

CBMS SESSION

partnership for
economic
policy



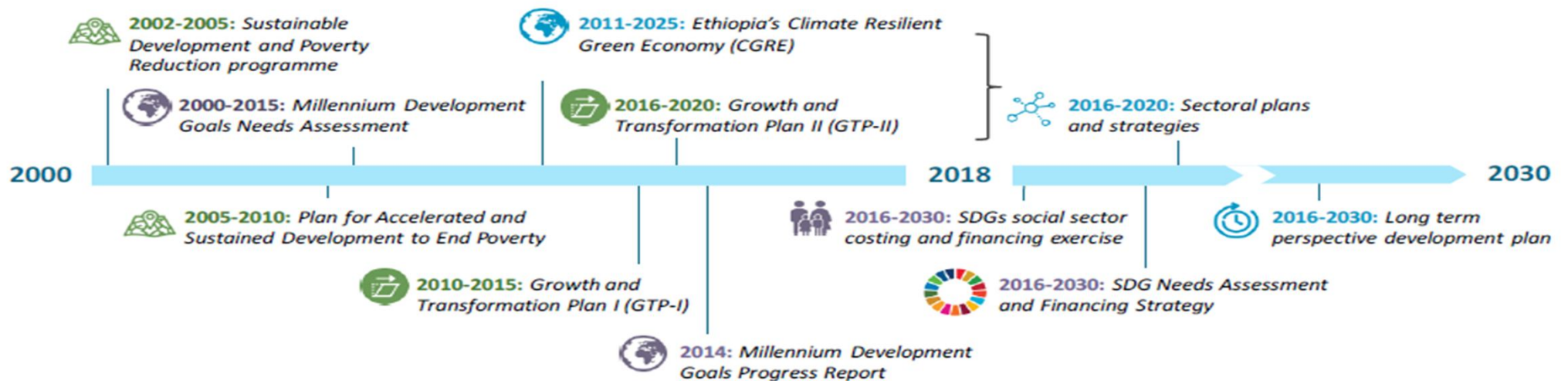
**COMMENTS ON DETERMINANTS OF FINANCIAL INCLUSION FOR YOUTH
ENTREPRENEURSHIP AND ON STRATEGIES FOR INSTITUTIONALIZING
CBMS IN ETHIOPIA**

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I. RELEVANCE/IMPORTANCE OF THE RESEARCH STUDY GIVEN THE CURRENT DEVELOPMENT PRIORITIES OF THE COUNTRY

- ❑ **Vision of the Country:-** Becoming LMIC by 2025 by ensuring economic inclusiveness, social and democratic justice.
- **Instruments of Realization of the Vision:-** National Development Plans integrated with Global Development Agenda (Such as MDGs, SDGs, Agenda 2063 of AU) and M&E Policy Matrix(RBME)



I. RELEVANCE/IMPORTANCE OF THE RESEARCH STUDY GIVEN THE CURRENT DEVELOPMENT PRIORITIES OF THE COUNTRY

- **Results Gained By Implemented Plans:** Double digit economic growth, poverty reduction and provision of social and physical infrastructures.
- **Basic constraints/ Loop Holes of the Plan:** the growth lacks quality and sustainability in various aspects such as
 1. **Employment generation:-** not creating more, better and inclusive jobs
 2. **Structural transformation:** - transformations driven by private sector entrepreneurial reforms is lagging
 3. **lacks inclusiveness:** - financial, social and economic inclusiveness of gender, skill, disability, location etc..
- **The identified priorities:-**Therefore, this study contributes a lot in filling a knowledge gap in the policy areas of financial inclusion and entrepreneurship development disaggregated by age, sex, location, etc. using method of CBMS

II. EXTENT OF AVAILABILITY (OR ACCESSIBILITY) OF INFORMATION (EVIDENCE) ON THE POLICY ISSUE THAT WAS EXAMINED BY THE RESEARCH STUDY.

❑ Main Sources of Data In Ethiopia For Policy, Planning, and M&E:-

➤ CSA Census and Surveys; and Administrative data. However, two big issues / constraints are facing the information gathering process

1. **CSA data: lacks dimensionality in terms of sector, space and time:**

2. **The administrative level data lacks consistency, sampling and variation standards and reliability**

➤ Therefore, this study helps to cover the basic baseline information about the main indicators of the policy issues disaggregated across space, time, age, sectors, sex etc. in detail at woreda/local level.

❑ The data landscape of the policy issues under consideration are presented in the following table

➤ Main Policy Issues: Financial inclusion, employment, entrepreneurship, income level,

➤ The policy issues of the study are highly related with SDG 8 targets and indicators.

II. AVAILABILITY (OR ACCESSIBILITY) OF INFORMATION (EVIDENCE) ON THE POLICY ISSUE CONT....

SDGs	Indicators for the SDGs Targets	Baseline country	Baseline study area	LMIC LD	Remarks
8	unemployment rate	9.5	45 ▪ 26.9(MU/26.9FU);69.7DE/45.7NDU;33YU/63.5NYU	23.9	Disaggregated by sex, disability and age; at location level.
	Proportion of informal employment in Nonagricultural sector f employment rate, by sex	25.8	98.7 ▪ (agriculture);(non agriculture)		Disaggregated by sector but by location and sex
	Average hourly wage	18	13.2 ▪ 17.6(M);8.7(F);9.3(d);14(Nd)		Disaggregated by sex, disability but not by location.
	National Youth NEET rate aged 15-24 years is	14.4	29.9 ▪ 20.1(NY)	34.5	Disaggregated by age but Not by gender and location.
	Child(5-17) labor participation rate is	19	3.06 ▪ 55.8(m);44.2(f)	35	Not disaggregated by location
	Proportion of adult (15 years and older) with an account at a bank or other financial institution or with a mobile money service provider	36	67.5 ▪ 34.8(Youth); 32.37(Female youth); 37.7(Male Y);46.1(W10);31.8(G);8(MG)	13	disaggregated by sex and location, age.

