas to improve student knowledge (e.g., stronger bookkeeping needed, more detailed business records needed, e.g., weight of animals), ways to diversify the products or sales channels, workplace safety and business layout for greater productivity.

As noted above, over half of the businesses are still active. Some business failure and closure was expected, given the high rate of failure among start-up businesses in Ethiopia and globally. To maximize success rates, the ATTSVE team and ATVET staff provided as much training, coaching and follow up support as possible to student SMEs. Where these efforts were unsuccessful, colleges terminated contracts between the ATVETS and the SMEs, prioritizing support for those businesses that are motivated to succeed.

24 MEDA began to provide training on business plan development from the second year of the project to build the capacity of students and instructors.

WTAG Poultry: Student SME Thrives in Nejo

In 2017, WTAG Poultry was started up with a grant from the ATTSVE project. The SME is run by two women, one of whom also works in a beauty salon. Originally, the business produced and distributed eggs, but fluctuations in the price of feed prompted them to adjust their business model. Now, they purchase day-old chicks which they raise for 45 days and sell.

The 45-day old chickens bring quicker turnaround than the egg layers, which required four to five months of raising before they produced a single egg.

Co-owner Gadise Teshome says, “entrepreneurship is a good thing in which you can own your own assets beyond a hand to mouth way of life in employment kind of jobs. So, I perceive it as good.”
Sectoral Focus

Seven of the eight youth entrepreneurs interviewed noted that agricultural businesses were well-suited to their region, specifically identifying poultry (both eggs and chickens), dairy, animal fattening and input supply as promising opportunities. One respondent noted that products from these subsectors are in demand and that buyers are easy to find. In addition, there are lower barriers to entry: “the starting capital is not as huge as others.” The eighth interviewee suggested that service provision was an area of business opportunity because of her region’s remoteness. Service provision could include renting agricultural equipment to farmers.

Group-run Businesses

Of the 62 businesses supported by ATTSVE, all but two were started and run by groups. The start-up grant funding offered by the project was on a per participant basis, so many students formed groups in part to access larger amounts of funding. As noted above, all eight entrepreneurs interviewed for this study were involved in group-run businesses. Five of the eight groups had lost at least one member, with one group losing three of its five original members. The interviewees portrayed the shrinking groups in generally positive terms, with several interviewees noting that departing group members had not been willing to work hard. One entrepreneur described the departing member as having a “problem of discipline,” another left preferring to work as an employee in a government office; a third noted that one of their former members “wanted to be a boss in the group and became dictator.”

For many, the opportunity to run a business as a group was a positive experience, and possibly even a significant factor in their success. “Working in a group makes business running easier. In a group, your money, time and effort come together, making jobs easier, allowing your dream to happen in short time.” Over half of the respondents stated their group commitment was an important factor in their business success.

Interviewees described several advantages of working in groups, including the ability to share ideas and experiences, sharing resources, promoting creativity and accessing networking and support from other members. Disagreements and disputes were the most frequently cited drawback of running businesses in groups. Interviewees also noted that some members lacked team spirit, punctuality and accountability.

Interviewee responses can be seen in the charts below:

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25. Male student SME co-owner, KII.
26. Male student SME co-owner, KII.
27. Female student SME co-owner, KII.
28. Female student SME co-owner, KII.
Gender Dynamics

The eight interviewees are engaged in running six businesses. Two of the groups are men only (Gebeta Goat Fattening and Wogeta Poultry), two groups are women only (WTAG Poultry and Nejo Animal Feed) and two have both men and women (Sebatimit Poultry and Kelela Sheep Fattening). All eight student respondents, including three young women, believed that young women have the same opportunities to start and run businesses as young men in their region. All eight also believed that young women and young men had the same access to finance and to markets for their products. One respondent acknowledged that while both men and women get business and market information from the same sources, most men have wider networks and therefore greater access to such information. A woman respondent noted that while men and women might have the same opportunities, they may perform different roles or jobs within a business. For example, some tasks were perceived as risky for young women. An SME providing maize shelling services employed men to visit clients because the necessary travel may expose women to gender-based violence. Livestock businesses require someone to watch the animals at night, which was similarly seen as unsafe for women. In cases where men were not contributing adequately or fulfilling these roles, the businesses suffered.

The five instructors interviewed noted several gender differences in terms of opportunity and access to resources. Three respondents stated that young women and young men have the same opportunity to start and run a business, but noted several caveats to this, such as women’s higher domestic workload, which limits the time they have to spend on business. One noted that if men and women prepare good business plans, their access to finance from banks or microfinance institutions should be the same; however, young men are more likely to be successful in accessing funding from their families. Two respondents stated that young women face more challenges than men, including a community preference for women to do domestic work over business activities. Other gender-specific challenges noted include women’s lower levels of mobility, more limited access to finance and lack of community trust in women where business is concerned.

