

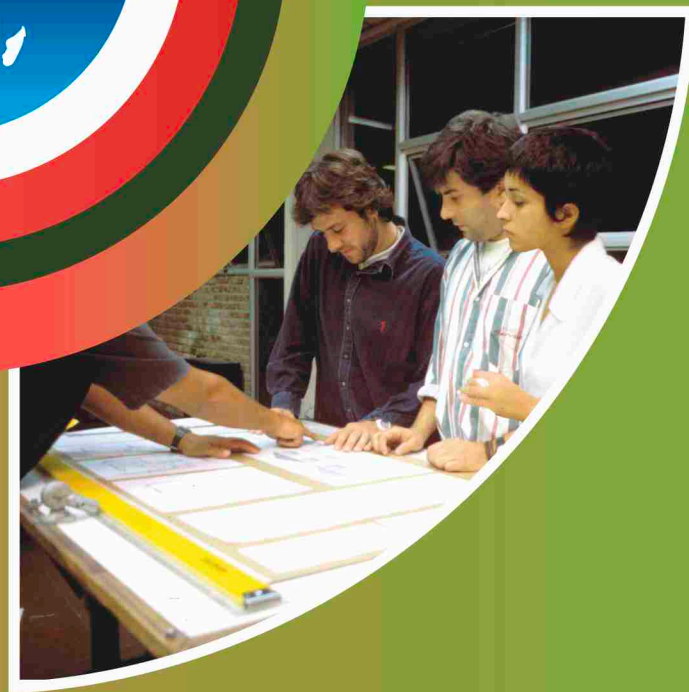


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Social and Solidarity Economy: An opportunity to enhance youth employment



The Reader 2013

Social and Solidarity Economy: An opportunity to enhance youth employment

Social and Solidarity Economy Academy,
8-12 April 2013, Agadir, Morocco

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THE READER 2013: "SOCIAL AND SOLIDARITY ECONOMY: AN OPPORTUNITY TO ENHANCE YOUTH EMPLOYMENT"

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Introduction

In 2012, almost 75 million young people worldwide were out of work, of whom many have never worked, with many millions more mired in low productivity and insecure jobs. Four million more young people today are unemployed than in 2007 and more than 6 million have given up looking for a job. More than 200 million young people are working but earn less than US\$2 a day. Informal employment among young people remains pervasive. Persistent youth unemployment carries very high social and economic costs and threatens the fabric of our societies (ILO Resolution on The Youth Employment Crisis: A call for Action, 2012). At the same time, young people carry the promise of changing society for the better. More than ever, there is a need for innovative approaches to tackle youth unemployment amongst youth.

This reader compiles a set of case studies, in which Social and Solidarity Economy (SSE) organisations worldwide address the challenge of youth employment in different ways. In times of social, environmental, economic and financial crisis, these are inspiring stories where young people take the initiative to get together, start their own businesses, create jobs and become the owners of their future.

A common feature of the case studies is the focus on the role of entrepreneurship: young people who take the initiative to shape their own opportunities and create jobs. The article by Youssef Alaoui Solaimani on SSE in Morocco highlights the importance of entrepreneurship and the self-generating employment capacity of the SSE. Other initiatives show how SSE can be successful in integrating vulnerable groups into the labour market. In looking at SSE in Brazil, Leandro Pereira Morais pushes the conceptual borders of SSE by focussing on largely government-led programmes to address integration in the labour market through training, capacity building and assistance in marketing. Public policy is key in the various case studies. Legal frameworks and policy measures are indispensable to shape the right conditions for SSE organisations to address youth employment. Governmental policies may also foster the development of, professionalization or access to financing. Frederick Wanyama analyses funding schemes directed at SSE in Kenya, involving training on entrepreneurship and the development of business development services. In her article on Mali, Vietnam and Quebec, Nancy Neamtam unfolds the political dimension of SSE, highlighting partnerships with governmental actors. Other cases stress the importance of networking among SSE organisations. In the article by Roberto Di Meglio, the research mentioned about East Africa touches on horizontal, inclusive and egalitarian networks of production.

The SSE may contribute directly to economic growth and job creation, as one of its major strengths is its empowering, emancipatory role. Young people get together; gain confidence and independence; communities mobilize to address the unmet needs of their most vulnerable people; or neighbourhoods organize to express their political interests and values. These are important results, if not the most important, to take into consideration in assessing the role of SSE in addressing youth employment.

This reader has been drafted to coincide with the 3rd ILO Academy on the Social and Solidarity Economy, held in Morocco in 2013. It aims to share experiences and methodologies of SSE Organisations and their contribution to youth employment worldwide.

We wish a good journey through this work.

Chapter 1: SSE and Youth Employment: The case of Public Works and Employment Programmes in Brazil

Leandro Pereira Morais

“Investment must be stepped up, especially in tradable sectors and in people’s skills. But crucially, job creation must be treated as a priority on its own because jobs create growth. Programme countries cannot simply wait for jobs to be created as a result of growth and external demand”¹.

1.1 Abstract

The Social and Solidarity Economy (SSE) is cross-cutting and inter-sectoral in that it is capable of mobilizing different areas of public and social intervention. SSE initiatives and ventures and the respective actions and effects may lead to opportunities for integration into society and employment, particularly for disadvantaged groups such as young people with few prospects from vulnerable communities. The debate can be furthered by considering the potential of Public Works and Employment Programmes (PWEs), which are large-scale government job creation initiatives for vulnerable groups based on SSE principles. An analysis of a number of international experiences currently underway shows that such programmes are becoming increasingly important at global level and can contribute towards socio-economic inclusion, particularly for more socially and economically disadvantaged groups. Recent experience in Brazil under the “*Brasil sem Miséria*” programme is a particularly interesting example.

1 Jobs for Europe Conference – conclusions by Commissioner László Andor, September 2012. Available at: http://europa.eu/rapid/press-release_MEMO-12-653_en.htm?locale=en

1.2 Introduction

The Social and Solidarity Economy (SSE) is cross-cutting and inter-sectoral in that it is capable of mobilizing different areas of public and social intervention, since the actions involved encompass economic objectives (job and income creation), social objectives (enhanced social interaction and stronger regional links), political objectives (creation of public forums in which to analyse, discuss and resolve problems), cultural objectives (new production and consumption patterns) and environmental objectives (pro-sustainability environmental re-education).

SSE initiatives and ventures and the respective actions and effects may lead to opportunities for integration into society and employment, particularly for disadvantaged groups such as young people, women, migrants, etc. This is because different SSE programmes include training, capacity-building, marketing and credit policies, along with other mechanisms focusing on collective production units which fall within the definition of solidarity-based economic enterprises (SBEE)².

2 **Solidarity-based Economic Enterprises (SBEE)** are: a) collective and supra-family organizations (associations, cooperatives, self-managed companies, production groups, exchange clubs, etc.) involving urban and rural workers who self-manage their activities and the distribution of their results; b) permanent organizations (rather than casual ventures); c) organizations that may or may not be legally registered, their de facto existence or regular functioning being more important; d) organizations that engage in economic activities such as goods production, provision of services, credit funds (credit cooperatives and community revolving funds), marketing (purchase, sale and exchange of inputs, products and services) and food banks; e) individual or complex, i.e. organizations of various degrees or levels, provided the above characteristics are met (SENAES, 2012).

The debate can be furthered by considering the potential of Public Works and Employment Programmes (PWEPs). These large-scale government job creation initiatives for vulnerable groups are regarded as medium to long-term structural programmes, the main objective of which is to address structural unemployment and poverty (Lal et al, 2010)³.

An analysis of a number of international experiences currently underway shows that such programmes are becoming increasingly important at global level. An initiative was recently launched in Brazil (2011) which is consistent with the rationale underlying PWEPs: “Brasil sem Miséria” [Brazil without Misery]. This programme seeks, inter alia, to eradicate poverty by means of integration into working life and is geared towards low-income Brazilians.

What PWEPs have to offer in this respect is relevant and can help to strengthen SSE activity while seeking to integrate disadvantaged groups (such as young people with few prospects from peripheral regions) and to ensure that the public sector creates work, employment and income. Despite the positive effects observed in some countries researched, however, it is still premature to make authoritative judgements (*Brasil sem Miséria*, for example). These programmes must therefore be subject to further scrutiny and impact assessments and their continuity must be discussed at greater length in the light of political cycles and changes in power, a challenge this paper seeks to address. After this Introduction, this paper discusses links between the SSE and PWEPs, and goes on to outline recent experience in Brazil (*Brasil sem Miséria*) and other countries in this area. This is undoubtedly an important and relevant issue, particularly in the present climate, the potential and limits of which merit deeper reflection.

1.3 The SSE and Public Works and Employment Programmes

PWEPs, large-scale government job creation programmes for vulnerable groups, are regarded as medium to long term structural programmes rather than mere “safety nets”⁴.

Table 1 – Potential of Public Works and Employment Programmes (PWEPs)

PWEPs ultimately seek to counter structural unemployment and poverty. According to Lal et al (2010:11), “Employment Guarantee programmes have multi-faceted economic, social and regional benefits” (p.11). These programmes include activities such as the regeneration and cleaning of streets and public spaces, road building in rural areas and the extension of basic sanitation. They therefore extend and improve regional infrastructure while prioritizing the integration into society and employment of socially and economically disadvantaged people.

In terms of social protection, PWEPs can contribute towards interaction between different social assistance and cash transfer programmes. For the authors, employment guarantee programmes can be complementary to other forms of social protection and assistance programmes which seek to stimulate consumption, promote investment in human capital and help to mitigate inequality and social and economic vulnerability. The principal positive effects of these programmes are set out below.

- a) In terms of social inclusion these programmes can have an immediate impact by reducing unemployment, particularly during economic crises and/or in vulnerable run-down areas. The authors take the view that programmes of this nature seek to generate income opportunities as social protection rather than as charity,

3 Lal et al. Public Works and Employment Programmes: towards a long-term development approach. International Poverty Center, 2010.

4 Lal et al (2010), in “Public Works and Employment Programmes: towards a long-term development approach”, present, reflect on and analyse public employment programmes.

and also allow poverty to be viewed as a multidimensional issue, thus facilitating a more comprehensive response interlinked with other areas of involvement, enabling excluded social groups to be integrated. It is therefore *“superior to other types of social programmes”* (p.12).

- b) In socio-economic terms these programmes help to mitigate the problem of insufficiency/lack of basic household income by generating employment, work and income for beneficiaries who, by doing the work, guarantee a cash income. PWEs also reduce the length of time beneficiaries are unemployed, which subsequently ensures better conditions for reintegration into working life and for restoring social links and networks that have been lost or weakened during periods of unemployment and exclusion. They can also help to reduce the informality of the local/regional/national labour market and integrate young people – particularly the vulnerable with few prospects – into the labour market. It should be noted that the integration of young people into the labour market is an objective which is being pursued at global level. Information from the *General Conference of the International Labour Organization*, Geneva (2012)⁵, draws attention in *Report V*, entitled: *“The youth employment crisis: Time for action”*, to the following:

Table 2 - The youth employment crisis: Time for action

“In 2012 close to 75 million young people worldwide are out of work, of which many have never worked, with many more millions mired in low productivity and insecure jobs; 4 million more youth are unemployed today than in 2007 and [that] more than 6 million have given up looking for a job; this unprecedented situation can result in a long-lasting “scarring” effect on young people, particularly from disadvantaged backgrounds; [that] persistent youth unemployment and underemployment carry very high social and economic costs and threaten the fabric of our societies” (ILO, 2012: p.163).

- c) In terms of local and regional development, these programmes are *“countercyclical”* in that they help to reduce the negative effects of business cycles as well as other effects that significantly curb the momentum of the region concerned. When they come into effect, they also stimulate the development of local infrastructure: road building/maintenance, sanitation works, irrigation, schools, hospitals, etc.

As the authors state:

“it generates multiplier and accelerator effects for local development. By stimulating demand at the local level, it can help ‘recover’ local activities and establish ties that were either adversely affected by the crisis or were inadequately developed in the region; it can interact with the productive sectors to create stable, good jobs and foster the development of productive infrastructure” (p.12).

⁵ International Labour Conference – *Committee on Youth Employment* - 101st Session, Geneva, May-June – 2012 – Draft Version (ILO, 2012).

Table 3 – Other actions and impacts of a successful pro-PWEP policy

“A PWEP may contribute to the identification of direct employment-intensive investment policies and/or the strengthening of services to and ties with more employment-intensive sectors. Other relevant actions and policies include: policies promoting investments in education, training, institutional and human capacities; physical infrastructure development so as to increase productivity and competitiveness; increasing the capacity of the private sector to contribute to job creation; implementing targeted active labour market policies and programmes; and ensuring improved governance of labour markets through improved participation of worker and employer representatives in the formulation of employment policy. Designed appropriately, an employment guarantee can contribute to the creation of assets and infrastructure that themselves help to increase the productivity and competitiveness of the private sector” (Lal et al, 2010: p.13).

A noteworthy example that allows SSE elements and organizations to be linked with the objectives of PWEPs (a developing theme) and the potential for integrating the younger population is a Brazilian initiative, *Produção Agroecológica Integrada Sustentável – PAIS*⁶ [Sustainable Integrated Agro-Ecological Production]. *PAIS* is a federal

government-funded social technology⁷ that brings together simple farming techniques that can generate positive social and environmental impacts. The starting point is to provide families with the “*Pais Kit*”, i.e. two-years’ technical consultancy and monitoring to implement all the stages involved, from the selection and preparation of land to the sale of the respective produce. *PAIS* now has units in over 40 municipalities and 14 Brazilian states. *PAIS* social technology is a solution for the production of healthy food in order to achieve food security and generate a marketable surplus to provide a supplementary income, thereby creating a new alternative source of work and income for small farmers. This is essentially a two-stage process: i) an increase in the sustainable production of high-quality food to generate food security and reduce problems and diseases arising out of malnutrition and others related to poor nutrition, and ii) the consolidation of ecological and solidarity-based agribusiness founded on surplus household production.

6 *PAIS*, a recent process that has expanded rapidly throughout Brazil, develops simple technologies for social inclusion based on “**social technology**”. According to the *RTS – Rede de Tecnologia Social* [Social Technology Network], this involves the use of mostly low-cost tools, techniques and processes that can be **reapplied** in different parts of the country, provided the community takes part. What is produced is **agro-ecological** because it does not use environmentally damaging processes such as the application of pesticides, burning and deforestation; it is **integrated** because it couples animal breeding with crop production and also uses the holding’s own inputs throughout the production process; it is **sustainable** because it preserves the quality of the soil and water sources, and encourages producers to form associations and solidarity-based marketing channels for produce.

7 Consistent with other national regional development programmes based on the formation of associations and cooperatives to market surplus production, after meeting the nutritional needs of the families involved. These are programmes which contribute towards the advancement of sustainable family agriculture, such as the *PAA – Programa de Aquisição de Alimentos* [Food Acquisition Programme]; *PRONAF – Programa Nacional de Agricultura Familiar* [National Family Agriculture Programme] and the *PNAE – Programa Nacional de Alimentação Escolar* [National School Food Programme]. The Ministries for Agricultural Development (MDA) and Social Development (MDS) have also contributed. The MDA, for example, via the Regional Development Service of the National Programme for Sustainable Rural Development, has taken part in the discussion, dissemination and consolidation of regional development policy for interaction between and the promotion of public policies and institutional arrangements capable of raising the degree of social, political and institutional belonging to the spatial dimension. This grassroots work adapts to local and regional circumstances by means of dialogue with local stakeholders to build appropriate solutions that stakeholders can identify with. The MDS, meanwhile, introduced a financial support scheme for marketing family agriculture at open-air markets, using public tenders which prioritise projects that respect local culture and encourage sustainable, high-quality low-cost agro-ecological production. The proposal seeks to realise the human right to food, now enshrined in the Federal Constitution, and the creation of work and income for small farmers, particularly young people who would otherwise be forced to migrate to other regions in search of a livelihood and work.

Table 4 – PAIS and its links with the SSE and PWEs

It should be reiterated that this programme contributes towards:

- the creation of work and income opportunities for the people involved (particularly young people in regions where there are few prospects of work or income);
- environmental preservation;
- encouragement of the formation of producers' associations or cooperatives;
- the marketing of produce by means of cooperatives, solidarity-based open-air markets and public procurement, where the municipal government purchases surpluses from producers to provide food in state schools.

Table 5 – *Brasil sem Miséria* and its basic objectives

According to the official site⁸, the objective of the Plan is to combine cash transfers, access to public services in the areas of education, health, social assistance, sanitation and electricity supply and integration into working life. With a range of actions involving the creation of new programmes and the broadening of existing initiatives, in partnership with states, municipalities, public and private companies and civil society organizations, the federal government seeks to include the poorest sections of the population (particularly young people) in the opportunities generated by Brazilian economic growth.

1.4 “Brasil sem Miséria”: recent Brazilian experience and PWEs

A programme was recently launched in Brazil (2011) which is consistent with the rationale underlying PWEs: “*Brasil sem Miséria*” [Brazil without Misery]. This programme seeks, inter alia, to eradicate poverty by means of integration into working life and is geared towards Brazilians in households with an income of up to R\$70 per person (around US\$35). According to the 2010 Census by the *Instituto Brasileiro de Geografia e Estatística* (IBGE), this involves 16.2 million people.

