

Youth Skills Enterprise Initiative

**A Zambian Case Study of Micro-Enterprise and Micro-Credit
Support for Street- Based Youth**

The Street Business Start-Up Case Study is an example of a program that enables young people that live and/ or work on the street to create their own business through

- skills training
- accompaniment
- peer support
- credit

Street Kids International

September, 2002

Introduction

This study represents the work and philosophy of Street Kids International and some of its partners. It draws on the learnings of the Zambia based project of SKI, the YWCA and Zambia Red Cross over several years.

Street Kids International is convinced that the international community must pay closer attention to street kids as economic actors and not simply as recipients of social welfare directed programming.

The children we meet all over the world on the streets of the richest and poorest urban environments work. They almost always, by force of circumstances need to earn a livelihood to support themselves or family members. We have concentrated on their health challenges for many years and gradually realized that the mental and physical health of street kids was inextricably tied to the choices they are able to make regarding livelihood. Treating "Street Health" and "Street Work" in isolation did not reflect their reality and the need to engage in high risk conduct like the sex trade, drug trading and petty theft to survive their economic situation.

Treating these kids as economic actors challenges many assumptions - that these are children who need to be rescued - that these are children who need to be protected from work - that formal class room education is the right choice for each child regardless of circumstances - that street children are not smart enough or reliable enough to trust with business assets and credit - that they are not already heads of households or about to parent - that they are not soon to be the next generation of parents living in high risk conditions.

Not many years ago, we heard the same arguments being used to say women could not be targets of economic programming in areas such as micro-enterprise and credit. Women were uneducated, did not understand business, were burdened by child rearing, had no assets for collateral, could not sign legal documents and, we were told that husbands would take all of the money. We proved the doubters wrong over the next two decades. We are at the same cross roads today and need to challenge the truisms and stigmas attached to street based working children as we did with women.

Street Kids International is working on these issues on three levels - with the kids themselves to build their capacity to make good choices about health and livelihood; with the organizations dedicated to working with street kids to build their capacity to reach street kids where they are, on their terms in areas of programming that SKI understands that respects them as young adults who are resilient, capable decision makers; and with the youth service sector -the court workers, youth workers, police, counsellors, etc. whose work and formal education and training has seldom equipped them to understand the particular needs of street kids or how to work with this

particular target group successfully.

Street Kids International is committed to sharing the work of the practice leaders around the world with whom we work and to being advocates for the need to invest in the work of street kids. This study captures one example of how we disseminate the research and learnings. In this document is a set of elements which groups have shared, discussed, and contemplated for a number of years. In the area of economic programming for street kids, these are early days.

Street Kids International
August, 2002
www.streetkids.org

Profile of Street Kids International (S.K.I.)

Street Kids International (SKI) operates as a capacity-builder among a broad array of agencies serving children and youth that live and work on city streets in the developing, transitional and industrialized countries. In any given year, SKI is active in several countries in three to five world regions, developing and implementing programs of international and cross-cultural utility in association with local youth workers, their organizations and the youth they serve.

This approach is possible and desirable because marginalized youth in all parts of the world have a great deal in common. Almost by definition, street kids operate outside the reach of community and national structures. SKI's program environment is the local agencies that have emerged to reach out across that gap to children and youth largely failed by their families, communities and public institutions.

Purpose and Rationale

The key objective of this document is to share learnings from a Zambia- based business start up project for street-involved youth.

This study introduces a program where youth receive funds to realize their business idea. By supporting youth through training, business management, loan repayment and business expansion, youth are able to break out of the cycle of poverty controlling their lives.

Lending money to youth is different than lending money to adults yet have some similarities to the experience of credit provision with women. We believe that a micro-credit program for street youth can succeed. Success is achieved by attending to the unique needs of this population: young members of society who are working and/or living on the streets and trying to meet the daily challenges of living in poverty.

From years of working with street youth, Street Kids International has discovered four predominant features of street youth's lifestyles:

1. Street youth struggle with the desire for autonomy and the need for dependable support from society.
2. Street youth are able to optimize their resilience with minimal levels of education to pursue new opportunities they feel will bring gratification.
3. Street youth are constantly seeking the approval and involvement of other youth in their lives.
4. Street youth have the creativity to develop strong business ideas, and require the assets to realize their ideas.

The case study captured here centres on **Street Youth** and was designed in direct response to their strengths and characteristics mentioned above.