III. THE RESEARCH FINDINGS /CONCLUSIONS THAT VALIDATE CURRENT SITUATION IN THE COUNTRY (NATIONAL AND/OR LOCAL)

- ❑ **Currently identified basic intervention on financial inclusion** is: using Mobile banking is a key strategy for delivering financial services to unbanked populations, in fulfillment of SDG 8.10.
- As of 2017, less than 1%(in Kenya it is 42 % using M-Pesa) of all adults in Ethiopia used a mobile money account, and financial institution accounts represent all of the 35% of adults (World Bank, 2017a)
- Therefore, underpinned by the countries Goal to stretch adult financial inclusion up to 100% using formal financial institutions and Mobile Money , the following findings are most relevant.
- ✓ **Access to Technology and its utilization rate :**
- ✓ **Gender sensitive financial inclusion:-**
- ✓ **Financial information related finding:-**
- ✓ **Distance to FSP :**

IV. ADDITIONAL INFORMATION THAT CAN HELP EXPLAIN THE RESEARCH FINDINGS AND CONCLUSIONS

- ❑ **Some methodological considerations to enhance the robustness of the findings/conclusions**
- **Heterogeneous Assessment :-**
 - ✓ Degree of Financial inclusion on ordered logit Model disaggregated by location.
 - ✓ the effect of determinants on the FI using logit in various places.
- **Selection Bias:-** Comparing those who are legally restricted (below 18 years) with the others leads to selection bias due to truncation or censoring. Correcting it using trunreg model is advised.

V. MOST USEFUL POLICY RECOMMENDATIONS OF THE STUDY WOULD BE

❑ **Most Useful Recommendations:-**

- context tailored services provision, technology utilization, gender orientation, training provision and access creation are more relevant to the current priorities of the country.

❑ **Additional information that can help improve the recommendation**

➤ **Impact evaluation(PSM) of FI on Welfare of Youth:**

- ✓ **Treatment Vs Comparison Group:-** from the whole sample of Youth or from the sub sample of entrepreneur (Business owners) ?
- ✓ **Baseline assessment:-**Pre and post equality test on the individual characteristics in crucial.
- ✓ **Heterogeneity analysis:-** on the impact of various types of financial inclusion on the welfare of the youth disaggregated by location, gender etc. if possible.

ADDITIONAL INFORMATION THAT CAN HELP IMPROVE THE RECOMMENDATION

- ❑ **Iv probit model on the impact of Interest rate on Financial Inclusion:**
 - **Fitness of the Model:-** for continuous endogenous variables not for a binary variable.
 - **Test for endogeneity:-** good step to avoid risk of Using IV rather than OLS.
 - **Selection of Instrumental Variables:-** not well justified by IV Criteria.
- ❑ **insights/suggestions on how to improve conflicting recommendations**
 - **internal consistency:-** determinants of **FI not well** disaggregated by FS type (e,g, age)
 - **external consistency:-** scaling up informal Financial Service Provision????
- ❑ **some additional policy implications based on the results of the research study**
 - **It would have become more better if the impact analysis is more disaggregated by disability, location and skill levels, employment status etc...**

VI. STRATEGIES TOWARDS INSTITUTIONALIZING CBMS

□ prospects of the uses of CBMS in the country at the national or local level:-

1. Government Initiatives:-

- ✓ RBMEs and Evaluation Framework , SDGs needs assessment and Implementation of SDGs via active participation of stakeholders using steering Committee and High level technical committee.

2. CSOs Initiatives

- ✓ For example; CCRDA in Arsi Zone in the policy areas of good governance and health areas using community level monitoring system and (HEP) projects Gurage zone, and other woreda level engagements

3. Private Sector Initiatives:

- ✓ E.g.. Chamber of Commerce

4. DPs Projects :

- ✓ E.g., World Bank and ILO , DFID, involving in more, better and inclusive job creation projects using Community based micro level evaluation; and HPN Forum
- ✓ Gov, DPs, CSOs and PS joint forums :- involving in problem identification up to M&E stages and resource mapping process.

VI. STRATEGIES CON....

- ❑ **Strategies to institutionalize CBMS at local level:-** in this case two channels are possible
- ✓ **CSO via woredas to sector plans:-** planning, resource mapping and M&E process (E.g.. Health sector Planning Process)
- ✓ **CSOs Via Public Wings to transparency, M&E** to the sectoral planning process from bottom to top approach(public empowerment and participation.).
- ❑ **CBMS At the national level: -**
- ✓ Government -- DPs policy interest ----DPs with CSO
- ✓ PDC(RBMES, SDG Committee)---stakeholders participation.

THANK YOU!!