In terms of integration into working life, these initiatives will incorporate incentives for generating jobs and income via entrepreneurship and the SSE and the provision of careers guidance, vocational training and labour force intermediation to meet public and private needs. The aim in terms of training is to meet the needs of people who fall within the profile of the programme by means of coordinated government action:

■ **Sistema Público de Trabalho, Emprego e Renda (SPTER)**⁹ [Public Work, Employment and Income Scheme]: this is a broad range of federal government measures and programmes such as labour force intermediation, vocational training, socio-economic integration of young people, granting of production-based microcredit, etc. with a view to creating employment and income.

■ **Programa Nacional de Acesso à Escola Técnica (PRONATEC)**¹⁰ [National Programme for Access to Technical Education]: founded in 2011, the principal objective of this programme is to expand, internalize and democratize the provision of vocational and technological

⁸ <http://www.brasilsemmiseria.gov.br> (accessed on 11.06.2012).

⁹ <http://portal.mte.gov.br/spetr/>

¹⁰ <http://pronatec.mec.gov.br/pronatec.html>

education courses for the Brazilian population. It accordingly encompasses a series of subprogrammes, projects and technical and financial assistance measures that will together offer 8 million places over the next four years.

■ **Programa Nacional de Inclusão de Jovens (PROJOVEM)**¹¹ [National Programme for the Integration of Young People]: this aims to promote the social integration of 18 to 29-year-olds who, although not illiterate, have not completed basic education. It seeks to reintegrate them into education and working life in order to provide them with opportunities for human development and the effective exercise of citizenship.

■ **Programa de Aceleração do Crescimento (PAC)** [Growth Acceleration Programme] and the **Minha Casa, Minha Vida** programme [My Home, My Life]: these programmes link a reduction in the urban, rural and housing infrastructure deficit to opportunities for creating work, employment and income and the socio-economic integration of economically and socially disadvantaged groups.

In terms of family agriculture and SBEs in rural environments, the programme seeks to organize food production on the basis of own-consumption, marketing of surpluses and income creation, as well as access to public and private markets. It also seeks to expand the purchase by public and philanthropic institutions of produce from family farmers for hospitals, schools, universities, crèches and custodial institutions, as well as by private establishments such as supermarkets.

According to the Ministry for Social Development (MDS)¹², the Government will coordinate actions under the above-mentioned SPTEP and PRONATEC in order to facilitate the integration of beneficiaries

of the *Bolsa Família*¹³ programme into the labour market by providing training courses adapted to each region's economy.

Another facet concerns relations with cooperatives of collectors of recyclable and reusable materials, who will receive support for organizing their activities, bringing about improvements in working conditions and broader opportunities for socio-economic integration. The priority will be to work with metropolitan capitals and regions, supporting local government in selective collection programmes, empowering collectors and rendering infrastructure and marketing networks viable. The plan seeks to empower and strengthen participation in selective collecting and will involve measures to ensure infrastructure viability and to expand marketing networks.

In terms of links between the SSE, PWEPs and opportunities for the socio-economic integration of young people, it should be noted that studies by the DIEESE (*Departamento Intersindical de Estudos e Estatísticas Socioeconômicas*)¹⁴ [Inter-Union Socioeconomic Research and Statistics Department]) show that in the current decade the open unemployment rate for the adult population in Brazil has fallen but youth unemployment has risen substantially, preventing a fall in the general unemployment rate.

Because of the challenge of formulating and developing effective measures in response to this issue, the **Departamento de Políticas de Trabalho e Emprego para a Juventude – DPJ** [Department for Work and Employment Policies for Young People]

13 The *Programa Bolsa Família* (PBF) is a direct cash transfer programme for households in poverty and extreme poverty throughout the country. The PBF includes the *Brasil sem Miséria* (BSM) plan and comprises three main strands: cash transfers, conditions and complementary actions and programmes. Cash transfers ensure immediate poverty relief. Conditions reinforce access to basic social rights in education, health and welfare. Complementary actions and programmes focus on family capacity-building so that beneficiaries can overcome their vulnerability. The programme covers over 13 million households throughout national territory (MDS, 2012).

14 www.dieese.org.br

11 <http://www.projovem.gov.br/>

12 www.mds.gov.br (accessed on 11.06.2012).

was created within the Ministry of Labour and Employment in 2004 to promote more and better opportunities for work, employment and income generation for the young.

Initially dedicated to the task of integrating 14 to 24-year-olds with a low household per capita income and poor schooling into the formal labour market, in 2008 the DPJ adapted some of the vocational training measures for young people to the **Política Nacional da Juventude** [National Youth Policy], introduced by the federal government to unify ministerial action and optimize results, seeking a clean break from the vicious, selective and excluding circle of low levels of schooling coupled with the lack of social and vocational training for Brazilians in that age group and the worst social conditions.

In the above-mentioned proposal for bringing the action of several ministries together, coordinated by the **Secretaria Nacional de Juventude** [National Youth Office], the DPJ will be responsible for developing the **Programa ProJovem Trabalhador**¹⁵ [Young Workers' Programme], one of the strands of the ProJovem unified programme, with the objective of providing training for 18 to 29-year-olds who have concluded basic education.

ProJovem Trabalhador is a compensatory social and vocational training policy that will be developed in partnership with states, municipalities and civil society. The aim is to prepare and intermediate the youth labour force for the formal labour market and to promote new opportunities to generate income and foster entrepreneurship among young people. The SSE is an important tool for generating work and income, based on SBEEs. The *Brasil sem Miséria* plan is a PWEF that makes mechanisms available (microcredit, consultancy, etc.) to promote small businesses among young people. By way of example, a recent one-year assessment of the Plan shows that the partnership between *Brasil sem Miséria* and the SEBRAE (*Serviço Brasileiro de Apoio às Micro e Pequenas Empresas* [Brazilian Small and Medium Sized Enterprises Support

Service]) seeks to formalize and provide technical assistance for individual micro-entrepreneurs (IME¹⁶). Some 171,000 new IMEs in the *Cadastro Único* [a unique database] have been formalized, including 81,000 *Bolsa Família* beneficiaries. Almost 23,000 of the latter, a large proportion being 18 to 28-year-olds, received specialist technical assistance.

1.5 Other international experiences

The Brazilian experience is accompanied by other potentially successful international initiatives.

Table 6 - International experiences involving the SSE and PWEFs

- *Expanded Public Works Programme (EPWP) and Community Work Programme*, South Africa;
- *Plan Jefes y Jefas de Hogar Desocupados*, Argentina;
- *Productive Safety Net Programme (PSNP)*, Ethiopia;
- *Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)*, India;
- *Comité Sectoriel de Main-d'oeuvre Économie sociale et Action Communautaire*, Canada;
- *Hilando el Desarrollo*, Ecuador.

In **South Africa**, against a background of extremely high structural unemployment rates, particularly

¹⁵ Further information at: http://portal.mte.gov.br/politicas_juventude/

¹⁶ Individual entrepreneurs are self-employed people who legally establish themselves as sole proprietors. People who wish to be classified as sole proprietors must have a turnover of no more than R\$60,000 (US\$30,000) per year, they must not have been involved with another company as a partner or owner and must have a contracted employee who receives the minimum or lowest wage for the job category. Supplementary Bill No 128 of 19/12/2008 established special conditions so that people known as casual workers could become legalized Sole Proprietors. Further information can be found at: <http://www.portaldoempreendedor.gov.br>.

among the young, and lack of skills, the first phase of the Expanded Public Works Programme (EPWP) was launched in 2004, followed by the second stage in 2009. The programme is aimed at all unemployed people available for work in positions such as child care, home-and-community-based care and environmental rehabilitation, conservation and management, based on wage rates defined by the programme for up to 24 months. All government bodies are stimulated at national level to generate employment in their structures, provided it is technically and economically viable. The national government provides the provinces and municipalities with resources and infrastructure (together with assessment and monitoring services), and encourages the use of local funds to supplement the financial basis of these programmes.

In **Argentina**, the *Jefes y Jefas de Hogar* [Heads of Household] programme, launched in 2002 to offset the impact of unemployment at the time, was geared towards heads of households with children, people with disabilities or pregnant women, with an emphasis on the young unemployed among these categories. Beneficiaries worked for 20 hours a week in community services (childcare, soup kitchens, health projects, etc.), in building work and the maintenance of squares, streets, etc., as well as in education and training. At its peak the programme employed 2.2 million previously unemployed workers (around 22% of the Argentinian economically active population). It is 80% federal government-funded by means of specific credit lines and the provision of managerial support through the Ministry of Labour. Municipal governments were responsible for covering 20% of the project's costs, assessing community needs and resources and selecting beneficiaries.

Argentina is also responsible for two specific complementary programmes that help the low-income young to set up businesses: a) "Young People with More and Better Work" of the Ministry of Labour, targeting youth between 18 and 24 years in vulnerable situations with subsidies and vocational training; b) "Young Entrepreneurs" of the Ministry of Industry, focusing on youth between 18 and 35

and offering zero interest loans, initial training and technical assistance during the first year (ILO, 2012)¹⁷.

In **Ethiopia**, where a food deficit affects much of the rural population, the Productive Safety Net Programme (PSNP) was launched in 2005 to cover between 7 to 8 million people in poverty-stricken rural areas. This programme focused on the food-insecure by providing resources for sustainable community development and for improving the use of natural resources and social infrastructure (sanitation, irrigation, waterholes, etc.). The programme is funded by the Ministry for Rural Development (which in addition to financial resources also provides offices, advice and assistance) and is supported by the broad participation of the communities involved, which are responsible for identifying the activities and resources required. According to Lal et al (2010:13), "*Community committees propose which households are to participate in public works vs. which receive direct transfers*".

In **India**, in a context of significant and widespread rural poverty and unequal opportunities for livelihoods, the *Mahatma Gandhi National Rural Employment Guarantee Act* was enacted in 2005 and came into force in the following year. Funding is ensured by the Ministry for Rural Development, which guaranteed wage costs and 75% of the materials used, the remainder being covered by the state government. A core feature of the programme was to guarantee a "*rights-based framework making the government legally accountable for*

17 This study also considers another Latin American case: Chile. According to the study: "*The Government member of Chile stated that 1 million young people (15–24) worked, with an employment rate of 31.5, and 9 per cent of those working being self-employed. This share was much lower than the total national average share of the self-employed (20 per cent of all employed). Entrepreneurs were mostly to be found among adults. The percentage of youth looking for another job was 9.3 per cent among those in wage employment, against 17 per cent among the young self-employed. Furthermore, young self-employed worked fewer hours than their counterparts in wage employment. Chile supported youth entrepreneurship as an employment-creation strategy and the Ministry of Labour had significantly reduced the time needed to establish an enterprise and the credit charges by banks on loans given to young entrepreneurs*" (p.68).

providing employment". Between 2008 and 2009 the programme benefited 45 million people in 615 districts, the primary objective being *"to create durable assets and strengthen the livelihood resource base of the rural poor through works that address causes of chronic poverty such as drought, deforestation and soil erosion"*.

In **Canada**, via the *"Comité sectoriel de main-d'oeuvre - Économie sociale et Action communautaire"* (CSMO-ESAC) [Labour Force Committee – Social Economy and Community Action], the government of Quebec supports labour force training and development on the one hand and seeks to adopt appropriate measures to maintain and stabilize jobs on the other. Note should also be taken of government incentives to universities to encourage their participation in promoting and supporting the SSE via the *"Alliance de recherche universités-communautés en économie sociale"* [Community-University Research Alliance in the social economy] (ARUC ES)¹⁸, which is designed to produce and disseminate new know-how, transfer knowledge and support the Quebec SSE model. Strong support is also provided by the *Chantier de l'Économie Sociale*¹⁹, a civil society organization made up of SSE companies, social movements and local development networks. One of this body's achievements was to persuade the Canadian Government to fund a project which is currently regarded as the financial tool of the organization, since such funding addresses the financial needs of the SSE initiatives developed by the *Chantier*. This gave rise in 2007 to the *Chantier* trust, a fund of approximately C\$55 million whose principal objective is to promote the expansion and development of collective enterprises by improving their access to funding and ensuring that they are better capitalized. The SSE, not only in Quebec but virtually throughout Canada, forms part of a regional and local development programme covered by a government action plan involving eight ministries, coordinated since 2008 by the Minister for Municipal Affairs and Regional Development²⁰.

In **Ecuador** the 1998 Constitution committed the economy to principles of efficiency, solidarity, sustainability and quality. Some of the public resources made available are geared towards ensuring the protection of rural workers and small farmers. According to José Luis Coraggio, in an interview with the programme *"El poder de la palabra"*, from *Ecuadorimediato*²¹:

"Ecuador is an exemplary country because social movements have managed to enshrine these issues in the Constitution; it is the only Constitution which contains anything as strong as the assertion that the economic system must be social and solidarity-based".

Ecuador's *Ministerio de Inclusión Económica y Social* (MIES²² [Ministry for Economic and Social Inclusion]), which is tasked with promoting and encouraging economic and social inclusion, pursues SSE activities, programmes and actions as a way of enabling citizens to participate in the social, political, economic and cultural life of their communities. More specifically, within this Ministry the *Instituto Nacional de Economía Popular y Solidaria*²³ [National Institute for a People's Solidarity-Based Economy] runs projects designed to generate opportunities and build capacities to ensure the economic and social inclusion of individuals, groups and social organizations.

More recently, the *"Hilando el Desarrollo"* programme was launched in 2012 with the aim of including small and medium scale artisans in producing school uniforms for state schools in Chimborazo province. The programme was designed, organized and monitored by the above-mentioned national institute, which also facilitates access to credit for such enterprises.

18 www.aruc-es.uqam.ca

19 www.chantier.qc.ca

20 www.municipalaffairs.alberta.ca

21 Interview accessed on 15/01/2012, at: www.ecuadorimediato.com

22 www.mies.gov.ec

23 www.ieps.gov.ec

1.6 Conclusions

The previously mentioned work by Lal et al (2010:34) shows that:

"there has been a growing call for the state to take on a role of Employer of Last Resort to serve as a 'buffer' by providing a range of useful jobs that individuals could fill during periods of high unemployment and vacate when labour market opportunities improved.

What PWEs have to offer is highly relevant and can help to strengthen SSE activity while seeking to integrate disadvantaged groups and to ensure that the public sector creates work, employment and income.

Despite the positive effects observed in some countries researched, however, it is still premature to make authoritative judgements (*Brasil sem Miséria*, for example).

Thus as recognized in the ILO study referred to above (2012:46), *"there were many experiences but very few impact assessments and evaluations in this area"*. These programmes must therefore be subject to further scrutiny and impact assessments and their continuity must be discussed at greater length in the light of political cycles and changes in power.

Chapter 2: Potential contributions of the SSE to Youth Employment: The case of Morocco

Youssef Alaoui Solaimani

2.1 Abstract

Unemployment in Morocco is forcing young people to explore various possible openings. While some are opting for informal activities or emigration, others are turning towards cooperatives or voluntary associations. Social and solidarity economy (SSE) enterprises and organizations of this kind are especially attractive to young people with academic qualifications who are looking for their first job. Those who choose this option believe they are capable of taking control of their own destiny. The search for a structured regulatory framework, able to sustain and facilitate the funding of their projects, is therefore the first step in the process. So they adopt the cooperative formula, organize into groups, brave difficulties of all kinds and create their own jobs. These academically qualified young people, mostly shunned by the conventional banking system, look to microcredit associations to finance their projects, with the aim of setting up their own businesses and creating their own employment. Having gained a formal qualification, all these young people aspire to a better future, based on stable professional activity and legal and social protection. In addition to providing income, work can pave the way for broader social and economic well-being, contributing to advancement and strengthening individuals, their families and their communities. Such progress hinges, however, on work that is decent.

This is a major concern of the International Labour Organization (ILO), whose “Decent Work Agenda” defines four strategic objectives, with gender equality cutting across them all:

- Creating employment;
- Guaranteeing rights at work;
- Extending social protection;
- Promoting social dialogue.

Progress in this sense depends on concerted action between government, civil society and SSE enterprises and organizations. These agencies need to consider the usefulness of education, training and information, the creation of an environment favourable to SSE activities, and access to finance.

2.2 Introduction

« A recent study from the World Bank reveals that 49 % of Moroccan young people don't work either go to school »²⁴

Youth unemployment is in the process of marginalizing a whole generation of Moroccans. Most of them have hardly any hope of finding employment in the official sector. With their backs to the wall, young people with and without formal qualifications are getting organized. Some

24 La Cava, Gloria, 2012, « The Challenge of Youth Inclusion in Morocco », in *The World Bank*. 14 May 2012. <http://www.worldbank.org/en/news/feature/2012/05/14/challenge-of-youth-inclusion-in-morocco>

are opting for informal activities or emigration²⁵, while others are turning towards cooperatives or voluntary associations. Do these SSE enterprises and organizations represent a valid solution to the problem of unemployment among young people?

The indicators for 2012 are alarming: 100,000 jobs were lost during the first quarter, during which the unemployment rate increased by 8%. The Haut commissariat au Plan (HCP, national economic planning body)²⁶ foresees a difficult time ahead for job seekers, particularly young people, in most sectors of the economy: agriculture, forestry, fishing, construction, public works, services, manufacturing and craft activities. These young Moroccans, representing 30% of the national population, are in danger of being marginalized.

According to an HCP information bulletin dated 3 May 2012, the active population numbered 11,428,000 at the end of the first quarter of 2012²⁷. During the same period, 1,130,000 people were unemployed, 81% of them young people. Even though the state administration recruits annually on a competitive basis, public-service jobs are far from covering the growing demand for employment. In 2012, for example, only 26,204 positions²⁸ were open to qualified young people in search of employment.