Content

Section I – Introduction and Overview of the Project, introduces the experience of the Youth Skills Enterprise Initiative

Section II – Getting Your Organization Ready, presents the implications for an organization interested in delivering the Street Business Start-Up Model as a program.

Section III – Business Start-up Program Model, outlines the Model's Parameters for implementation. We will discuss how the Program Foundation and Supporting Elements respond to the unique needs of street youth

Section IV – Program Description, provides a brief overview of the implementation of the business start-up program's various components. By the end of this section, this document will have created a basic outline of the entire program.

Section V – Lessons Learned, describes the lessons learned by the Youth Skills Enterprise Initiative – experience from which your organization can benefit and provides decisionmaking tools. The list of recommended books at the end of this section will also be helpful sources of information.

We hope you will find this document to be a useful tool in program development. We wish you all the best in your work efforts, and thank you for your commitment to the lives of street youth!

Section I: Introduction and Overview

The Youth Skills Enterprise Initiative (YSEI) was a joint undertaking by the Zambia Red Cross Society, the YWCA Council of Zambia, and Street Kids International (SKI) established in 1996. The program was organized in response to the increasing economic needs of street and working youth in Lusaka. The beneficiaries of the Zambia project, on which this program model is based, have the following characteristics:

- Youth between the ages of 14-22
- Out of school
- Spending most of their time on the street
- With no previous working experience

The primary goal of the YSEI program was to provide street and working youth in Lusaka with an opportunity to earn increased daily income, and to learn useful business and life skills. This remains the goal even six years later when the YWCA and Zambia Red Cross continue to run the program on their own. The program aims to be a youth-centred participatory process that addresses the practical economic needs as well as the broader social and health needs of youth.

Key strategies for meeting this goal include:

- Support youth to start and manage their own small businesses through training and counselling
- Provide access to credit
- Enhance the organization of youth as peers
- Have youth workers accompany youth as they start up their businesses
- Promote individual self-improvement
- Generate support among peers, youth workers and families.
- Explore with youth the broader reality of their lives (i.e. sexual health, decision-making, their rights, self-identity);
- Network with other programs and non-government and government agencies, which can help to provide a range of opportunities and services for the participants who expand their business beyond the scope of the program.

The YSEI program has sustained many challenges over the past six years thanks to the hard work and dedication of all staff involved. The development of the YSEI program began with a local feasibility study and a pilot project. After formal implementation began, there were two extensive reviews to assess the strengths and challenges occurring. Through experience and regular documentation of lessons learned the program continues to provide life-changing opportunities for local youth. With the establishment of the YSEI program, SKI had one first-hand experience with the kinds of components facilitating a sustainable youth-oriented credit program.

The Essence of the YSEI Program

Goal

To encourage youth economic empowerment.

Objectives

- To enhance the income generating ambitions and abilities of street and working youth within their local communities
- To enable youth participants to develop basic business management skills and life skills (i.e. communication skills and developing self-confidence) for operating micro-enterprises
- To provide access to, and guide use of, micro-credit for the initiation of business ventures

Core Program Elements:

Four overarching program elements formed the foundation of this program. These elements are described in more detail on page...

- Accompaniment
- Skills Training
- Credit and Savings
- Peer Support Networking

Key Support Elements:

There are nine key principles that guided the approach to delivering a micro-enterprise development program for youth. These Support Elements are explored in subsequent sections.

- Start Small
- Focus on participants' needs
- Self-Directed and Peer-Based Approaches to Learning
- Loans Disbursed in the Form of Assets
- Peer-Teams Substitute for Collateral
- Ongoing Support
- Community Connection
- Involvement of Parents and Guardians
- Empowerment through Positive Incentives

Overview of Program Components:

The YSEI program delivery tends to take about three to four months from recruitment through to the completion of training, with ongoing peer support and individual counselling continuing for a year or more. This means that it is possible to organize three intakes each year.

The optimal group size is about 12 to 15 youth. As a result, about 36 to 45 youth can go through the program each year with one staff person. This constitutes a heavy workload, given the follow-up required, and the estimate is only possible given that there will likely be a number of youth leaving the program for a variety of personal and business reasons. As a result we recommend co-facilitation, which makes the program more manageable and ensures quality and ongoing support for businesses.

Implementing the Youth Skills Enterprise Initiative involves five general steps, which are outlined below.