29 Female student SME co-owner, KII.
Results and Discussion

Business Successes

Early-Stage Business Support
All respondents indicated that early-stage support for their businesses was essential for success. Respondents were extremely positive about the support they received from the ATTSVE project, with all eight stating that the start-up grant was vital to their success and three-quarters wishing they had been able to receive additional funding. Training, follow up and advisory services were also listed as important. Three-quarters of respondents would like to have received even more training to refresh their knowledge of key skills and topics. They also expressed the desire for more opportunities to share knowledge and experience with other student entrepreneurs.

Skill Acquisition
All interviewees agreed that starting and running a business helped them to learn and practice a range of important skills, including business, financial and staff management, business plan development, problem solving and communication skills, specifically talking to government offices. One respondent noted that having larger customers contributed to their business success; being able to identify and serve a range of clients was important to business growth. Over time and with practice, interviewees noted that some skills became easier. In particular, students became more comfortable with financial management and sourcing inputs. They also gained confidence in setting prices and understanding where to sell their products. Two of the groups have formed certified cooperatives, indicating a level of organization and formality.

Income Generation
All businesses being run by interviewees were still active at the time of writing and all eight stated that they earn money from their businesses. In addition to running a business, seven of the eight respondents receive income from other sources: five are salaried government employees and two run beauty salons.

30. Female student SME co-owner, KII.
Challenges

COVID-19
Interviewees described several challenges that they faced in running their businesses. Unsurprisingly, with interviews occurring in early 2021, COVID-19 was the most frequently referenced challenge. Lockdown measures resulted in restrictions on movement, limiting people’s ability to purchase input supplies or sell products at market. There were also financial implications; the ATTSVE project halted any fund transfers until project staff could visit SMEs. This resulted in delays of several months.

Navigating Group Businesses
As mentioned earlier, almost all businesses supported by ATTSVE were run by groups of students. Start-up funding provided by the project was allocated on a per participant basis, so many students formed groups in part to access larger amounts of funding. Group formation provided many benefits, including increased solidarity, support and resources. However, some experienced challenges arising from group dynamics, disputes and lack of accountability among members. ATTSVE staff found some evidence that groups from Woreta ATVET were more successful, possibly because these students were older, mid-career professionals upgrading their skills. In addition to having agricultural skills and often an ongoing source of income as Development Agents, they were also more experienced at workplace dynamics.

Limited Financing Options
Cash shortages were the next most frequently cited challenge, with one respondent noting the small size of the grant received from the project. Half the respondents noted that finding financing was becoming increasingly difficult. One noted, “finding cash is our headache.”

Quality of Business and Financial Services
Access to business and financial services varied significantly across the respondents. While all stated that they could access savings and loans, many noted the low quality of the products; fewer than half could access insurance, and only through private providers. Almost all interviewees were able to access training in business plan development, business management and entrepreneurship, but the quality varied widely. Market research training was a notable gap, with fewer than half stating they had access. Training was largely lecture-style classroom-based instruction, with only two respondents noting they had opportunities to share experiences during classes. Most respondents recommended that ATVETs provide more practical training, field visits and hands-on experience.

Location
Remote locations contributed to challenges for some SMEs. In some cases, remote SMEs had difficulty finding appropriate suppliers and markets. From a project perspective, ATTSVE found that applicants who were far away from the ATVETs presented logistical challenges in terms of being able to provide support. SMEs were sometimes located one- or two-days’ drive away from the ATVET and though the project ultimately decided that location could not disqualify an applicant, such distances made visits and support challenging.

31. Male student SME co-owner, KII.
Lessons Learned and Recommendations for Future Programs

Based on the project documents and the key informant interviews conducted for this study, the following recommendations are offered for future programs:

Running a Student SME Program / Supporting Students

Allocate resources to support student businesses
Student businesses may require significant levels of support to move from the start-up phase to successful operation. The ATTSVE staff found that regular mentoring visits to student businesses were necessary, ideally for the first two years of operation. This requires budget for staff time and travel costs, particularly when the businesses are located further from the ATVETs. As a sustainability strategy, projects should identify other local and regional resources that can contribute to business support and monitoring, such as the government SME bureaus.

Mixed livelihoods
Most student entrepreneurs in this study were employed in addition to running a business. Wage employment can provide stability, especially in the start-up phase of a business, allowing the entrepreneur to keep profits invested in the business. Programs supporting students or recent graduates could consider encouraging students to combine employment and entrepreneurship while they consider whether they wish to run a business full-time.

Students at the Woreta ATVET were all employed as Development Agents and were attending college to upgrade their skills, as opposed to starting their working lives. Though project staff anticipated that these students might face challenges balancing full-time jobs and their SMEs, they were actually considerably more successful, likely because of their higher levels of agricultural and work experience. They were able to engage in mixed livelihoods that complemented each other.