Faced with this situation, some young people are organizing themselves into cooperatives to create

25 Alaoui Solaimani, Youssef, 2007. « Les coopératives, un remède contre l'émigration clandestine » (Cooperatives, a remedy against illegal immigration), in *Afric.com*, 10 March 2007. <http://www.afrik.com/article11329.html>

26 National institution responsible for conducting studies and surveys, the principal source of economic, demographic and social statistical data, also tasked with drawing up the nation's accounts. www.hcp.ma

27 Sedrati, Abdelhaq, 2012, « Note d'information du HCP du 3 mai 2012 : le chômage remonte à 10 % à fin mars [2012] », (HCP Information note of the 3rd May 2012 : unemployment rises in 10% at the end of March [2012]), in *Aufait*, quotidien des actifs urbains. 4 mai 2012 www.aufaitmaroc.com/actualites/economie/2012/5/3/le-chomage-remonte-a-10-a-fin-mars#

28 These positions in the State administration are planned for, and allocated on a competitive basis, under the 2012 Finance Law.

their own employment, while others – in some cases the same people – are borrowing from microcredit associations to finance individual or collective projects which will generate income and jobs. The difficulty in accessing finance from conventional banks remains a major concern for many people wanting to launch a business project. Let us look at two cases, one involving a young people's cooperative, the other a microcredit association:

1. **The Al Mobadara²⁹ education and training cooperative.** Some young people have opted for the cooperative formula and have created not only their own jobs but also jobs for the people they employ. This is true of the Al Mobadara cooperative, one of 302 such organizations established by academically qualified young people. In 2005, thirty-two young people from Rabat decided to get together and generate their own employment by setting up a cooperative. They met for practically two years to study and analyse their project, to weigh the pros and cons, and the extent of the responsibilities they would be taking on in managing a collective enterprise. Quite a challenge! When the cooperative was finally constituted, in May 2007, only nine of the founder members were still involved. Now, the cooperative provides permanent employment for these original members and thirty-four others.

2. **The Al Amana Microcredit Association.** Some young people turn naturally to the microcredit sector to finance their projects and so create their own employment. One of the leading organizations in the microfinance field is the Al Amana association. Its mission is to work for social integration and economic development by providing microfinance and promoting micro-enterprises, helping to improve working conditions and the personal and family lives of its clients. To play a crucial role in extending financial services to people excluded from conventional sources of funding, Al Amana provides its services on a sustainable basis. It sustains micro-enterprises by making loans

29 The meaning of Al Mobadara is "The Initiative".

to groups excluded from financial services, in particular young people and women.

By examining the background to the problem of employment³⁰ and how these two organizations were set up and financed, we shall make a comparative analysis of the respective strategies and methods adopted. We shall then consider the results they have achieved and the extent to which specific initiatives are transferable. Then we shall be able to compare the work they do with the description of decent work as defined by the ILO.

2.3 The Al Mobadara education and training cooperative

The cooperative sector is an integral part of Morocco's economic fabric. The country has more than 9,722 cooperatives and unions of cooperatives³¹, with a total of 408,277 members. Twenty per cent of these cooperatives are inactive. They operate predominantly in three sectors: agriculture, housing and craft activities. Despite a lack of accurate statistics on employment in cooperative organizations, we know that the sector absorbs 3% of the country's active population. This percentage is described by the Office for Development and Cooperation (ODCO)³², as insufficient: the ODCO reckons it needs to increase to 10% if the sector is to really take off.

Three-hundred-and-two such cooperatives, with 3,430 members, have been founded by academically qualified young people. Their objective is to

implement projects in order to create wealth, income-generating activities and self-employment. Of these 302 cooperatives, 140 are engaged in agriculture, 70 in education and training, 21 in forestry, 20 in craft activities, 15 in transport, 9 in the aromatic and medicinal plant business and 27 in other fields³³. I have chosen to present just one of them.

2.3.1 The background to the founding of the Al Mobadara cooperative

Since the introduction of the structural adjustment programme and related macro-economic measures in the 1980s, the Moroccan State administration's recruitment policy has become more restrictive. For many qualified young people, this change in policy has made the prospect of integration into the world of work much more problematic.

Initially, unemployment seemed to be limited to holders of the baccalaureate (18+ school-leaving examination). However, from the 1990s, holders of further education and university diplomas also began to have difficulty in finding employment. The impact is therefore gradual and on-going.

To this must be added the peculiar nature of Moroccan education, which, even today, is a two-speed system: on the one hand, private education, delivered in French, which trains the "elites"; on the other, state education, which caters for all other students and is delivered in Arabic. The fact is that employers require a perfect command of French, which effectively sidelines those graduating from the public school system, where French is neglected. The language barrier is one of the foremost factors leading to exclusion. In addition, state schools are oversubscribed and the kind of education dispensed there does not meet the requirements of enterprises.

This was the context in which, on 13 May 2007, nine young university graduates from the public education system established the Al Mobadara education and

30 There are no accurate statistics on the employment of young people in the social and solidarity economy.

31 A part from those cooperatives, there are 738 cooperatives involved in land reform: cooperatives initiated and established by the Moroccan State after the country's independence in 1956. The objective was the redistribution of agricultural land, necessary for the association of producers in form of cooperatives. Those lands belonged to colons and have been recovered and redistributed to the called « cooperatives of land reform ».

32 Public body responsible for supporting cooperatives in the areas of training, information and legal assistance. www.odco.gov.ma

33 Source : Cooperation and Development Office (ODCO), May 2012.

training cooperative. Its principal activity is fighting illiteracy and catering for school drop-outs.

The aim was to improve the economic and social circumstances of its founder members by creating stable employment in a regulated and structured framework. By adopting a cooperative structure, then, the founder members hoped to be able to benefit from education, training and legal and social protection, and also to recover their dignity, diminished during years of short-term casual jobs. They wanted to create a framework of collective employment that would give satisfaction to both voluntary workers and paid employees. Their dream can be summed up as follows: to achieve success in sustaining an educational project, in winning the ear and the respect of the administration and local authorities, which are an integral part of the cooperative's environment, and therefore in securing better treatment in terms of rights and advantages. "We have not been able to benefit from ODCO training sessions, whereas other cooperatives, particularly in agriculture, do have this advantage. The director of this organization and his executives do, however, visit us regularly and recognize both the merits of our model and our training needs." ³⁴

2.3.2 The strategy adopted by the AI Mobadara cooperative

The idea of a cooperative project was conceived in 2005 by a group of 32 academically qualified young people, two years before the cooperative was actually founded. They were all involved in voluntary work in their neighbourhood and had all achieved good academic results. Their shared interests often brought them together in a district of Rabat regarded as working class, where they were involved in voluntary work, particularly in providing support for school pupils and promoting literacy. One of the members of the group, who had a master's degree in psychology, proposed that they reflect on an issue that had come up when he was defending his degree thesis: "the effects of television on

children's reading". His idea was to counteract this phenomenon among the neighbourhood children. And why not take things a step further? The idea of an educational project gradually captured the group's imagination. But it also raised the following questions: how could they create sustainable employment via a cooperative, educational project? What capacities, skills and resources did they need to sustain and manage this dual – cooperative and educational project? Did they possess them? How could they get training to meet these challenges? How could they raise the necessary funding and finance so ambitious a project? And where could they find suitable premises to accommodate the future beneficiaries of their cooperative's services?

These were some of the questions they had to answer at the outset. The preliminaries took almost two years, during which twenty-three of the more timorous members left. They carried out a feasibility study, and eventually the AI Mobadara cooperative opened for business, run by its nine determined founder members, on 13 May 2007. "It was a historic day and, on each anniversary of our founding, we organize educational and cultural activities to celebrate the event", the president of the cooperative told me. "But every year on this date", he added, "I am reminded of the painful departure of one member just as the project was getting into full swing in the first year. This member had been successful in an examination for a public-sector job and so was forced to resign from the cooperative. So there are now eight of us, four men and four women."

"We have learned to rely only on ourselves and our combined efforts. We do not approach anybody for aid or subsidies. Our concern is to protect our independence against any organization or movement seeking to take us over. Some people have even tried to divide us. The ODCO awarded us a prize, which we received from the Minister for General Affairs and Governance, who is responsible for the social economy. We are of course delighted to have received this recognition, but we must remain vigilant lest anyone tries to take us over or manipulate us. Ours is a young cooperative and

³⁴ The words of Mr Abderrahim Haddad, president of the AI Mobadara cooperative.

stands as a model for many academically qualified young people like us”³⁵.

2.3.3 Results achieved

After some teething problems, the cooperative reached cruising speed after two years. The members are paid salaries by the cooperative and serve as youth workers or educational managers. They take turns in managing the cooperative, of which they are both owners and employees.

To develop the necessary pedagogical competence, the founder members undertook training and continue to learn new skills in the educational field. In addition to its eight founder members, the cooperative currently employs thirty-four other people on a full-time basis. Most of them are teachers, youth workers and technicians. As well as their initial three-storey building, which accommodates more than 500 students, for the last three years they have occupied a second, two-storey building, which has space for a further 500.

The principal services they offer are educational support and consolidation courses, literacy courses, language courses – mainly French and English – and courses in computing. For children, the cooperative organizes educational, drama, and art workshops, cultural and sports-related games and competitions, and talks on various topics. It also caters for adults, both men and women, and the young people of the neighbourhood in which it is based, a neighbourhood where illiteracy and school drop-out rates are very high. Its results in this field are excellent, with a success rate of 100%. Consequently, those who have dropped out are automatically readmitted to the public school system after spending one year in the educational framework of the cooperative. The quality of the service provided is an important factor in this, largely because the groups are small, with a maximum of fourteen students in a class. Each pupil is taught by three teachers covering several disciplines, and the training is tailored to the

individual. The fees reflect the often very modest purchasing power of the local people, who place trust in the cooperative and its team of teachers.

2.3.4 Regularity and transferability of the initiative

Where the rootedness and transferability of this model is concerned, the cooperative members believe it is necessary:

- to take into account the environment in which the cooperative operates. In other words, take into account the particular cultural, economic and social circumstances of the people the cooperative serves, its “clientele”. The founders chose to establish the cooperative in a working-class district, to which it obviously has had to adapt;
- to be very determined to work on a cooperative basis. This presupposes solidarity and mutual assistance among its members, putting the interests of the cooperative above all else;
- to cooperate with other cooperatives. The members of the Al Mobadara cooperative have in fact been unstinting in supporting and helping other young people who have come to consult them and seek advice on how to set up their own cooperatives. “Perhaps I could mention three specific cases: the Jayl Ennajah and Omar Ibn Al Khattab education and training cooperatives and the Sonnaâ Al Madina woodworking cooperative”.³⁶

Helping to transfer and spread the cooperative model among academically qualified young people is important in more ways than one. Firstly, by virtue of the cooperative principle of cooperation among cooperatives. Secondly, to promote the values and achievements of cooperatives run by young people. The Al Mobadara members are now thinking of forming a union of cooperatives working in their field. And if they are successful in bringing together the country’s seventy education and training cooperatives, this could give them considerable clout when it comes to negotiating. Similarly, they are thinking of publishing a handbook

³⁵ Words of Mr Abderrahim Haddad, president of the Al Mobadara cooperative.

³⁶ Words of the President of the Al Mobadara cooperative.

setting out their experiences as a way of educating others. It will be addressed to both the cooperative's partners and young people wanting to embark on cooperative projects.

2.4 The Al Amana microcredit association

2.4.1 Background to the foundation of the Al Amana association

The national economy relies heavily on an informal sector which also includes dubious schemes and black-market activities. It is nevertheless an amazing source of jobs which enable people to survive – the kind of jobs done by Moroccans who live below the poverty level or just above it³⁷.

In Morocco, the informal sector is predominant. The results of a survey conducted over the three years to 2003 by the Statistical Department on behalf of the HCP, reveal the importance of this informal economy: 18% of Moroccan households depend on it. More than two-thirds of “underground” businesses employ one person and 81% of the people employed are family members. More than half of the people working in this sector have never been to school. The sector is estimated to have for a turnover of 166 billion dirhams³⁸, but 98.9% of informal businesses are not affiliated to the Caisse Nationale de Sécurité Sociale (national state social security office)³⁹.

Morocco has a population of 30 million people. Sixty per cent of those of working age are employed in the — often informal — micro-enterprise sector.

37 Six million Moroccans live below the poverty line, and a further 15 million just above it.

38 1€ = 10 Moroccan dirhams (MAD)

39 Moroccan Kingdom, Prime minister, Department of economic forecast and plan. Direction statistique standard « Enquête nationale sur le secteur informel non agricole 1999 – 2000 », (National survey on non-agricultural informal sector 1999-2000) Report of the first results. 2003. www.hcp.ma/file/103288/

Such enterprises are shunned by the official banking sector, which provides finance only to formal enterprises.

Microcredit would therefore seem to be the answer for a vast network of very small enterprises. The rise of microfinance in Morocco dates from the mid-1990s, with a particularly dynamic phase during the 2000s. There are now a dozen operators in the microcredit sector, in which the maximum permitted loan is 50,000 dirhams.

It needs to be emphasized that, in Morocco, microfinance institutions are not permitted to take deposits from savers to fund the loans they offer. Their activities are funded by gifts and subsidies. MCAs/AMCs⁴⁰ are restricted to granting loans for productive investment; they are not allowed to provide consumer credit. They have their own federation: the Fédération Nationale des Associations de Microcrédit (FNAMC).

For the microcredit sector, 2011 was characterized by a continuation of efforts on the part of all microcredit associations to stabilize and reframe their activities. This led to a reduction in outstanding loans but also to a drop in the number of beneficiaries, 20% down on 2010.

As a result, monies out on loan in 2011 amounted to 4.6 billion dirhams, in the hands of 796,000 active clients. Looking back over the past fifteen years, the sector has benefited 4.5 people, by lending a total of 40 billion dirhams.

At the end of 2011, the sector was running a network of 1,300 service points, 52.7% in urban areas and 47.3% in rural settings, and employing approximately 6,000 people.

The sector is confident that it can strengthen its social mission, promoting income-generating

40 MicroCredit Association (French: Association de MicroCrédit / AMC).

activities, alleviating poverty and providing access to official credit, and hopes by 2030 to be serving some 3.2 million new beneficiaries and creating or supporting 2 million direct and indirect jobs.

The sector is dominated by two associations, which alone account for half of the market. Each has more than 50,000 active clients and a nationwide strategy. One of them is the Al Amana association.

2.4.2 The strategy adopted by the Al Amana association.

Al Amana Microfinance is a not-for-profit association regulated by the *dahir*⁴¹ of 15 November 1958 and Laws 19/97 and 58/03 governing microcredit activity. It was established on 13 February 1997 and given official approval as a microcredit association by the Ministry of Finance on 31 March 2000.

Al Amana provides financial services to individuals involved in income-generating activities or to micro-enterprises whose financial needs are not met by the conventional banking system.

Its services are provided through a distribution network of 489 service points (96 agencies, 241 branches, 15 attached offices and 37 mobile counters, i.e. specially equipped vehicles), covers 227 towns and 191 rural areas, and employs 2,100 people.

Basically, Al Amana grants two kinds of loans:

a) Joint loans:

These are loans granted to groups of between two and five people, over 18 years of age, who are seeking finance for a project and agree to be jointly and severally liable for the repayments. The term of such loans is between 3 and 18 months for first-time clients, and between 3 and

24 months for those taking out further loans. The amount of such loans ranges from 1,000 to 30,000 dirhams and they are repayable in twice-monthly or monthly instalments.

As at 31 December 2011, Al Amana was managing 106,768 active loans of this type, which accounted for 36% of its total lending.

b) Individual business loans:

These are loans granted to micro-entrepreneurs, aged over 18, who want to develop their own production or service activities. The term of these loans is between 6 months and 5 years, amounts range from 1,000 to 48,000 dirhams, and they are repayable in twice-monthly or monthly instalments.

As at 31 December 2011, Al Amana was managing 148,979 active loans of this second type, accounting for 50% of its total lending.

Al Amana began operating in 1997. The association first targeted urban and semi-urban areas then, after two years of pilot projects (2001-2003), extended its activities to the rural environment.

A period of rapid growth in 2006 and 2007 coincided with increasing competition in the micro-finance sector in Morocco. There was a considerable deterioration in the quality of Al Amana's portfolio, reflected in delays in making repayments, mainly on the part of clients who has taken out joint loans. Since the end of 2007, Al Amana has been engaged in a wide-ranging effort to consolidate its systems, strengthening customer relations, being more prudent in granting loans and aiming for only moderate growth. The organization has also taken the initiative in cooperating with other AMCs, with the aim of harmonizing practices and operations.

Over the years, Al Amana has significantly extended its field of activity, becoming the country's leading microcredit association. It recently launched a project for the benefit of

41 Royal decree.

young people. The objective is to train young people under the age of 25, preparing them to set up and launch their own micro-enterprises.

2.4.3 Results achieved

Between 1997 and 2011, the Al Amana association granted more than three million loans, amounting to more than 21 billion dirhams. It is currently pursuing a recovery programme, re-establishing control over outstanding loans, and consolidating the progress made over the last two years, by putting in place a team of management controllers and risk analysts. It is also making adjustments to its lending policy. This has meant reducing repayment periods and the average amounts it is prepared to advance compared with 2010, being stricter in making joint loans, and taking account of production dynamics according to region and area of activity. These measures have enabled Al Amana to reduce the cost of risk from 5.8% to 5% in just one year.