Step One: Community Outreach and Needs Assessment

(Ongoing)

Contacting key community members and holding a meeting regarding participant referrals.

Step Two: Recruitment

Week 1 & 2

Holding two to three information meetings to introduce youth to the concept of self-employment and to the program; to support the development of viable business ideas; and, to support them in deciding whether setting up their own business makes sense for them at that particular time.

Step Three: Selection

Week 3

Assessing and selecting youth who are interested in joining the program and starting their own business.

Step Four: Skills Training

This component has been added to complement the YSEI project.

Week 4, 5, 6&7

The Street Business ToolKit builds the foundation for skills training. Using a participatory, peer-based, and learner-centred approach to help participants to develop their business idea and financial plan — training in basic entrepreneurial skills.

Step Five: Loan Approval and Disbursement

Week 8

Approving participants' financial plans and disbursing their loans in the form of the business assets they need to get started.

Step Five: Business Management and Loan Repayment (3 month duration)

Week 9 to 21

Holding weekly meetings with all participants to collect loan repayment and savings money. Facilitating peer group interaction and support, including bi-weekly discussions of relevant youth issues. Accompanying participants through their business challenges.

Other Experiences in Micro Enterprise and Micro Credit

As with the program in Zambia, other projects around the world have also provided SKI with learning on micro credit and micro enterprise programs. Partners who have worked on this dimension of youth's economic lives are MANTHOC in Peru and the Program for Working Children in Ecuador. As SKI continues to work with this population, we are developing new relationships with strong micro credit organizations such as PROMUJER in Bolivia.

At MANTHOC working children and youth in the cities of Lima and Cajamarca have access to a credit program run by the organization. The small loans have been used by youth to initiate their businesses or supplement their savings to start up their business. These are individual loans which have a 50% - 70% return rate. Although there are many youth who have not repaid their loan, there are many who have not only started a profitable business but used the income to pay their way through school.

Currently, MANTHOC is finalizing a credit management module for youth workers to use with young people. This module will be ready at the end of September and SKI will share this module with other organizations as part of the Street Business Toolkit training it provides in Latin America.

The Program for Working Children provided a business training and start up program for unemployed youth in the city of Quito, Ecuador. Youth who completed the training and developed a business plan were able to access one time loans in the amount of US\$500 - 1,000. Youth set up a number of businesses including a catering business and a document processing service which cut through the bureaucracy faced by many Ecuadorians.

SKI is going to pilot an innovative micro credit program with PROMUJER in Bolivia. PROMUJER is a successful organization that has provided thousands of women in Bolivia with access to credit and support services. It runs its credit delivery program based on the Grameen communal banking system. PROMUJER wishes to provide young people with the same kind of opportunity it has offered marginalized women. In partnering with SKI, PROMUJER will be able to address both the business training and credit needs of youth in Bolivia. The Street Business Toolkit training will take place in October, 2002 to start the process.

SECTION II

PROGRAM FOUNDATION

These core program elements are described detail and reflect the emphasis...

- Accompaniment
- Skills Training
- Credit and Savings
- Peer Support Networking

"It is important to attend to the unique needs of street youth: young members of society who are working and/or living in the street and trying to meet the daily challenges of living in poverty. "

Accompaniment

Street youth struggle with the desire for autonomy and the need for dependable support from society. Youth workers can provide healthy ongoing support and guidance to youth on an individual basis.

Street youth engaging in a new business endeavour need ongoing support and guidance from someone with the experience and time to accompany them. However, as they tackle the challenges towards adulthood, their need for autonomy and independence must also be honoured and valued.

In Zambia, youth workers fulfilled a number of roles including credit distribution and monitoring but more importantly they provided accompaniment. From the start of program implementation, youth workers establish a strong rapport with each participant.

It is important for youth workers to become well connected with youth's lifestyle, goals, educational background and family history. These factors are all the more influential on their future as an entrepreneur for two main reasons. First, as adolescents they are still in the midst of developing a self-identity largely dependent on these issues. Second, as young entrepreneurs they will encounter greater choices regarding these areas of their life -- choices that provide greater freedom and more responsibilities that may at first be a challenge to manage.

Youth workers can support participants while they establish their business within the larger context of their life. They empower them with guidance and a listening ear so that they can learn to tackle these issues independently, one step at a time.

The role that accompaniment plays in this kind of a program is crucial, as our colleagues in Zambia have found. Most of the street and working youth gained their survival skills and resilience from living under extreme circumstances throughout their lives. It is necessary to accompany them so as to be there when they most need it. Reactive decisions may have negative impacts to their economic lives.