Consider group vs individual businesses
Most businesses supported by the ATTSVE project were run by groups of students. There are advantages and disadvantages to group businesses, but when groups are self-selecting and members are committed, they can increase the skills, contacts, creativity and human resources available to the business. In terms of providing support to young businesspeople, it is important to mitigate against potential pitfalls of group enterprises. For example, ATTSVE required all businesses to open a bank account, and each group member was a signatory. When individuals left the group, the bank required them to officially waive their rights to the bank account, or none of the other members could access the funds.
Funding
If the program is providing funding to student businesses, be clear on what behaviours the financing incentivizes. For example, on ATTSVE, the funding amount was offered to groups on a per participant basis, meaning that larger groups received more funding. In some cases, students formed larger groups to access more funding, but encountered challenges with group dynamics.

Reporting requirements
When providing financial support to student businesses, a degree of documentation will be required to trace funds. It is important to be realistic about the paperwork that new businesspeople with varying degrees of literacy will be able to complete or provide. For example, the student SMEs frequently experienced challenges providing receipts for expenditures. In economies with a degree of informality, it can be a challenge to obtain receipts for small expenditures. Projects should consider alternatives such as a threshold, below which a receipt is not necessary. Project staff may need to negotiate with donors on such documentation requirements.

Educational recommendations

Focus on key skill acquisition
To be successful, students must have competencies in financial management, marketing, business operations and record-keeping. Training programs should ensure students have practical knowledge of how to implement these core skills in their businesses. To optimize this skill acquisition, classroom training should be accompanied by opportunities for hands-on learning, such as cooperative placements and working in demonstration plots.

Incorporate entrepreneurship and business skills into all technical courses
Wherever possible, business and entrepreneurship should be mainstreamed into all courses, in addition to being taught as standalone classes. For example, agriculture courses should include training on how to run farms as a business, how to select price and products and how to understand the changing needs of the market. It is important to acknowledge that curriculum reform takes time. ATTSVE worked to incorporate entrepreneurship more widely into the college curricula, and approval was eventually received for some of the changes, but it took several years (see the Market-Driven Business, Entrepreneurship, and Value Chain Curriculum Development Learning Paper also available on MEDA’s website for further details on this component of the project). In the shorter term, projects should look for opportunities to provide short, targeted courses or skill building opportunities outside the formal curriculum, such as extracurricular clubs.
Linkages

Entrepreneur network
Look for opportunities to connect student entrepreneurs and recent graduates with each other to share knowledge and advice. On-campus entrepreneurship clubs and networks can provide valuable ongoing mutual support, especially when college support ends after graduation. Networks can include in-person gatherings, especially for students still attending college. Alternatively, groups can communicate through electronic platforms, such as WhatsApp or Facebook groups.

Awareness of available services
Ensure that students are familiar with ongoing assistance and services that are provided in their community. In Ethiopia, many services are offered or coordinated through the government SME office; to maximize this linkage, ATTSVE required student SMEs to register with the government before releasing grant funds. Students should be encouraged to register their businesses with the appropriate authorities to ensure they are informed of training, linkages and other services being provided. Almost half of the student entrepreneurs noted that support from the SME office was a factor in their business success.

Linkages with Financial Service Providers
Financial capacity building is vital for strong business performance. As noted above, this should include core skills such as record keeping and cash flow management; in addition, entrepreneurs need to be able to judge which financial products will benefit them at different points in their business life cycle and which financial institutions have terms that will be most appropriate for them.

Colleges or development programs should consider linking student entrepreneurs to financial service providers offering appropriate products (e.g., savings, loans, insurance), through financial capacity training, exposure visits to institutions and discussions with financial institution staff (e.g., inviting staff to training sessions to share product information).32

Encourage students to establish financial history with institutions, for example by opening a savings account. In Ethiopia, many financial institutions require a ‘down payment’ from a potential borrower and a savings account can form the basis of such collateral.

32 In line with best practice, MEDA strongly encourages promotion of multiple options from a range of institutions.
Conclusion

The six student-run SMEs profiled in this learning paper are examples of successful initiatives which benefitted from targeted support provided by the ATTSVE project and their respective colleges. Student entrepreneurs identified early-stage support as a critical success factor, including a start-up grant, training and advisory services. Running businesses allowed the students to use and deepen a range of skills, including financial management, marketing, communication and negotiation. Despite challenges caused by limited financing, varying quality of available business services and COVID-19, all eight students interviewed for this study were extremely positive about the benefits of running a business as a viable career choice.

Future programs should consider the myriad benefits of supporting students to start and run businesses in a safe environment, where they are provided with the necessary financial, business and mentorship support to succeed. Building the next generation of entrepreneurs will contribute to dynamic local and national economies.

Entrepreneurship “enhances people’s self-management capacity and avoid dependency on others. Rather than [become an] employee of organizations, I encourage people to self-employ through entrepreneurship.” – ATVET instructor
Creating business solutions to poverty

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<td>1-800-665-7026</td>
<td>meda.org</td>
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