The loans granted by Al Amana are used mainly to finance micro-enterprises, including start-ups. Twelve per cent of the enterprises financed by Al Amana employ more than three people, while 66% are one-person businesses. Indeed, two-thirds of the projects financed by Al Amana are undertaken by very small enterprises (VSEs) which create employment in sectors of high social value, as the two following experiences illustrate:

- Malika Chouhab's working life has been spent in Marrakech, very much as tourist town with a well-developed informal sector.

After eighteen years as a seamstress and informal trainer, Malika Chouhab decided to expand her business into traditional Moroccan weaving. In 2000, she therefore purchased a machine and recruited four people, a qualified weaver and three employees.

Since 2002, Malika has been financing the growth of her business with micro-loans from the Al Amana association. She first converted a workshop and some outbuildings to house the traditional weaving business and new activities

involving iron-working, joinery in aluminium and wood, and tapestry-making. This diversification put her in a position to offer a complete interior decoration and fitting-out service to the *riads*⁴² and guest houses of her home town of Marrakech. She has purchased new machinery and a delivery vehicle, and has recruited skilled craftsmen.

Her business is now organized on a formal basis and her corporate brand is well known in Marrakech. She employs nine people full time and more than a dozen seasonal workers. She also farms out work to subcontractors.

- Mohammed Alaoui has spent his working life in Skoura, a small rural community 40 km east of Ouarzazate. His Kasbahs⁴³, oasis and palm grove are an unusual attraction for nature lovers and tourists wanting to get away from it all.

After working as an employee in rural tourism, in 2009 Mohammed Alaoui decided to set up his own "bivouac"-style tourist accommodation project. To finance his project, he took out a loan of 30,000 dirhams from Al Amana. His first facilities comprised a bedroom with shower and toilet, and a tent erected in the garden of his home.

Having repaid his first microloan, Mohammed borrowed further amounts to enable him to increase the capacity of his accommodation: a further six tents and a small restaurant. He also erected a building for the display and sale of local produce, including spices and condiments, which he produces himself.

Mohammed Alaoui has been successful in capitalizing on his experience, developing his managerial abilities and learning foreign languages. His communication skills and dynamism have enabled him to develop his business, which now employs more than fifteen

42 Riads are traditional Moroccan urban dwellings: houses which face inwards around a central courtyard or patio. This area is often planted with trees and has a fountain, giving it the feel of a garden. The word riad in fact means garden in Arabic.

43 Kasbahs are citadels, originally fortifications built for military purposes.

people full time, as well as seasonal workers. He has been able to create permanent employment in his region for himself and others, develop responsible rural tourism and generate jobs, projects and wealth.

By financing these projects, Al Amana contributes to the organization and structuring of the craft industry and the informal and rural economy. The association also contributes to the sustainable development of the communities and regions which host such projects, by establishing and perpetuating employment. Al Amana in fact enables people undertaking projects to:

- create their own enterprises and employment, and progress in many cases from an informal to a formal type of activity;
- consolidate employment, development projects and the wealth they create in their region of origin;
- create synergies among the stakeholders involved in their projects, by fostering solidarity among project developers, craft workers and subcontractors;
- root their projects in their own setting and region;
- operate in a setting where other enterprises are loath to venture. The impact of the resulting activities – in creating wealth, employment and projects – lends stability to the rural environment;
- help the rural world and the craft sector to emerge from their lethargy and demonstrate their abundance of skills;
- reconcile young people with the rural world and its craft activities;
- alleviate poverty and counteract unemployment, the rural exodus and illegal immigration;
- establish links and partnerships with the formal structures of society, i.e. government and civil society organizations;
- take an active part in social and economic life.

2.4.4 Regularity and transferability of the initiative

Microfinance in Morocco is a regulated sector comprising 13 approved associations. It is an

emerging sector, in rapid expansion, with a large potential market. Microcredit is now one of the essential instruments of development and the social economy, encouraging a participatory and integrated approach which takes into account people's real needs and makes best use of the financial resources available. Its development is accompanied by the development of an appropriate legal and regulatory framework.

Having begun by granting joint loans, the sector is getting into the field of individual credit, while honouring its commitment to various programmes established by the public authorities.

Having begun by financing income-generating activities, it is expanding into the financing of connections to the water and electricity supply, housing and the taking out of insurance products.

Having first relied on funding in the form of gifts and subsidies, as imposed by the relevant legislation, MCAs will in future need to be able to draw on banks and provide a home for people's savings. Similarly, it could well diversify the products and services it offers (banker's cards, microcredit leasing, savings products...).

The social and solidarity economy appears to provide a solution to the crucial problem of employment among young Moroccans. It is however necessary to:

1. guarantee young people decent work, a concept founded on the idea that work should be a source of personal dignity, family stability, democracy and economic growth. This concept has won an international consensus among governments, employers, trade unions and civil society: productive employment and decent work are essential aspects of a fair globalisation, the alleviation of poverty, and equitable and sustainable development;

2. bring together the State, civil society and SSE enterprises and organizations to create an environment favourable to SSE activities, promote education, training and information, and facilitate the funding of projects which create employment. In other words, if these objectives are to be achieved, it will be necessary in particular to:
 - integrate SSE enterprises and organizations into school and university programmes and planning as a general practice;
 - reintroduce voluntary and cooperative work in primary and secondary schools by setting up school cooperatives and pupils' associations;
 - create a favourable environment. The existing legislation, for example, one of the key factors influencing the environment in which cooperatives develop, is no longer appropriate due to constantly changing circumstances.
- It needs to be brought into line with the declaration on cooperative identity adopted in 1995 by the International Cooperative Alliance (ICA) and with Recommendation 193 adopted in 2002 by the ILO;
- train trainers and improve their SSE management and governance competences, while also developing their adult education and support capabilities;
- encourage good practices and efficiency among young people working together in SSE enterprises and organizations. It is important to communicate on this topic and keep accurate statistics on the employment of young people in SSE enterprises and organizations.

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Chapter 3: The role of SSE in youth entrepreneurship: The cases of Mali, Vietnam, Canada

Nancy Neamtan

3.1 Abstract

As the social and solidarity economy gains more attention in many countries across the world, young people are increasingly becoming a focus for new initiatives. This form of entrepreneurship has particular appeal to young people both in the South and North, offering opportunities not only to create employment but also to become actively engaged in improving their own lives and the lives of the members of their community.

For these initiatives to succeed, a supportive environment is essential in the area of public policy. This article will explore certain policy initiatives to support the involvement of young people in the development of the social and solidarity economy based on learning from a recent international forum.

The International Forum on the Social and Solidarity Economy (FIESS) organised in October 2011 in Montreal, Canada, was centred on the need to develop public policy in favour of the SSE. It showcased the variety of activities SSE organizations carry out all over the world and the different kinds of collaboration they have developed with governments. This article presents the FIESS and the discussions that highlighted the role of SSE in youth entrepreneurship. It then provides three case studies of organizations that work to create employment for young people in extremely different economic and political contexts in Mali, Vietnam, and Quebec, Canada.

3.2 Introduction

In October 2011, the Chantier de l'économie sociale of Quebec, in partnership with the government of Quebec and the City of Montreal and with the support of several national and international organizations, held the International Forum on the Social and Solidarity Economy. Its central theme was the development of public policy in favour of the social and solidarity economy (SSE).

The Forum was a great success, and attendance surpassed all expectations: there were over 1,600 registered participants from 62 countries and another 380 people followed the plenary sessions online.

Participants in the Forum, which included a variety of actors from civil society including collective entrepreneurs, labour union representatives, researchers, community media, the women's movement, aboriginal groups, etc., representatives of international organizations such as the International Labour Organisation, the Organisation for Economic Cooperation and Development, the International Trade Union Confederation, regional development banks (the Inter-American Development Bank, the Asian Development Bank and the African Development Bank) as well as elected officials and civil servants came together to share knowledge and experiences in the social and solidarity economy over the course of several days.

Six national case studies jointly prepared by researchers and field actors from Bolivia, Brazil, Canada, Mali, Spain and South Africa, as well as five working papers covering the five themes of the FIESS, were prepared in advance in order to fuel and enrich discussions between participants. They offered an overview of the policies and partnership experiences between public authorities and the community that have enabled the emergence of social and solidarity enterprises and are available online at <http://reliess.org/documentation-centre/?lang=en>.

Visits in 10 regions of Quebec allowed participants to take a close look at what was being done in the SSE locally and to meet field actors. Discovering these concrete examples of successful experiences was among the activities most highly valued by participants.

In addition to numerous workshops, plenary sessions and various events organized by social movements, ample time and space was provided for informal meetings to deepen understanding of initiatives, build relationships, seize opportunities to converse with government representatives and supporting institutions from numerous countries and feel part of a growing international social and solidarity economy movement.

3.3 Youth and the SSE

The Youth and Cultural Evening organised by the Chantier de l'économie sociale's youth committee invited FIESS participants and others interested in the social and solidarity economy to immerse themselves in an atmosphere created by the best digital artists and discover previously unpublished works inspired by young people's vision of the social and solidarity economy. The interdisciplinary, intercultural and intergenerational event allowed participants to discover this vision through brief presentations, song, poetry and avant-garde digital art.

Representatives of aboriginal communities in Quebec and in Chiapas, Mexico came to present the objectives and impact of yearly visits of aboriginal young people from Quebec to Chiapas. These missions have helped improve understanding of the impacts of globalization on various indigenous populations in the Americas while also allowing these young people to establish a position as actors who can influence this phenomenon. The questions of how and why governments should support these kinds of initiatives were also addressed.

In all countries the challenge and the capacity for the SSE to provide decent, meaningful work for young people was a concern. However, while in countries of the South the central question was the large quantity of new workers entering the job market and the need to train and integrate these workers, in the North other concerns were expressed. These centred on how to encourage young people to participate in and take over family- and community-run businesses that risked being closed or delocalized on the retirement of the older generation, and how to attract a new generation to seek employment within the SSE.

Indeed, among the 150 different experiences presented in the plenary sessions and workshops of the Forum, several highlighted the capacity of the social economy to provide meaningful and decent employment for young people in different regions of the world and the diversity of challenges that young people and governments face to make this happen. Two examples of these, one from Vietnam and one from Mali, as well as a local Quebec example of SSE organizations providing meaningful work experience for young people, are detailed in the following case studies.

3.4 Supporting the socio-economic integration of young people through the social economy in Mali

What is AJA Mali?

AJA Mali is a Malian development NGO founded in 1993 by young craftsmen and former employees of the *Projet d'Appui au Secteur Non Structuré* (Support for the Informal Sector Project) of the International Labour Office.

AJA Mali includes 155 members who are mostly unemployed young people, young graduates, young entrepreneurs, women entrepreneurs, former workers of international organizations, leaders of youth and women's associations, artisans and rural actors (farmers, breeders and fishermen).

AJA Mali's vision is one of a "Mali without unemployment"; through education, training and support for the socio-economic integration of young people it works to contribute to poverty reduction in the country.

Initial situation

In Mali, youth unemployment is an economic and social problem. While young graduates lack work opportunities, many other young people lack qualifications and a large number of these are illiterate: in 2002, 34.8 per cent of young people and women had received no schooling. At the same time, there is a lack of entrepreneurial culture among young people. Together, these factors lead to widespread unemployment and facilitate the professional exploitation of young people.

Strategy of the initiative

Part of the activity of AJA Mali involves support for the education of children aged 6-18 and help for adolescent apprentices to gain schooling. The organization also works to fight the trafficking and exploitation of migrant children in rural areas of the country. In addition to this, it carries out the following activities:

Vocational training: AJA Mali works to train unskilled urban and rural young people (young people who have dropped out of school, unemployed youth population, illiterate youth population) between the ages of 18 and 25 in Bamako and the regions of Koulikoro, Segou and Sikasso by providing them with training and qualifications for handicraft work and in employment in agriculture, livestock and farming. Training includes business skills (management, accounting and marketing) to enable them to enter the market as entrepreneurs;

Entrepreneurship Support: In the Koulikoro, Segou and Sikasso regions the organization trains and supports young entrepreneurs by helping them put together business plans and access financing by guaranteeing their loans from banking institutions. It also provides organizational support and advice during the start-up and development phases of their enterprises;

Access to Information and Communication Technology (ICT): This programme aims both to train young people in ICT and support their integration in the labour market as ICT entrepreneurs.

Partnerships:

To ensure a favourable environment for the efficient execution of its mission and in order to achieve its objectives, AJA Mali has gradually formed strategic alliances with several public agencies, including the Ministry of Education and the Ministry of Employment and Vocational Training. Memorandums of understanding were signed with both: in the first case, to recognize alternative educational structures for children with little or no access to schooling; and in the second case, to establish an entrepreneurial project in agriculture benefiting young people. Agreements were also reached with the mayors of municipalities where the organization is active in order to ensure the mobilization of technical and financial resources in the territory.

AJA Mali develops its response capabilities and its positions on issues related to its areas of work through participation in national and international thematic networks such as the *Coalition Malienne pour les Droits de l'Enfant* (Malian Coalition for the Rights of Children), the *Réseau National pour la Promotion de l'Économie Sociale et Solidaire* (National Network for the Promotion of the Social and Solidarity Economy), the *Cadre de Concertation des Structures d'Appui Maliennes à la Formation Professionnelle* (Framework for Consultation of Malian Professional Training Structures) and others. The organization also receives technical and financial support from international partners.

Sustainability and transferability

AJA Mali applies the following strategies in its various interventions:

- *Social negotiation* in order to ensure community adherence to the project objectives and its effective mobilization to implement the project's activities;
- *Fostering networking* among young women and men entrepreneurs by bringing them together for group activities during their training in order to facilitate the sharing of experience and knowledge and increase learning;
- *On the job training*, allowing apprentices, based on the realities of their environment and their social and professional experiences, to learn technical and organizational concepts related to the management of a micro-enterprise. Training focuses on how to produce goods and services and how to sell them on the market. It links theory with practical learning in workshops.
- *Discussions with communities* aimed at increasing the dissemination of awareness-raising material on children's rights and advocating the enrolment of children in school.

It also relies on the following tools:

- In order to increase the impacts of its activities and consolidate its achievements, AJA Mali has created *3 training centres*;
- It has established a *guarantee fund* of 39,210,183 West African CFA francs (XOF) (58,580 euros) that facilitates and sustains the access of young entrepreneurs and future entrepreneurs to financing;
- A team of six *facilitators*, employees of AJA Mali, was formed to accompany the launch and development of enterprises in its first two years through close counselling on self-management, business management and production.

Outcomes

Since the creation of AJA Mali:

- 358 children were taken out of apprenticeships or off the street and integrated into a formal school and 552 street children learned to read, write and do maths and gained socio-professional knowledge of handicraft trades;
- 1181 children apprentices learned to read, write and do maths according to their socio-economic needs and 23,875 artisans and/or parents were informed and sensitized on the basic rights of children;
- 835 young people (including 328 girls) acquired skills in handicrafts, agricultural, farming and breeding trades;
- 413 young people (including 117 girls) were trained in entrepreneurship of which 292 were helped to start up their own business;
- 829 young people have been trained in computer skills (office IT, network administration, operating systems) and 65 young people are currently being trained, including 20 who will benefit in the medium-term from support to finance and manage their start-up operation;
- The guarantee fund to ensure permanent access to financing for young entrepreneurs has reached XOF 39,210,183 (58,580 euros).

3.5 The Hoa Sua School of Economics and Tourism in Vietnam

What is Hoa Sua School for Disadvantaged Youth?

The Hoa Sua School for Disadvantaged Youth was the first and is still the leading non-governmental vocational training school in Vietnam. It provides free vocational education for disadvantaged and disabled young people, and practical skills-based training with close links to local enterprises using an effective, sustainable business model. By providing these young people with the skills necessary for them to better integrate into Vietnam's developing economy – and in particular the tourism and service sectors – the school represents an innovative and compelling model for vocational training to address the needs of vulnerable populations.

Hoa Sua has trained over 6,000 students since the school was established in 1994 and currently has a graduate employment rate of 100 per cent. The School has remained largely self-sustaining with the establishment of seven successful school-run enterprises that provide students with on-the-job training and practical experience.

Initial situation

In order for Vietnam to keep pace with the remarkable economic growth experienced in recent years – particularly in the tourism industry and service sector – vocational and skills training for young people has become increasingly vital to Vietnam's economic and social development. Currently, the labour force remains mainly unskilled and it is estimated that about 78 per cent of the youth population aged 20-24 are underqualified for the job market. This is due to:

A lack of training facilities,

- Limited access to vocational training,
- Inadequate quality of vocational training,
- Unsustainable vocational training schools.

Hoa Sua School for Disadvantaged Youth: An inspiring Social Enterprise

Hoa Sua provides education, training and meaningful employment for disadvantaged young people, including orphans, street children, children of war invalids, children of extremely poor families, ethnic minority youths, hearing-impaired and physically disabled youths, as well as women victims of abuse and trafficking. 55 per cent of its graduates are women, including women who have been victims of abuse and trafficking, and the school allows them to become financially stable and independent. It has also developed a tailoring and embroidery training programme targeted at hearing impaired and disabled youths which aims to enable them to lead an independent life.

The vocational training, employment support and basic life skills education provided is specifically aimed at integrating students into the tourism industry. This training is largely funded by Hoa Sua school-run enterprises (four restaurants and one bakery in Hanoi and a mini hotel in Sapa) where students spend a substantial amount of time in on-the-job training. Currently, 40 per cent of Hoa Sua's operational funding comes from international donors while the other 60 per cent comes from its school-run enterprises.