"Youth workers support participants while they establish their business within the larger context of their life."

SKILLS TRAINING

Street youth are able to optimize their resilience and knowledge to pursue new opportunities they feel will bring gratification

Street youth have indispensable knowledge different than anything one could learn from years of schooling. They have knowledge from experience: challenging and life-changing experience. They gained this knowledge from the streets, from having to address poverty, hunger, and coping with minimal resources. They have skills for survival, and the determination to survive - both of which provide a great starting point for a future entrepreneur. The challenge of a micro-credit program is to recognize that business skills training need to build upon the existing skills and knowledge of youth.

For success in business, street youth need access to business planning and management. They also need practice in life skills such as problem solving, communication skills and goal setting.

Included in the YSEI program is an 8-session course (25 hours suggested), which is designed to help youth develop a viable business plan for a street-enterprise initiative prior to loan distribution. Three complementary 3-hour sessions each are included and they are aimed at examining closely their financial plan and the loan component of the model. Overall the Skills Training is designed to empower youth to develop the skills to set up a business.

Street Kids International has discovered that street youth have learned most of these skills through their resilient way of living. Therefore, youth workers work with street youth using an interactive and participatory approach to raise the youth's confidence during learning. With such an approach, street youth quickly recognize how much of the information they already know, and are motivated to acquire more skills.

"For success in business, street youth need access to business planning and management. They also need practice in life skills such as problem solving, communication skills and goal setting,"

PEER SUPPORT NETWORK

Street youth are constantly seeking the approval and involvement of other youth in their lives

Adolescents are largely influenced by the beliefs and actions of others their age. This co-dependence can have positive or negative impacts on the lives of street youth -- but in all cases is a powerful force influencing behaviour.

The YSEI program evidenced ways peers could provide a positive influence. **During the course, youth workers introduce various team- building activities, which enhance group collaboration, confidence and productivity.**

When youth feel they are accepted and valuable members of the group they in turn are open to learning and sharing with others in order to meet their goals. As participants share skills and opinions, they mutually reinforce each other's efforts towards positive change in their lives. For adolescents, this peer support can be stronger than adult support or personal desire alone, and therefore maintains street youth's motivation and commitment to the program.

YSEI program facilitated small self-selected 'peer teams'. These teams serve multiple purposes, one of which being support and guidance while running their businesses. Though youth workers guarantee their ongoing support until the end of the program, participants learn to work in a team of peers with whom they share the struggles and rewards of running a small business. The entire group with whom the participants undergo training along with the smaller self-selected peer teams creates a Peer Support Network within which each participant can be encouraged by others their own age.

"As participants' share skills and opinions, they mutually reinforce each other's efforts towards positive change in their lives."

CREDIT & SAVINGS

Street youth have the creativity to develop strong business ideas, yet require the assets to realize their ideas.

Due to the reality of poverty in which street youth live, guidance, skills, and peer-support are not enough to initiate a small business. Poverty combined with the lack of access to credit are some of the biggest obstacles that face street youth wanting to engage in healthy and safe income generation. Without money, street youth are unable to make the investment necessary to buy the initial assets their business needs. Most lending organizations do not trust the credibility and reliability of street youth seeking loans. Hence, street youth are left feeling discouraged. In the few instances that street youth receive money to start a business, they are rarely guided in how to secure savings for future reinvestment into their business. As a result, their business remains small and fragile, and eventually ceases to bring in profit.

In the YSEI program a Credit & Savings component was offered to a population otherwise considered hard to serve and too risky to lend money to. It provided the means for starting-up a small business and taught youth how to make loan repayments while also saving money for business sustainability. The program cycle is designed in such a way that each participant can access a total of three loans. The second and third loans are larger for business growth and diversification. Ideally, after their third loan, participants will have the business experience and skills necessary to access the larger loans that larger lending organizations offer.

"Poverty combined with the lack of access to credit are the biggest obstacles that faces street youth wanting to engage in healthy and safe income generation."