The school is also involved in a community tourism programme to support local people's understanding of tourism, food safety and hygiene, and welcoming tourists.

Transferability

The success of the Hoa Sua model for vocational training demonstrates how a private social enterprise can achieve substantial societal objectives. It provides access and opportunities and extends the benefits of Vietnam's economic success to the most vulnerable while helping Vietnam meet the growing demands of the changing local and global economic environment. Thus, Hoa Sua fully supports Vietnam government strategies to better align training with labour needs, to better integrate marginalized or disadvantaged populations into the economy and to support Vietnam's increasingly important tourism and service sector. This approach also reflects the government's call for closer innovative partnerships between education providers and local enterprises in a model that is largely self-financing.

Quality of programmes and teaching

Most teachers are graduates of the school who return from jobs in the tourism industry and service sector to teach because they believe in the social objectives of the school and the vision of its founder, Mrs. Pham Thi Vy. Teachers are certified by the Vietnam Skills Standard System.

To ensure Hoa Sua programming is relevant to the needs of the tourism and service sector, experts from well-established and reputable restaurants and hotels regularly participate in student assessments and graduate examinations. A number of agreements with restaurants, hotels and other enterprises in the area ensure that students have access to practical apprenticeships and internships on graduation. International collaboration has also permitted Hoa Sua to receive the funding and technical and managerial expertise necessary to sustain and develop its social objectives while pursuing ways to expand its business enterprises and further ensure the school's sustainability.

Outcomes

Today, Hoa Sua trains over 750 young people annually in tourism and restaurant services and has a 100 per cent placement rate for graduates. Over 100 graduates own successful hotels and restaurants. As a result of this success, 10 other non-governmental vocational training institutions have been established in Hanoi over the last two years.

Key challenges and sustainability

Hoa Sua continues to be a well-known and respected institution throughout Vietnam. However, with the liberalisation of the economy and the global economic downturn, new important challenges to Hoa Sua and to the sustainability of the model it has developed have emerged:

Growing competition in the sector

Since Vietnam joined the WTO in 2006, there has been a considerable influx of internationally-financed restaurants and cafes in and around Hanoi which directly compete with Hoa Sua's enterprises. As a result, the most significant challenge for Hoa Sua is the financial sustainability of the school. Hoa Sua's directors are now focusing on further developing the school's technical and managerial expertise and developing a marketing and communication plan in order to make its school-run enterprises more profitable.

Increasing collaboration with local experts

Hoa Sua must find more local businesses to participate in the development and implementation of work and training programmes, and lacks the finances required to provide sufficient incentives for industry professionals to teach at Hoa Sua or share their skills through mentoring, practicum and other activities.

Staffing and salaries

Hoa Sua teacher salaries have traditionally been higher than those at other vocational training schools, and benefits such as free lunches and opportunities to participate in exchanges overseas are also provided. However the arrival of international enterprises and other private vocational training institutions offering higher salaries has made it more difficult to attract staff to Hoa Sua.

Additional policy support

Government policies and incentives to encourage local businesses to collaborate with vocational training institutions would facilitate the expansion of this model. Guidelines and policies to regulate apprenticeships, cooperative programmes and other forms of on-the-job learning and collaboration between enterprises and vocational training institutions would ensure clear, consistent and equitable division of roles, responsibilities, rights and obligations for institutions, students and collaborating enterprises.

3.6 Youth Service Cooperatives (CJS) in Canada

What is CJS?

A network of youth service cooperatives (CJS from the French initials), this programme is a Quebec initiative that allows groups of twelve to fifteen young people between the ages of eleven and seventeen to gain their first experience of collective entrepreneurship. With the support of their community, young people create cooperatives during their summer vacation in order to generate revenue, typically by offering services such as house painting, lawn mowing and various maintenance tasks.

Strategy of the initiative and methodology

Members pool their resources and adopt a cooperative governance structure, determine the range of services they want to offer the community and share tasks and responsibilities related to the management of their cooperative and the services that they choose to offer. By doing so, they experience the challenges and rewards of managing a cooperative enterprise.

CJS members receive support from a local committee formed of representatives of their community as well as intensive and practical training on collective entrepreneurship from university students hired as facilitators. The young cooperative members take charge of their cooperative gradually, in line with the interest and learning ability of each individual and of the group as a whole.

Objectives of a CJS:

The first objective of a CJS is to offer young people an environment conducive to learning, in particular on the exercise of democratic management of a cooperative and the reality of the labour market. The teaching approach adopted by the cooperative focuses on developing young people's sense of personal and collective responsibility, their solidarity, their motivation as well as their understanding of the usefulness of this learning.

Benefits for young people

Young people receive practical training in community entrepreneurship. Through practice, they acquire skills and attitudes that will help them to cope independently and in a more informed way with the socio-economic challenges of tomorrow.

Over the years, feedback collected from former cooperative members has clarified other ways the project has benefited participants. According to these former members, the CJS experience allowed them to gain leadership skills, learn how to communicate and share their opinion, take decisions, solve problems, and learn how to organize themselves. It also helped them establish and maintain ties with significant figures (leaders, local committee members, sponsors, community representatives, etc.), and allowed them to earn money while preparing them to enter the workforce.

Transferability of the CJS initiative

CJS are the result of the mobilization of community resources. A local organization looking to create a CJS contacts the regional development organization responsible for CJS in the region, which provides information about the project and helps to create a **local committee**. This local committee is composed of actors representative of the community from which the CJS is being formed: it can include the cooperative sector, community groups, local economic development agencies, municipal representatives, schools, unions, church groups, collective entrepreneurs and private enterprise. Its mandate is to bring about the conditions necessary for successful implementation of the CJS in the community, coordinate the development of the CJS and offer support to the **facilitators** and the young **coop members**.

The local organization is responsible for ensuring certain prerequisites considered necessary for establishing a CJS:

1. The establishment of a local inter-sectoral committee that is representative of the community and successful in mobilizing its members.
2. The hiring of two facilitators for a period of 14 weeks over the summer to provide practical training for the coop members. These are college or university students. Ideally, one has a social profile and the other an economic one. Together they work with a minimum of 10 and a maximum of 18 coop members.
3. Adequate training for facilitators in teaching CJS members (a self-management model) and adequate participation of community leaders in the training sessions provided by the *Réseau de la coopération de travail du Québec* (Quebec Network of Worker Cooperatives) via the local development organization. The training is mandatory for all new facilitators and its costs are paid for by the local committee. The initial training lasts four days and it is followed by a one-day discussion session.
4. The creation of a network for support and consultation of the different CJS through the exchange of tools and information on how to help consolidate local projects.

Partners

- ***Réseau de la coopération de travail du Québec* (Quebec Network of Worker Cooperatives)**

This organization ensures the coordination, implementation, direction and development of the CJS in consultation with local, regional and national organizations. Its mission is to enable, for the benefit of its members and of Québec society, the development of the largest possible number of interdependent, efficient and innovative worker cooperatives in Quebec.

- **Regional development organizations**

These organizations are responsible for the development of CJS at the regional level.

- **The local committee**

The local committee consists of representative of the community from which the CJS emerges: local cooperatives, community groups, economic development agencies, municipal agencies, schools, unions, church groups and collective and private entrepreneurs.

Facilitators

These college and university students are hired for the summer to accompany the young volunteers in support of their cooperative work. Ideally they have complementary profiles, i.e. one has a predominantly social profile and the other has a predominantly economic one.

- *Le Fonds étudiant Solidarité Travail du Québec II* (the Quebec Student Solidarity Employment Fund II)

This fund was established by the *Fonds de Solidarité FTQ* (the largest capital development fund/ worker pension fund in Quebec) created in 1983 by the FTQ, Quebec's largest labour federation). The fund was capitalised through an equal contribution of CAD 10m\$ each by the *Fonds de solidarité* and the government of Quebec. The fund pays the salaries of the CJS facilitators from the return on its investments. Additional funds for the programme are sought out annually through diverse donations, sponsorships or other student employment programmes.

- *Le Conseil québécois de la mutualité* (The Quebec Council for Cooperation and Mutuality) (CQCM)

The CJS project is realized within the framework of guidelines and the strategies for the development of cooperatives established by the CQCM, particularly those pertaining to youth.

- *La Stratégie d'action Jeunesse* (Youth Action Strategy) of the Québec government

This strategy is part of a combined government action designed to ensure the growth of Quebec society.

Outcomes

Last year, 155 CJS were created and generated contracts of over CAD 426,000. 274 young adults worked as facilitators to support the involvement of 1,737 young people over the summer period.

3.7 Conclusion

Discussions during the international forum demonstrated how people throughout the world are concerned about integrating the next generation into the workforce and providing young people with decent work. However, the economic conditions and the public instruments to support these efforts vary greatly. Since they emphasize inclusion and engage public and private local actors, organizations in the social and solidarity economy (SSE), are particularly well-suited to working within communities to develop work opportunities for young people. Unfortunately they are not always adequately recognized or supported by local or national governments and their policies.

In order to push the agenda in favour of young people, the Forum was a formative and inspiring event for several reasons. On the one hand, it helped structure and mobilize participants and collaborations from all over the world, and in particular to reinforce networking on a continental basis. It also underscored the common features between different legal structures of the social economy (cooperatives, associations and mutual companies) and their potential for the creation of decent work, particularly for young people. Moreover, presenting the various types of public support (through programmes, institutions, etc. at the local, regional, national and international level) that have enabled the growth of the social and solidarity economy, has allowed actors of the SSE, both within civil society and within public institutions, to be inspired by what is being done abroad and to gather concrete information on the processes to achieve and assure the effectiveness of this public support, including initiatives in favour of young people.

The final plenary session of the Forum allowed participants to express their hopes and propositions for the future. Participants insisted on the importance of continuing to exchange information, to seek more visibility for the local, regional, national and international networks that are being built, and to coordinate efforts to have more impact on governments. The need to ensure an educated and mobilized new generation of practitioners through youth education, training and the production of pertinent and useful research in the field was expressed by social and solidarity actors from all continents.

As a follow up to the International Forum on the Social and Solidarity Economy, **RELISS** (<http://reliess.org>), the International Reference and Liaison Centre on the Social and Solidarity Economy, was created. RELIESS offers information in English, French and Spanish on issues related to public policy in the SSE. As well as making available all the presentations and studies prepared for the forum, RELIESS offers up-to-date information on policy developments in countries around the world. As more experiences develop in favour of young people, RELIESS will continue to support knowledge dissemination and networking to advance the role of the social and solidarity economy in creating jobs and decent work for young people.

Chapter 4: Innovative networks of production: The case of young entrepreneurs in East Africa

Roberto Di Meglio

4.1 Abstract

The present article aims to propose ideas for discussion related to new production and consumption models that might contribute to the design of innovative public policies capable of addressing the current economic and social crisis that we are experiencing, with special attention to the matter of youth employment.

As well as making use of references provided by the work of the International Labour Organization (ILO) and other institutions, this article will also refer to a recent study on young entrepreneurs in marginalized urban areas in East Africa and networks of production based on enterprises within the social and solidarity economy. The study also features a comparison with the Brazilian experience, an essential reference in the creation, promotion and support of alternative models linked to the social and solidarity economy.

The present article will deal with matters such as networks of production, a new concept of entrepreneurship and the concept of “quality of life” with the aim of contributing to the design and implementation of public policies inspired in the social and solidarity economy model that promote and support different types of enterprises in order to ensure the creation of more, better jobs.

4.2 Introduction

The political, social and economic crises of the last 20 years have made it necessary to rethink our current societies, which are affected by high unemployment rates, growing inequality and exclusion, increased poverty and global warming, problems that urgently require appropriate, consistent responses.

Thus, there is an ever increasing need to create public policies resulting from democratic and inclusive processes and aimed at promoting greater social cohesion, the eradication of poverty and the reduction of the concentration of wealth. Moreover, we are living at a time in history in which people enjoy a high and increasing level of connectivity, creating suitable conditions for the generation of numerous new and real opportunities to coordinate collective action, something that was unimaginable twenty years ago.

In contrast, today millions of people worldwide are seeking work in order to earn an income and affirm their identity as individuals within their communities. The scarcity of jobs – and in particular, decent work – has a particular impact on young people: “In 2012, close to 75 million young people worldwide were out of work, 4 million more are unemployed today than in 2007, and more than 6 million had given up looking for a job. More than 200 million young people were working but earning under US\$2 a day. Informal employment amongst young people remains pervasive.”⁴⁴

44 Conclusions of the final report of the Committee on Youth Employment, International Labour Conference, Geneva, June 2012.

In this context of severe crisis – which is not solely economic – many proposals have emerged from the grassroots level, some of which have achieved success and widespread dissemination. This is the case of the Social and Solidarity Economy,⁴⁵ which has, in its different forms, developed an important presence in many world regions, as demonstrated by the available statistics on the matter which will be discussed later in this document.⁴⁶

The main reasons for the unrecognized but successful spread of organizations and enterprises in the Social and Solidarity Economy (SSE) in a large number of countries include, firstly, the situation of need generated by the crises that began in the 1990s. On losing their jobs, men and women began to seek new ways of earning an income and giving meaning to their everyday lives, ways that would be as appropriate as possible to their own skills, aspirations, culture and personality. Thus, as in the past, a specific and difficult situation has given rise to various responses, and among them are new and different types of organizations and enterprises within the social and solidarity economy (barter fairs, community banks, local currencies, social

enterprises, social cooperatives, and so on) that have become very widespread.

The SSE has managed to gain an increasing importance over the last 20 years, since it is a “spontaneous” response to the search for an inclusive model that, thanks to the strong territorial roots of the kind of economic activity it involves, generates more stable employment and opportunities for the labour integration of vulnerable groups such as young people.

The following diagram provides a summary of the key elements of the SSE



⁴⁵ A recent definition of the Social and Solidarity Economy (SSE) proposes that it is “a concept designating enterprises and organizations, in particular cooperatives, mutual benefit societies, associations, foundations and social enterprises, which have the specific feature of producing goods, services and knowledge while pursuing both economic and social aims and fostering solidarity”. African tripartite constituents at the Johannesburg Conference, October 2009: www.ilo.org/addisababa/information-resources/publications/WCMS_166727/lang-en/index.htm

⁴⁶ While the economic crisis has had negative impacts on the majority of enterprises, cooperative enterprises around the world are showing resilience to the crisis, as demonstrated by the ILO report “Resilience of the Cooperative Business Model in Times of Crisis” (Geneva, June 2009: www.ilo.org/empent/Publications/WCMS_108416/lang-en/index.htm). The study provides historical and empirical evidence that proves that the cooperative model of enterprise is capable not only of surviving the crisis, but also of achieving a sustainable form of enterprise with the capacity to create work, even in an adverse situation such as the current one. Following the crisis of 2008 in some countries cooperatives have been able to create employment (Italy), while in other countries they have experienced fewer job losses than in other sectors (Spain).

This article will underline some factors, results and conclusions that can be used in an analysis and debate on innovative ways of engaging in entrepreneurship by means of a factual study of networks of production involving enterprises inspired by the principles of the social and solidarity economy, statistics, and a survey of legal frameworks and policies related to the social economy. As the article will explain, the need to offer real prospects for young generations in search of a professional and personal life project – a need that has been accentuated by the crisis – requires a variety of approaches.

4.3 The case study

The aforementioned study,⁴⁷ which aimed to re-examine the concept of entrepreneurship by analysing the perceptions of groups of young entrepreneurs in marginalized areas of East Africa based on a preliminary theoretical model of “grassroots collective entrepreneurship” and its potential to generate common wellbeing, presents results that widen our perspective to include new models of “engaging in entrepreneurship”.⁴⁸

Two approaches were employed: one based on the theory and practice of “solidarity economy” and its emphasis on democratic self-management and the fulfilment of collective needs; and the second based on the “wellbeing focus” which basically considers psychological and social needs to be just as important as material needs in terms of their ability to generate wellbeing. The multi-method focus used

to research this phenomenon, which is designed not only to provide an understanding of a particular situation but also to analyse the way things “could be”, was applied mainly with groups of young entrepreneurs in poor neighbourhoods in Nairobi, Kenya. Subsequently, in a complementary phase the approach was applied in the informal settlements of Dar es Salaam, Tanzania, with the aim of providing a reference for comparison.⁴⁹

One of the key points of the study was the exploration of the idea of the “network of production”, which is presented as a value added network of production made up of small enterprises in the solidarity economy in which all enterprises have access and a connection to all the others, and in which the relationships between enterprises are based on a large extent on notions of association, equality of power relations, non-inferiority, knowledge distribution, participation, a focus on collective needs, trust and innovation.⁵⁰



Foto: Fernando Cesar Pires Baptista

The results of the study suggest that these marginalized young people are attracted to the idea of recognizing their common situation of social exclusion and disadvantage and building alliances, placing their trust in solidarity as a means of achieving equity and emancipation, recovering the hope they had lost in order to improve their individual and collective wellbeing. In fact, the study identified a significant level of collective economic activities based on democratic self-management carried out by groups of young people.

49 Details in Annex 1.

50 Extract from the study: “After being presented to the thought of network of production, group members demonstrated great enthusiasm towards it and in general immediately identified themselves with the idea and started discussing and exploring possible links amongst youth groups; they predominantly associated it with economic inclusion and business boost – by means of solidary mutual supply and access to (international) markets – and with fairness and emancipation. [...] It seems that, being conscious of their socially disadvantaged situation and of their non-conducive milieu, youth group members in Nairobi, once exposed to the idea of networks of production, quickly turned out to perceive that [...] it raises an effective emancipatory alternative to enhance their income and wellbeing.”

47 “Perceptions of Grassroots Urban Youth Entrepreneurs about collective engagement: an extensive case study in East Africa”, Fernando Cesar Pires Baptista, January 2011, non-published Master’s Thesis in the International Development Studies Graduate School of Social Sciences, University of Amsterdam. The thesis is available at: https://sites.google.com/site/fcpbaptista/thesis_fernando_baptista.pdf

48 On this subject, see Yunus M., *Building Social Business*, 2010.

The study examines the concept of entrepreneurial spirit through the aforementioned networks of production and the comparison of the perceptions of young, marginalized, urban entrepreneurs in East Africa on the ideal model of grassroots collective entrepreneurship and its potential to generate common wellbeing.

The study is not a comparison of the individual and collective forms of entrepreneurial initiative, but it does aim to visualize, in the near future, the emancipating potential for a significant generation of young people who, given the current climate, seem to have few possibilities open to them to link themselves to the global economy in a situation other than that of semi-slavery.

In fact, perceptions and practices among the members of youth groups have shown themselves to be substantially and consistently based on equity and inclusive participation – although unfortunately this is not very widespread among women – driven in the main part by motives of interest in the collective and the “other”.⁵¹

It was also confirmed that, in an atmosphere of social and economic exclusion in which life and the economy seem to be profoundly linked, association, cooperation and solidarity are attractive options for empowerment and emancipation in order to increase income and collective wellbeing.

Moreover, the surveys carried out as part of the study confirmed that young people in secondary schools and young individual entrepreneurs in this same context are also attracted to the idea of cooperative and solidarity work relations, which they associate with wellbeing.

Finally, in terms of quality of life, the impression resulting from research is that the identities of young entrepreneurs in marginalized urban areas in Eastern Africa are increasingly less influenced by local tradition, and increasingly based on their social conditions and interactions with the outside world.

In this respect, the introduction of alternative understandings of the nature of business activity, such as the collective enterprise or the entrepreneur that trusts in others, seems to be, the study claims in its conclusions, a good starting point when thinking about creating suitable social and economic institutions in the region of sub-Saharan Africa. The study goes on to say that great progress would be made if foreigners or locals were co-opted by these support organizations.

Taking into account the ideologies and conditions to which organizations and enterprises linked to international development and aid are subject, the study claims that there is little space for introducing new references for initiatives in enterprise and wellbeing, although this is the situation that local governments in sub-Saharan Africa are increasingly

51 The instruments used for data collection in the study might give the impression of forming a rather unspecific approach; however, idealization was part of the strategy in order to make clear distinctions during intensive and extended interaction with young entrepreneurs. Extract from the study: “They strongly questioned dichotomies and deeply explored potentials and barriers in the context of informal settlements in urban East Africa; in effect, these activities’ findings reinforce that individual or collective modes of entrepreneurship are seldom empirically isolated in their ideal forms. with the most common form being a mixture of the two types of entrepreneurship. [...] [A combination] of collective interactions which dynamically and interchangeably assumed the formats of open dialogues, semi-structured interviews, and focus group discussions [were employed]”.



Foto: Fernando Cesar Pires Baptista

obliged to suffer. In practice, initiatives focusing on “social” themes, which up to now have not been recognized, are increasing in their formal institutionalization, and are now considered to be an important approach.

BRAZIL: ITS EXPERIENCE IN SSE AND SOUTH-SOUTH COOPERATION

Institutional recognition is the historical foundation of the phenomenon of the solidarity economy in Brazil, which began with an initiative of the World Social Forum and became the Brazilian Forum for Solidarity Economy (Foro Brasileño de Economía Solidaria, FBES)⁵². It was formally institutionalized in 2003 as the Brazilian National Secretariat for Solidarity Economy (Secretaría Nacional de Economía Solidaria, SENAES)⁵³, with branches throughout the country in local forums, government departments and academic institutions. Since then, it has developed in a dynamic way into many initiatives related to social awareness, mobilization, integration, competency building, the legal framework, and access to credit, production methods and markets. Some recent examples include the legal establishment in 2010 of the Brazilian National System of Fair and Solidarity Trade (Sistema Nacional de Comércio Justo e Solidário, SNCJS)⁵⁴ – the first of its kind in the world – and the National Programme of Incubators of Cooperatives (Programa Nacional de Incubadoras de Cooperativas Populares, PRONINC)⁵⁵ which organizes a network of about 100 incubators on-site. In fact, these initiatives are a close fit with the answers given by members of the youth group in Nairobi and Dar es Salaam when they were asked how external organizations can support the development of solidarity networks of production.

52 www.fbes.org.br/

53 <http://portal.mte.gov.br/ecosolidaria/secretaria-nacional-de-economia-solidaria/>

54 www.facesdobrasil.org.br/

55 www.finep.gov.br/pagina.asp?pag=25.70

4.4 The SSE: Dimensions and public policies

According to the study results, enterprises and organizations in the Social and Solidarity Economy, which make it possible to combine economic, social, environmental and other objectives without having to maximize returns on financial investments and additionally establish democratic forms of governance, were considered a very attractive model by youth groups interviewed in Tanzania and Kenya, young entrepreneurs who operate in marginalized urban areas of East Africa.

This is no surprise. On the contrary, in general young people have a particularly well-developed social and environmental awareness, since they can find a way of expressing their energy and creativity through these kinds of enterprise in which the people and work are given a primary importance above capital, with a greater emphasis on social benefits.

Does this different mode of enterprise, within the framework of the Social and Solidarity Economy, belong to the world of ideas, and does it provide a solid possibility of generating employment and income for those who embark on such ventures?

- In the European context, the social economy represents approximately 10 per cent of all European enterprises (around 2 million enterprises) and accounts for 6 per cent of total employment.⁵⁶
- According to the International Cooperative Alliance (ICA), in its 91 member states there are almost a billion cooperative members and jobs for more than 100 million people.
- Cooperatives are the main private employer in Switzerland and the second biggest employer in Colombia. In India, dairy cooperatives alone generate close to 13 million jobs for rural families, while in France and Italy they account for more than 1 million jobs, to give but a few examples.

56 <http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/social-economy/>

- Cooperatives are also important on a local level, such as in Quebec, Canada, where a financial cooperative called the Desjardins Group is the main employer, or in the United States of America, where 71 per cent of all jobs in the state of Wisconsin can be attributed to the cooperative sector.⁵⁷

The social and political recognition that has been generated by means of institutional and legal measures and public policies on an international, national and local level is significant, as can be seen from the following examples:

- United Kingdom via the Community Interest Company law; the 1991 Italian law on “Cooperative Sociali” (social cooperatives); and the “Société à finalité sociale” (company with a social purpose) in Belgium;
- Spain’s Law on Social Economy approved in December 2011 and Mexico’s Law on Social and Solidarity Economy of 2012;
- Brazil and the aforementioned Secretariat for the Solidarity Economy, created within the Labour Ministry in 2003. We must also mention France, where a Minister for Social and Solidarity Economy was appointed by the new government in 2012.
- On a supra- national level we can highlight the following: The social economy has been and continues to be recognized in the political sphere by the European Commission, which in 2008 initiated intense and decisive action in favour of the social economy,⁵⁸ boosting on the one hand debate on the issue in terms of the legal framework and on the other by means of the allocation of resources, in particular to social enterprises. A specific example of the mechanisms implemented in this respect is the Social Economy Intergroup,⁵⁹ an informal forum of the Members of the European Parliament (MEP) to discuss issues related to the social

economy.⁶⁰ In its regular meetings the Intergroup provides up-to-date information on EU policy and legislation related to the social economy. On the subject of funding, the Commission has approved the New EU Programme for Social Change and Innovation,⁶¹ which will also provide funds for investments into the development and expansion of social enterprises. The total planned funding for the period 2014–20 is €192 m, of which €95.5 m will be allocated to supporting the development of social enterprises. The European Economic and Social Committee (EESC),⁶² a consultative body of the European Union, has been very active in promoting debate on the level of the European Parliament on the subject of the Social Economy. Themes of particular interest to the EESC have included the innovative forms of enterprise offered by the SE and the promotion of the SE in Africa and Latin America.⁶³

The ILO and the Social and Solidarity Economy

In its “Declaration on Social Justice for a Fair Globalization” adopted by the International Labour

60 The objectives of the social economy in the groups are as follows: to promote exchanges of points of view on EU policy and legislation linked to matters of social economy; provide regular opportunities for dialogue between members of parliament, experts in social economy, civil servants working in the European Commission, representatives of civil society and other interested parties; to bring together members of all political parties and member states; to ensure that the European Parliament, European Commission and Council of Ministers take the social economy and its stakeholders into account when developing its policies.

61 <http://ec.europa.eu/social/main.jsp?langId=en&catId=89&newsId=1093>

62 <http://www.eesc.europa.eu/>

63 It is worth mentioning the portal www.oibescoop.org/ of the Ibero American Observatory for Employment and Social-based and Co-operative Economy (Observatorio Iberoamericano del Empleo y la Economía Social y Cooperativa, OIBESCOOP) created thanks to Miguel Angel Cabra de Luna of the EESC, Rafael Chaves of the Spanish Business Confederation of Social Economy (CEPES) and José M^a Pérez de Uralde of the Ibero-American Social Economy Foundation (FUNDIBES). It is a forum for meeting, reflection, training and action in matters of employment and local development based on enterprises and entities in the Social and Cooperative Economy.
[More info](#)

57 International Cooperative Alliance (Chavez, 2008).

58 <http://www.socialeconomy.eu.org/spip.php?article1753>

59 <http://www.socialeconomy.eu.org/spip.php?rubrique60>

Conference in Geneva in June 2008, the International Labour Organization, which has been active in issues concerning the Social Economy since it was founded, states that in a globalized world “productive, profitable and sustainable enterprises, together with a strong social economy and a viable public sector, are critical to sustainable economic development and employment opportunities”.⁶⁴

Chapter 5 of the ILO 2011 Reader (“Social and Solidarity Economy: Our common road towards Decent Work”) develops the theme of the potential contribution of the SSE to the achievement of the four dimensions of the Decent Work Agenda.⁶⁵ In particular, the aforementioned document seeks to demonstrate the congruence between the aims of the ILO and those of the SSE organizations, goals that are linked to labour standards and employment rights, the guaranteeing of decent work and income, the improvement and expansion of social protection and the strengthening and expansion of social dialogue.

Finally, it is important to highlight that in the conclusions to its final report presented at the International Labour Conference of June 2012 the Committee on Youth Employment indicated that “Youth entrepreneurship can be a pathway to decent work and sustainable enterprise for some young people and should be a component of national efforts to address the youth employment crisis. Promotion of entrepreneurship encompasses a range of activities in the for-profit and not-for-profit sectors, including private business development, self-employment, social enterprises and cooperatives.”⁶⁶

Therefore, recognition from a tripartite organization of the need for the social and solidarity economy to form part of national efforts to generate decent work – in particular for young people – is a guide for

future measures in the sphere of public policies on how to deal with the current crisis.

Perspectives and recommendations

Social protection, local development, social dialogue, the informal economy, rural development, and youth employment are relevant themes to which the social and solidarity economy can make a significant contribution in terms of the quantity and quality of work available.

Organizations in the social and solidarity economy have proven to be capable of providing social services for those who in many cases are not covered by public systems. In Italy, for example, social cooperatives have had a great deal of success thanks to the quality and quantity of services provided in the spheres of health and the integration of people with disabilities into the labour market.⁶⁷ Why not extend this successful experience to groups of young people?

Experience shows that for the last 20 years in developed countries organizations in the social and solidarity economy have provided health insurance programmes based in the community,⁶⁸ in particular for rural and informal workers who are not covered by national social security systems. In some countries these health insurance initiatives have been integrated into national systems.

⁶⁴ http://www.ilo.org/wcmsp5/groups/public/@dgreports/@cabinet/documents/publication/wcms_099768.pdf

⁶⁵ The document is available online at <http://socialeconomy.ilo.org/en>.

⁶⁶ www.ilo.org

⁶⁷ See p. 89 of the ILO document socialeconomy.ilo.org/ssea-reader2011-spanish-web.pdf Turin, 2011.

⁶⁸ In developed countries, finding ways of providing suitable, effective coverage to informal workers, a collective in which young people are an important percentage, is a priority. In collaboration with the World Health Organization and other United Nations bodies, the ILO is directing the development of the concept of the social protection floor that must be developed in order to protect people during and following a crisis. The ILO considers that a strategy to extend social security coverage should be based on two types of individual rights: i) a right that involves the payment of contributions or taxes; and ii) the rights that make up a threshold of basic social security for everyone. This threshold can be gradually consolidated as economic development progresses and/or as new needs arise.

The crisis has highlighted the need to seek solutions by means of a common effort which, in order to be truly common, requires the involvement of all those called upon to contribute, such as young people.⁶⁹ There is a need for a representative, legitimate dialogue, as well as the proposal of solutions. In this sense, the large number of organizations in the SSE, which represent the voice and interests of groups that are normally not represented by traditional social partners, can provide an important contribution to the aforementioned aims.

Finally, we also wish to mention that, in order to emerge from the crisis the dialogue between the public and private sectors and local communities is not viable without the active participation of the social economy. Bodies such as the European Commission and the OECD expressly promote social and solidarity economy organizations in the local development strategies that they help to implement in many countries worldwide. Many of the technical cooperation projects implemented by the ILO in Latin America and Africa have clearly demonstrated the importance of the role played by social economy organizations in the implementation of territorial development strategies in generating jobs.⁷⁰ The prime importance afforded to the interests of the community by members of social and solidarity economy organizations promotes social cohesion,⁷¹ both on a local and regional level, and is also confirmed by the conclusions of the aforementioned study. Some authors explain that collective identity and social cohesion are linked to the social and solidarity economy,⁷² which generates additional social cohesion by means of its principles,

its aim to benefit its members and the community, and its local impact. The effects of this social dialogue cannot be measured solely in terms of new economic associations but also in terms of social cohesion and institutional transparency.

Existing bodies and organizations with experience in this alternative spirit of entrepreneurship and wellbeing (such as FBES, SENAES, the Mondragón federation of cooperatives, and so on) can be recruited with the aim of expanding technical knowledge in order to benefit regions such as sub-Saharan Africa, for example. On the other hand, this effort can also be extended to the creation of complementary local bodies or national government and non-governmental entities that, given the current conditions in the sub-continent, could perhaps take on an important role in institutional contexts. South-south cooperation, which is intensifying on a daily basis, takes place in this context, although it would be useful to see such cooperation extended from the sphere of the state and institutions or international NGOs into the world of enterprises in the social and solidarity economy – in other words, the networks for exchange, collaboration and knowledge-building (or in some cases production) that include enterprises in Africa and Latin America, for example.

The experience of Brazil demonstrates that even in a context of widespread crisis it is possible to ensure that economic growth is compatible with a reduction in inequality and poverty, an aim to which all these institutional structures have made a contribution with their capacity to absorb different and contradictory situations and regulate and promote experiences in the alternative economy, as is the case of the SSE.

On a more global level, the Report of the Committee on Youth Employment produced at the International Labour Conference held in Geneva in June 2012 indicated the need for governments to guarantee a favourable climate for the social economy as a support for youth employment.

69 The generation of people born from the 1990s onwards interacts in a different way, conditioned by the use of social networks and characterized by the ability to manage the knowledge distributed in this way, a fact that can provide a very valuable and innovative contribution to overcoming the economic, political, social and environmental crisis.

70 The defining feature of local economic development is the presence of participatory processes with public and private actors.

71 This social cohesion is not only an indicator of good relationships between people but also the competitiveness of production systems and networks.

72 See p. 13 of the following ILO document: http://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/--coop/documents/instructionalmaterial/wcms_166369.pdf Turin, 2011.

4.5 Annex

The study⁷⁴

The research activity on networks of production based on the experiences of practices carried out by the Brazilian solidarity economy movement and its perception by young people pointed to an understanding of the perception of the members of the youth groups concerning the following:

- the similarities and difference between the movement based on networks of the Brazilian solidarity economy and the practice of the members of the group of young African people interviewed who participated in the study;
- the potential result of implementing networks of production;
- the obstacles to the development of networks of production;
- elements present in the current context that provide incentives for the development of networks of production;
- what is needed in order to ensure growth and consolidate networks of production;
- how external organizations (governments, NGOS, etc.) can support the development of networks of production.

Picture C-1: Activities in Nairobi and in Dar es Salaam

Specifically, in the reflection activities related to “networks of production”, 48 young people took part from 13 different “youth groups” (seven in Nairobi, six in Dar es Salaam). The youth groups acted above all as small, self-managed cooperatives (pp. 24-26).

In order to answer these questions, participatory workshops were held with members of the youth groups in Nairobi involving 2-7 participants, who were always members of the same group. In the case of Dar es Salaam in Tanzania, a single workshop was held involving seven members of six different groups. Due to the complexity and abstract nature of this exercise, the most challenging factor was the capacity to change the notion of networks of production into a suitable, specific “word game” that could be shared between the young people and the researchers.

Three elements were used for this. Firstly, an evocative video was shown which was especially designed to demonstrate the solidarity economy based on networks in Brazil produced by the promotion/mobilization department of the Brazilian National Secretariat for the Solidarity Economy (SENAES) and the Brazilian Solidarity Economy Forum (FBES).



Foto: Fernando Cesar Pires Baptista

73 Evocative Video with Subtitles in English and in Swahili: http://www.youtube.com/watch?feature=player_embedded&v=D4T7SqX_GLM
http://www.youtube.com/watch?feature=player_embedded&v=D4T7SqX_GLM
http://www.youtube.com/watch?feature=player_embedded&v=ndR62yVONa8
http://www.youtube.com/watch?feature=player_embedded&v=ndR62yVONa8

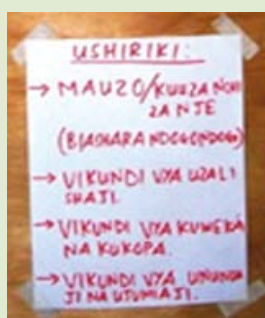
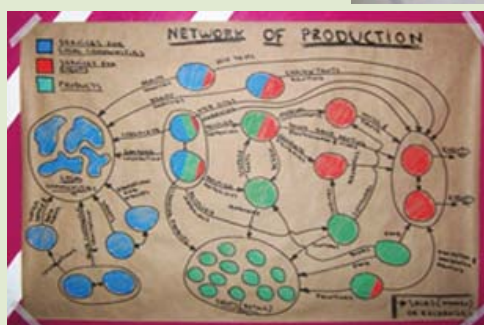
74 See note 4.

The second item was a graphic (see figure C-3) designed to illustrate in a practical way the idea of the network of production based on the entrepreneurial activities carried out, in fact, by the youth groups involved in the study. Each circle in the image was inspired by an existing youth group.

The tree image was used in line with the Reflect methodology in order to simplify and systematically guide the discussion on the most analytical levels.⁷⁵

Picture C-3: Charts Designed to Illustrate the Idea of Network of Production in Nairobi (English) and in Dar es Salaam (Swahili)

The most notable result⁷⁶ of the field activities related to wellbeing in Nairobi was that they showed that both the members of the youth groups and young individual entrepreneurs⁷⁷ were unsatisfied with the material needs and that this aspect represented the biggest gap in wellbeing for both categories. On the other hand, the members of the youth group seemed to be in a better position, taking into account almost all the other aspects of wellbeing and, especially, “developing yourself through the work... learning new skills and expanding your mind” and “participating in society (including interacting with and pressuring the government)” and showed an awareness of the issue. Even in terms of “deciding how to work, being creative and expressing your culture and beliefs”, an aspect easily associated with the spirit of individual enterprise, the members described their youth groups as environments that were mainly characterized by individual receptiveness and flexibility. Moreover, the results of the activities to promote participation in networks of production demonstrate that the members of the youth group had an enthusiastic perception of the promotion of the association, cooperation and solidarity in value chains as an effective and independent alternative to improve knowledge and technology, eliminating intermediate parties and other forms of exploitation, promoting access to markets and reducing costs in order to close the larger wellbeing gap that responds to material needs (food, housing, security, health and education).



⁷⁵ See p. 177 of the study for details of the analysis techniques used.

⁷⁶ See table on p. 55-56 of the study (note 4) for relevant recommendations from the interviewees related to the questions.

⁷⁷ In Nairobi, the study included three categories of respondents: a) young entrepreneurs from youth groups (that work in self-managed, cooperative groups); b) young individual entrepreneurs (who start their businesses and work in an individual way); and c) youths in secondary school, the majority of whom are on the point of beginning economic activity.

Chapter 5: Financing SSE as an approach to youth employment: The case of Kenya

Fredrick O. Wanyama

5.1 Abstract

The Government of Kenya has continuously articulated attainment of rapid economic growth as a solution to the rising unemployment among young people. The underlying premise has been that faster economic growth would lead to employment creation and that income generation through employment would lead to an improvement in the standards of living and the eradication of poverty. The failure of this approach to deliver on jobs for young people has led the government to turn to the social and solidarity economy as an approach to tackling youth unemployment. One of the initiatives that employ the social and solidarity economy approach is the Youth Enterprise Development Fund (YEDF), which focuses on engaging young people in gainful employment through institutional financing and equipping young people with appropriate entrepreneurial skills. The purpose of this paper is to highlight the significance of the social and solidarity economy (SSE) as an approach to creating employment opportunities for young people through the YEDF in Kenya. Through social economy-oriented financing mechanisms such as the Constituency Youth Enterprise Scheme, the Easy Youth Enterprise Scheme and on-lending through Financial Intermediaries, it is estimated that the YEDF has disbursed 5.9 billion Kenyan Shillings (KES) (about US\$ 69.4 million) to over 158,000 youth enterprises across the country since it was established in 2006. The entrepreneurship training and business development services have also seen over 200,000 young people trained in entrepreneurship and 1,800 assisted to market their products and services. The fund has also organised youth trade fairs, built sheds and stalls for youth

entrepreneurs, initiated mandatory pre-financing training for young people, and helped young people to form 24 savings and credit cooperative societies. In its own estimation, YEDF has created over 300,000 jobs for young people in the country since its inception. The Fund has, therefore, helped 9.2 per cent of the unemployed youth population to find jobs in the country. The underlying factors behind this relative success include utilization of the social economy principles in financing; availability of credit for start-up and working capital financing; entrepreneurship training and business development services; and building solidarity and the spirit of self-help among the youth. Since the SSE is already embedded in mutual trust, self-help and solidarity, the implication of this case study is that SSE organizations have the potential to create jobs and reduce unemployment among young people by strengthening the financing mechanisms available to them, as well as entrepreneurship training services.

5.2 Introduction

The number of young people across the world is increasing and today they almost constitute the majority in most countries. In Kenya, the youth population, defined as people between the ages of 15 and 34, totals 13.66 million and is estimated to account for 35.39 per cent of the total population. This proportion of youth is expected to grow to form the bulk of the population in the next 10-20 years, a phenomenon referred to as a “youth bulge” (*Njonjo, Rugo and Muingei, 2012*). This bulge is increasingly creating employment challenges, with the result that

a huge proportion of young people are unemployed. The problem of youth unemployment has led both the state and non-state actors to respond with various initiatives to tackle it.

Programmes implemented by various countries targeting youth unemployment in particular can be grouped into two broad categories: those that are focused on prevention of potential unemployment problems among young people, typically following formal schooling; and remedial interventions that try to rectify current unemployment. Whereas prevention measures focus on early and sustained interventions aimed at addressing the unemployment problem by increasing future employment outcomes, remedial interventions address market failures (labour, credit and training market) such as improving labour market regulations. This may also be termed a curative measure to deal with unemployment (Omolo, 2010:20).

Youth unemployment interventions in Kenya have mostly been curative in nature. In this case, state policies and initiatives by non-state actors have attempted to identify who and where unemployed young people are and tried to deal with their specific employment difficulties. Such interventions have also targeted “non-conventional” employment opportunities in areas such as Information and Communications Technology (ICT), music, the performing arts and sports (*Njonjo, Rugo and Muingei, 2012*). Perhaps it is from this “non-conventional” perspective that the state is increasingly considering the social and solidarity economy to be an approach to solving the unemployment problem among young people. It is against this background that the government introduced the Youth Enterprise Development Fund (YEDF) in 2006 to help in solving the youth unemployment problem in the country. The YEDF borrows heavily from the social and solidarity economy by requiring young people to form mutual support groups through which credit is advanced to start or expand their enterprises. The YEDF also uses social and solidarity economy organizations as financial intermediaries through which it channels financial services to young people. Thus, although

the YEDF is itself a government programme, it is operating on some of the principles of the social and solidarity economy.

The purpose of this paper is to highlight the significance of the social and solidarity economy as an approach to creating employment opportunities for young people through the YEDF in Kenya. This should serve as an illustration of the potential of the social and solidarity economy to create jobs and reduce youth unemployment. Given that the YEDF has been in existence for just six years, there is limited data available on its impact on employment creation. Consequently, this paper focuses on the potential of its social and solidarity economy initiatives to reduce youth unemployment in Kenya using the available secondary data. Our starting point in the discussion is to identify the context that has informed the introduction of the YEDF before we highlight the salient features of the Fund.

5.3 The context

Youth unemployment is a growing problem in Kenya. According to the 2009 population and housing census, 34 per cent of the Kenyan population of 38.6 million is aged between 15 and 34. This translates into a total of 13.12 million young people. With an estimated population of 41.6 million in 2012, the youth population has risen to over 14 million, representing a substantial workforce that could contribute significantly to economic growth. However, much of this labour force is unutilized. According to the Kenya Household Integrated Budget Survey (KIHBS) of 2005/06, 12.7 million out of the 14.6 million labour force were reported as employed, with the remaining 1.9 million people being openly unemployed. Approximately 67 per cent of the unemployed in the country were young people (Republic of Kenya, 2008).

Since then, this scenario has taken a turn for the worse. According to the Kenya National Bureau of Statistics, the unemployment rate in Kenya increased from 12.7 per cent as reported by the KIHBS in 2006 to 40 per cent in 2011. If we retain

the 2006 labour force of 14.6 million, this translates into 5.8 million people who are actively seeking employment and are unable to find jobs. It is worrying to note that in 2012, youth unemployment is estimated to account for 70 per cent of total unemployment in Kenya (African Economic Outlook, 2012). This means that approximately 4 million young people are unemployed, and this figure is projected to rise. Consequently, unemployment – in particular among young people – has been identified as being among Kenya's most difficult and persistent problems.

The Government of Kenya has continuously articulated the need to create sufficient employment opportunities to absorb the country's growing youth workforce. Its general framework in this regard has been to attain rapid economic growth as an avenue for employment creation. The underlying premise has been that faster economic growth will lead to generation of employment opportunities, and that income generation through employment will lead to an improvement in standards of living and the eradication of poverty. Within this context, long-term measures such as management of macroeconomic fundamentals such as savings, investments, income generation and controlling population growth have been pursued in order to facilitate job creation.

At the same time, medium- and short-term measures have also been implemented in an attempt to create jobs on a more intermediate basis. For instance, the government has used some public works programmes to create jobs for young people. One such programme from the recent past is the *Kazi Kwa Vijana* (Swahili for "Work for the Youth") programme, which was launched in March 2009. The objective of this programme was to facilitate wage earning opportunities among young people by engaging them in labour-intensive public projects for short periods, each running for between three to six months. These projects included Trees for Jobs; Rehabilitation of Irrigation Schemes; the Nairobi River Basin Rehabilitation and Restoration; and maintenance of urban infrastructure in the major towns, among others.

Despite these measures, youth unemployment in Kenya continues to rise. As already pointed out, young people account for more than 70 per cent of the unemployed population in Kenya. The high unemployment rate among young people has been variously attributed to the low absorptive capacity of the economy; weak implementation and coordination of youth-targeted employment interventions; a lack of appropriate skills; job selectiveness; a lack of employability, the economy's limited employment creation capacity; weak entrepreneurship culture; and unequal opportunities (Omolo, 2010: 14). These realities have given the government the impetus to turn to policies and programmes that specifically address these identified challenges in order to confront youth unemployment.

As already pointed out, one of these remedial or curative interventions through which the government is trying to address youth unemployment is the National Youth Enterprise Development Fund, which was established in June 2006. Visualized as a strategy for engaging young people in gainful employment through institutional financing and equipping them with the appropriate skills to creatively engage in economically viable activities, the Fund was transformed into a State Corporation in May 2007. It targets young people within the age bracket of 18 to 35 years, whose total population currently stands at slightly over 14 million and continues to grow at a rapid rate.

In choosing provision of credit to organized youth groups as well as individual youth entrepreneurs through financial intermediaries to enable their members to engage in gainful economic activities, the YEDF has embraced the social and solidarity economy approach to solving the unemployment problem among young people. By social and solidarity economy, we refer to enterprises and organizations which have the specific feature of producing goods, services and knowledge while pursuing both economic and social aims and fostering solidarity. The range of organizations in this category includes cooperatives, mutual benefit societies, associations, foundations and social enterprises. Given that the YEDF employs

a revolving funding mechanism and financial intermediaries like Non-Governmental Organizations (NGOs), Savings and Credit Cooperatives (SACCOs), and Micro Finance Institutions (MFIs) to advance credit to young people, it is no doubt using the social and solidarity economy to create employment for the youth population. The question that arises is how has the YEDF utilized social and solidarity economy mechanisms to solve youth unemployment?

5.4 Social and solidarity economy parallels in the YEDF

The Youth Enterprise Development Fund was established with the broad goal of reducing youth unemployment in Kenya. Its specific objectives have since been redefined as to provide loans for on-lending to youth enterprises; attract and facilitate investment in micro, small and medium enterprise-oriented commercial infrastructure that will be beneficial to youth enterprises; support youth-oriented micro, small and medium enterprises to develop linkages with large enterprises; facilitate the marketing of products and services of youth enterprises both in the domestic and the international markets; provide business development services to youth enterprises; and to facilitate the employment of young people in the international labour market.

Pursuant to these objectives, the YEDF attempts to solve youth unemployment through two broad pillars: youth enterprise development; and searching for employment opportunities for young people outside the country through the Youth Employment Scheme Abroad (YESA). The youth enterprise development initiative has two main components; namely, institutional financing and entrepreneurship training. It is the institutional financing mechanism that is embedded in the social and solidarity modalities through the provision of credit to finance youth enterprises. Young people can access credit for business development by means of three mechanisms.

First, the YEDF has established the Constituency Youth Enterprise Scheme (C-YES) to channel credit to youth groups. In this arrangement, each constituency in the country has been allocated a revolving fund of KES 4.5 million⁷⁸ for lending specifically to youth groups to finance group enterprises. The Fund has formed community committees at the constituency level, which vet applications forwarded by youth groups from that particular constituency. The maximum amount lent through this component is KES 50,000.

Second, there is the Easy Youth Enterprise Scheme, which finances the projects of individuals belonging to youth groups or groups that have completed repayment of C-YES loan. Through this component, groups start with a loan of KES 50,000 and graduate upwards to KES 400,000. Individuals start with KES 25,000 and graduate to KES 100,000 on the third loan. To borrow as an individual at this level, one has to be a member of a youth group that has previously repaid its C-YES loan. The Fund has, however, introduced a new product in which individuals with unique ideas can borrow directly from the Fund without being subject to the requirement of belonging to a group. This component is not subject to interest, but beneficiaries pay a one-off management fee of 5 per cent of the loan advanced.

Third, the YEDF provides loans to youth entrepreneurs through financial intermediaries, some of which are social and solidarity economy organizations. The Fund has partnered with 36 financial intermediaries which include Non-Governmental Organizations (NGOs), Savings and Credit Cooperatives (SACCOs), and Micro Finance Institutions (MFIs), from which young people access funds to start or expand viable businesses. The Financial Intermediaries manage funds which young people access either as individuals belonging to youth groups or as organized youth groups. Through this component, young people can access up to KES 1 million. The loan attracts an interest of 8 per cent per annum. For any loans above KES

⁷⁸ At the time of writing this paper, the exchange rate was KES 85 to one US dollar. This amount is, therefore, equivalent to US\$ 52,941.

1 million, the financial intermediary must seek authority from the Fund.

In addition to channelling credit to young people through these two mechanisms, the YDEF is also spearheading the creation of youth cooperatives to make the institutional financing mechanism self-supporting and sustainable. The Fund has partnered with the Ministry of Cooperative Development to assist young people to build savings and form credit cooperative societies (SACCOs). Besides being instruments for mobilizing youth savings and marketing vehicles for youth enterprises, these SACCOs will also be used as financial intermediaries through which the Fund can reach their youth members with credit facilities.

Furthermore, the YEDF has continued to diversify its product base by focusing on interventions that are more responsive to the needs of young people and are geared towards addressing the specific challenges facing young entrepreneurs. One of such new interventions that mirrors practices in the social and solidarity economy is the proposal to establish a credit guarantee scheme. In an effort to increase access to credit, the Fund intends to set up a Credit Guarantee Scheme for young entrepreneurs by providing guarantees to financial institutions to facilitate easy access to credit under a risk sharing arrangement. This initiative is geared towards unlocking capital in the private sector for youth enterprises.

The Fund is, therefore, in the process of entering into partnership with financial institutions willing to provide financial services to young people under a guarantee scheme from the Fund within a risk sharing framework. The scheme will provide guarantees against default to financial institutions for loans advanced to youth entrepreneurs that would not ordinarily have been funded. The scheme is intended to support youth enterprises with a particular focus on youth entrepreneurs who have good start-up business ideas but are unable to access financial support due to a lack of adequate collateral; support asset financing, in particular of equipment that supports the growth of youth

enterprises; and facilitate the establishment of capital-intensive youth enterprises, among others (Youth Enterprise Development Fund, 2012a).

It is evident from the activities of the YEDF that after working within the general framework of attaining rapid economic growth as an avenue for employment creation for about five decades, the government has decidedly turned to the social and solidarity economy as an approach for addressing the growing crisis of youth unemployment in Kenya. The question that is pertinent to our discussion in this paper, to which we now turn, is the extent to which the social and solidarity economy initiatives of the YEDF are creating jobs for young people in Kenya.

5.5 The youth enterprise development fund and youth employment

Since its inception, the YEDF has advanced loans totalling KES 5.96 billion to support 158,000 youth enterprises in the country. Of this total, KES 545.3 million has been disbursed through the Constituency Youth Enterprise Scheme (C-YES); KES 54.2 million through the Easy Youth Enterprise Scheme (E-YES); and the remaining KES 4.6 billion advanced through Financial Intermediaries. A substantial portion of this amount seems to have been recovered from the revolving scheme or previous loans, given that although the YEDF had received only KES 3.3 billion from the Government Treasury by 2011 it has advanced about KES 6 billion. Table 1 below shows Government allocation of funds to the YEDF during the period 2006 to 2011.

Table 1: Financial Allocation to the YEDF by the Treasury, 2006-2011

| Financial Year | Amount (KES) |
|----------------|----------------------|
| 2006/2007 | 1,000,000,000 |
| 2007/2008 | 725,000,000 |
| 2008/2009 | 499,914,170 |
| 2009/2010 | 540,750,000 |
| 2010/2011 | 550,000,000 |
| TOTAL | 3,315,664,170 |

Source: Youth Enterprise Development Fund, 2011.

The fact that the YEDF is building its revolving fund to the point where it almost equals the government allocation could be an indicator that the young people who borrowed from the fund have been repaying their loans and that their enterprises are, therefore, blossoming to create jobs. To what extent is this assumption correct? How many jobs may have been created for young people? An examination of the Fund's lending mechanisms may provide some insights into these questions.

5.5.1 The Constituency Youth Enterprise Scheme (C-Yes)

Studies on community-based organizations (CBOs) in Kenya have shown that a comparatively smaller percentage of young people (those below the age of 30) participate in the activities of youth groups (Wanyama, 2010: 46). This has been attributed to a variety of reasons, including the following: many unemployed young people are on the look-out for white-collar jobs rather than taking time to participate in income generating activities of CBOs; most of them are single and do not face household problems of bringing up families; some young people are yet to appreciate the need for collective action to address socio-economic problems; most young people are still dependent on their parents while young women who get married depend on their husbands; most lack resources for contributing towards the activities of CBOs;

and some young people look down on some of the activities undertaken by CBOs, such as farming and provision of labour. Such reasons have led to the formation of fewer youth groups relative to the other types of community-based organizations, in particular women's groups. The few existing youth groups tend to be too poorly resourced to effectively engage in meaningful income generation activities. A majority of them have attributed their poor economic returns to the lack of funds to invest in capital-intensive enterprises (Wanyama, 2010: 87).

It is against this background that the YEDF opted to encourage the formation of youth groups and extend financial support to them so as to enable young people to appreciate the value of solidarity in developing their enterprises. This was achieved by introducing C-YES, which makes the youth group mandatory for financial support. For a group to qualify for funding, it should be registered with the Department of Social Services or the registry of societies at least three (3) months before applying for the loan. The group should also be based and operating within the Constituency; undertaking/ proposing to carry out a business-oriented activity; operating an active bank account; where the group is mixed – that is, with members who are either under 18 or over 35 years of age – at least 70 per cent of the members must be aged 18-35; and the leadership of the group must be made up of 100 per cent young people.

The youth group that meets these criteria and intends to apply for a loan is required to collect a proposal form from the Divisional Youth Officer, the District Youth Officer, or from the YEDF website. The group then submits completed business proposal forms to the Divisional Youth Officer, who is normally based in each constituency. The Divisional Youth Officer will make his/her recommendations on the application to the Constituency YEDF Committee. The Constituency YEDF Committee will screen and assess the proposals received in line with the guidelines provided and forward the recommended proposals received in order of merit to the District YEDF Committee. Finally, the District YEDF Committee validates and approves the proposals and forwards details of groups to be

funded to the YEDF Headquarters, which process payment to the groups.

Through this mechanism, the Fund had advanced a total of KES 545.3 million to 12,407 youth group enterprises across the country by 30 September 2011 (Youth Enterprise Development Fund, 2011). We could not obtain data on the number of members who ended up earning an income from these enterprises in order to determine the number of jobs that have been created. However, from a very conservative estimate of just three members per group, this may have created about 37,221 self-employed jobs for young people. In addition, some of these enterprises may be offering paid employment to other young people who are not members of the groups.

Loans advanced through the Constituency Youth Enterprise Scheme are repaid in a year, following a grace period of three months. Repayment rates have increased of late, but are not as high as those of financial intermediaries. Some of the factors that affect the repayment rate of C-YES loans include, firstly, the fact that some areas are not well served by financial institutions. Youth are expected to deposit money in a repayment account, yet in some cases the repayment point is located very far away, making it difficult and expensive to comply with such obligations. Second, most of the investments in rural areas are agricultural and livestock related. They have a long maturity period before the young people can reap benefits and start repayment. They are also sometimes badly affected by the unfavourable weather patterns that have become so frequent. Third, some of the young people involved lack skills in managing their enterprises. This may impact negatively on the capacity of the enterprises to generate enough revenue to cater for both recurring expenses and the servicing of loans. Fourth, since youth is a transitional stage in life, there are instances in which some key members of the group leave to take up college and job opportunities, thus weakening the groups. This has impacted negatively on the continuity of some groups, as well as on their capacity to fulfil loan repayment obligations.

To mitigate against low repayment and ensure that the C-YES component is sustainable, the Fund is taking the following measures. First, the Fund has opened an M-Pesa (a telephone money transfer service) account to make it easier for young people in rural areas to repay their loans. Second, the Fund has intensified the entrepreneurship training of beneficiaries to enhance the sustainability of their enterprises. Third, the Fund has recruited two interns to work in each constituency. These interns will provide information on the Fund to young people as well as provide business advice. Fourth, the Fund will open 25 regional offices in order to reach young people more efficiently.

Despite the challenges faced, it is instructive that the C-YES has created conditions for young people to embrace mutual support to form groups and use such groups to seek financial services to start enterprises, which are helping to create jobs. This is steadily pulling young people out of unemployment.

5.5.2 The Easy Youth Enterprise Scheme (E-Yes)

This scheme builds on the achievements of C-YES and focuses on individual youth entrepreneurs within the constituency. As already pointed out, the product targets individuals within youth groups that have successfully repaid their C-YES loans. It is meant to empower individuals within the groups to start or expand their personal businesses. The youth are motivated to repay their C-YES loan in order to qualify for the E-Yes loan, which offers more money than the group scheme. Individual members can be loaned from KES 25,000 to a maximum of KES 100,000. However, groups that have successfully repaid their C-YES loans can also be loaned funding, starting with a loan of KES 50,000 and graduating upwards to KES 400,000. The application procedure is more or less similar to that of the C-YES scheme already outlined above.

As of September 2011, the YEDF had advanced KES 54.2 million to 2,111 individual enterprises at the constituency level in 42 out of the 47 counties in

the country through this scheme. The distribution of beneficiaries, however, varied greatly because counties that had a good repayment rate for the C-YES loan had more young people qualifying to borrow as individuals under E-YES scheme. This saw five counties fail to produce even a single successful applicant for the E-YES loans in 2011. Nevertheless, it is instructive to note that 2,111 self-employed jobs were created through this scheme and there is a possibility that some more wage employment opportunities were created for other young people whom these enterprises might have employed.

5.5.3 On-Lending Through Financial Intermediaries

The on-lending component of the Fund mainly works through Financial Intermediaries such as banks, non-governmental organisations (NGOs) involved in micro financing, Savings and Credit Cooperatives (SACCOs), and Micro Finance Institutions (MFIs) that work in partnership with the Fund. The Fund gives term loans at a 1 per cent interest rate to these intermediaries, who in turn lend to young people at an 8 per cent interest rate. The intermediaries use the 7 per cent interest difference to cover administrative costs and to mitigate any losses that may arise from lending to a clientele perceived as risky. The intermediaries shoulder 100 per cent of the risk of this component (Ministry of Youth Affairs and Sports, 2011).

This loan scheme targets all forms of youth-owned enterprises, whether individual, companies, groups, cooperatives or otherwise. The loan amount is dependent on the nature of business proposed and the lending terms of the Financial Intermediary, but does not exceed KES 1 million. As already pointed out, for any loan above KES 1 million, the financial intermediary must seek authority from the Fund.

By September 2011, the Fund had partnered with 37 financial intermediaries for on-lending to young people. These intermediaries had disbursed a total of KES 4,615,054,135 (US\$ 54,294,755) to 129,385

individual youth enterprises across all of the 47 counties. It is noteworthy that a fair share of female youths got access to the loans, as Table 2 below indicates.

Table 2: Distribution of Loans from Financial Intermediaries by Gender

| Gender | Enterprises | Amount (KES) |
|--------------|----------------|----------------------|
| Male | 65,103 | 2,657,189,396 |
| Female | 64,281 | 1,957,864,738 |
| TOTAL | 129,385 | 4,615,054,135 |

Source: Youth Enterprise Development Fund, 2011.

In the light of such encouraging figures with regard to gender balance, it should nevertheless be pointed out that some counties have recorded a relatively low uptake of loans through financial intermediaries. The main reason has been a lack of adequate coverage by small enterprise-oriented financial institutions. The fund is making all possible efforts to identify alternative ways of channelling its products to young people in these areas. In addition, the Fund is now focusing its efforts on identifying rural-based financial institutions that may be able to reach out to young people in need in rural areas.

Nevertheless, it is clear that in spite of the low uptake of loans from financial intermediaries in some counties, over 129,385 self-employed jobs have been created for young people through this mechanism. Some of these enterprises have actually offered wage employment to young people, thereby pushing up the overall number of jobs created. For example, in 2007, Ms Maureen Mugalla, a 24-year-old high school leaver, started a chips cafe at Mbale market in Western Kenya using KES 10,000 that she had saved for five months from her monthly KES 2,000 wage as a hotel waitress. After starting the chips business, she felt the need to expand. She applied for a loan from the YEDF, and was allocated KES 20,000, which she diligently used to expand her business. Today, Ms. Mugalla owns a hotel, a salon and a barber's shop in Mbale town. Besides being self-employed, she has also become an employer.

From her hotel, tagged 'Cheers Cafe', and a barber shop-cum-salon dubbed 'Gravity Centre', more than 100 youths have been employed and trained as waiters, barbers and hairdressers while working there (Rajab, undated). This is just one example of the additional job creation potential of on-lending through the financial intermediaries component of the YEDF.

Another positive indicator linked to this component is the relatively high repayment rate. Loans provided through financial intermediaries have a repayment rate of 98 per cent. Encouraged by these rates, four financial institutions have leveraged the funds that they receive from the Fund, with two of them leveraging as many as nine times. This has helped to increase the amount of money available that young people can borrow to develop their enterprises and create jobs.

5.5.4 Entrepreneurship Training and Business Development

An effective way of addressing the challenges of unemployed youth is not only to provide loans, but also to help them develop their skills in entrepreneurship and small business development. Business literacy helps young people to envision ways of getting out of poverty; to do something to help themselves and their communities; and to eventually ensure sustainable economic self-reliance. It is instructive that the YEDF has actually combined business financing with the provision of entrepreneurship training and business development services. Besides ensuring that young people have adequate skills, it also assists them in identifying and tapping into business opportunities while embracing modern business management techniques. The Fund has used a number of mechanisms to offer entrepreneurship training opportunities for young people.

First, the Fund has started a mandatory pre-financing training programme to enhance sustainability of youth enterprises. To date, the Fund has provided

entrepreneurship training for over 200,000 young people as part of this programme.

Second, the Fund has been using business plan competitions among young people as an avenue for training them in entrepreneurship. It has supported two business plan competitions in which over 10,000 youth entrepreneurs were trained and winners awarded. Some of the participants of the competitions have started very viable enterprises.

Third, the Fund has partnered with the Ministry of Cooperative Development to assist young people to form savings and credit societies (SACCOs). This is particularly important given that less than 10 per cent of cooperative members in Africa are young people, although this collective forms the majority of the working population, especially in Kenya. To improve youth participation in SACCOs, the Fund, in partnership with the said Ministry, are training young people on the virtues of forming cooperatives using a jointly produced training manual. So far the Fund has facilitated the formation of 24 youth SACCOs.

5.6 Challenges encountered by the YEDF

Though the YEDF seems to be making progress towards solving the problem of unemployment among young people, the process has not been without challenges. First, there are inadequate disbursement and repayment infrastructures in some parts of the country, particularly in remote rural areas. This has posed difficulties not only in reaching the youth, but also major challenges in loan disbursement and repayment. A lack of financial intermediaries and loan repayment avenues in some areas puts young people in those areas at a disadvantage. The Fund continues to explore partnerships with local financial institutions such as SACCOs in order to conveniently serve young people in their local areas.

Second, the capital investment in providing non-credit services to the youth entrepreneurs is

huge vis-à-vis the actual loans disbursed. These services include business development services, market support, operational overheads, and public sensitization and education. But the public focus is largely on the loans disbursed rather than the quality of such loans.

Third, there are insufficient policy and legislative frameworks to support the growth of youth enterprises and Fund's sustainability in line with the scale and complexity of the youth unemployment problem. For instance, there is no legal framework guiding the operation of the youth labour migration. In response to the policy void, the Fund is in the process of preparing a legal framework that will entrench the various Fund functions, activities and programmes. To achieve the objective, the Fund has embarked on developing a sessional paper that will form the basis for enacting a Youth Fund Act (Youth Enterprise Development Fund, 2011).

5.7 Conclusion

With about half of Kenya's population being categorized as youth, there is a growing proportion of young people leaving tertiary education institutions who cannot find jobs. It is now estimated that 70 per cent of the unemployed in Kenya are young people. Slow economic growth, rapid increase in the number of young people graduating from secondary and tertiary education institutions and the inability of either public or private sectors to accommodate this large group of skilled young graduates account for rising youth unemployment in the country. After many years of attempting to solve youth unemployment through the attainment of rapid economic growth as an avenue for employment creation, the government embraced the social and solidarity economy approach in 2006 by establishing the Youth Enterprise Development Fund to spearhead efforts to create jobs for young people. It has been the purpose of this paper to highlight the significance of the social and solidarity economy as an approach to creating employment opportunities for young people through the YEDF, with a view to illustrating the potential of the social

and solidarity economy to create jobs and reduce youth unemployment.

Through financing mechanisms like the Constituency Youth Enterprise Scheme, the Easy Youth Enterprise Scheme and on-lending through Financial Intermediaries, it is estimated that the Youth Enterprise Development Fund has disbursed KES 5.9 billion (about US\$ 69.4 million) to over 158,000 youth enterprises across the country since it was established in 2006. The entrepreneurship training and business development services have also seen over 200,000 young people trained in entrepreneurship, 1,800 assisted to market their products and services and at least 6,000 facilitated in obtaining employment abroad. The fund has also organised youth trade fairs, built sheds and stalls for young people, started a mandatory pre-financing training for youth, and helped them form 24 savings and credit cooperative societies. If the training in entrepreneurship resulted in the initiation of income generating activities, then this data translates into a total of 365,800 jobs in the last six years (Youth Enterprise Development Fund, 2012b). Indeed, according to its own estimates, the YEDF has created over 300,000 jobs for young people in the country since its inception (Youth Enterprise Development Fund, 2012c). It should be emphasized that although these jobs were not for or concentrated in the social and solidarity economy, they were generated using the SSE approach.

Given that about 4 million young people in Kenya are unemployed and approximately 365,800 jobs have been created by the YEDF, it is apparent that the Fund has helped just 9.2 per cent of the unemployed youth population to find jobs in the last five years of its operation. This is a relatively small percentage of a population that is still growing fast. Nevertheless, it is a significant contribution to the solution to youth unemployment in a country where slow economic growth has incapacitated both the public and private sectors from accommodating the rapid increase in the number of young people graduating from secondary and tertiary education institutions.

This success story can be attributed to at least three key factors. The first of these is the availability of capital from which young people could borrow to start and develop their enterprises. Studies on youth participation in the social and solidarity economy have quite often attributed their lacklustre involvement to both the lack of resources to profitably invest in the activities of the social economy and the allure of a higher income from wage employment in the private and public sectors. The Youth Enterprise Development Fund solved the resource difficulty by establishing a revolving fund of US\$. 69.4 million from which young entrepreneurs could borrow to finance their business activities.

Second, entrepreneurship training and business development services also made a significant contribution to the success of the Fund. Most of the young graduates from secondary schools and other tertiary education institutions do not have the entrepreneurial skills they need to enable them participate in the vibrant Micro, Small and Medium Scale Enterprises (MSMEs) sector. Within the Kenyan context, MSMEs are understood to be independent business undertakings in which operational and administrative management is in the hands of the owner(s), who are also responsible for taking major decisions within the enterprise. Yet young people do not have access to effective business advisory and support services. The absence of entrepreneurship mentorship programmes continues to be one of the key challenges facing youth integration into the MSMEs and national economic grid. Overall, promotion of entrepreneurship and nurturing of an entrepreneurial culture should be seen as one of the ways by which the youth population can emerge

from the unemployment crisis. The contribution of the YEDF's entrepreneurship training and business development services should be understood from this perspective.

Third, the emphasis on solidarity of the youth population also significantly contributed to the success of the Fund. Whereas all young people faced a similar challenge of lack of access to credit and seed funding to start their enterprises, the condition for borrowing from the YEDF became joining a youth group and successfully repaying the initial loan from the C-YES scheme. Members of groups that successfully repaid the C-YES loan could individually borrow from the E-YES and also from the Financial Intermediaries. This requirement helped to build solidarity among the young entrepreneurs. Buoyed up by the lessons learned from this experience, the Fund is now developing more products that will rely on the solidarity of the youth population. One such product is the Credit Guarantee Scheme for young entrepreneurs, in which the Fund will provide guarantees to financial institutions to facilitate easy access to credit for young people under a risk sharing arrangement. This means that the young people will have to cultivate a culture of trust and guarantee themselves to borrow and repay the loans.

The lesson that the social and solidarity economy organizations can learn from this case is that they actually have the potential to create jobs and reduce unemployment among the youth population by strengthening the financing mechanisms available to them, as well as entrepreneurship training services.

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