KEY SUPPORT ELEMENTS

The experience in Zambia has shown that for such programs as the Street Business Start up to work, organizations need to pay equal attention to **Accompaniment, Skills Training** and **Peer Support Networks**. Furthermore, distribution and repayment of credit are enhanced by stressing 9 Support Elements, which are critical to implementation. They are the following:

- Start Small
- Focus on participants' needs
- Self-Directed and Peer-Based Approaches to Learning
- Loans Disbursed in the Form of Assets
- Peer-Teams Substitute for Collateral
- Ongoing Support
- Community Connection
- Involvement of Parents and Guardians
- Empowerment through Positive Incentives

Start Small

Our partners have learned that the program's success depends on realistic goal setting: encouraging street youth into businesses that match their level of business skills and their experience with money management. In other words, starting small and fostering continual growth.

The Skills Training part of this program is designed to support youth in individually run micro-businesses —these are small businesses that generally require only basic business skills to be sustained. They are also businesses, which require very small amounts of capital to start. Hence, the Credit & Savings component provides small loans facilitating more manageable loan repayment obligations.

The starting small approach underlies the reason for gradual and progressive development of the participants' business skills. It is hoped that the businesses will grow over time.

For these reasons, great emphasis is placed on the participants' business choice during Skills Training:

- First, the business choice must be feasible given the demand and competition in their community, and thereby be more likely to result in a successful and rewarding experience for the participant.
- Second, it should be a simple idea that can grow gradually in order to foster the participants' gradual acquisition of business and life skills.

Focus on Participants' Needs

Youth workers in such program understand that the effectiveness of the whole program relies on a solid understanding of the particular group of youth with whom one works and the neighbourhood in which they live and/or work. The more one knows about the participants, the better a program can be tailored to meet their needs.

It is important to undertake a needs assessment with youth before planing a project.

Self-Directed and Peer-Based Approaches to Learning

Partners have found that youth benefit more when a program uses youth-centred approaches. These connections and support networks among them while also promoting independent goal setting and decision-making.

Youth participants will ultimately need to independently develop and manage their business by themselves. A self-directed approach can support youth in developing the skills they need to meet the challenges of their business. The approach starts by facilitating a goal setting exercise and then working systematically towards those goals through planning and problem solving. The development of the new business provides a practical stage for using these new skills and for modelling new strategies and decision-making styles.

The peer-based approach complements self-directed learning. By bringing youth together to plan and discuss their businesses, they are able to support and to learn from each other, and to solve problems collectively. A peer group can also provide the youth with new friends who are going through similar life changes and who can reinforce and support the positive new directions that are being pursued.

The combination of individual and group-based learning and counselling methodologies helps individual businesses gain the advantages of cooperation and mutual support, while supporting youth to take responsibility for their own business in the long run. Individual micro-enterprises can greatly benefit from cooperation. For example, participants can come together to purchase bulk supplies more cheaply, or to share transportation costs.

Loans Disbursed in the Form of Assets

Participants will be challenged to manage and reinvest money while living in poverty with others who are unemployed. To help with this, loans are disbursed in the form of business assets rather than in cash.

The most challenging point in many micro-credit programs occurs the Credit & Savings component is introduced. This is when participants move from theory and practice activities to handling money.

To increase loan repayment it is suggested that loans be disbursed in the form of assets.

Peer-Teams Substitute for Collateral

Encouragement from peers can positively influence participants' behaviour, including their commitment to loan repayment.

This program included an adapted version of the well-known peer-lending approach used in numerous adult micro-enterprise programs. 'Peer-lending' substitutes for collateral by creating incentive to fulfill loan repayment obligations. The group members are collectively responsible for the loans granted to individual members. The members of each peer-lending group are only eligible for subsequent loans once every group member has repaid their current loan.

If one member of the group cannot make a loan payment, the others are responsible to assist that individual financially and with business advice. Peer pressure keeps repayment high and fosters a sense of support and belonging. Encouragement from peers can positively influence participants' behaviour, including their commitment to loan repayment.

When participants in the program form their smaller self-selected peer-teams they are encouraged to choose others who they can rely on and who encourage their success. Within their peer-teams, members will not only provide mutual support, but will also act as collateral for the others. In the same way as 'peer-lending', the team will only be eligible for a subsequent loan once everyone has repaid his/her current loan. Ultimately, peer-teams will have to repay the loan of any member of their group who does not repay if they want to continue with future loans within the same program.

Participants do not select their team until the latter portion of training so that they can become well acquainted with the other participants and can carefully choose team members with similar work ethic, business ideas, and goals. Once peer-teams are formed, they sign a binding agreement to co-guarantee each other's loans and to outline the manner in which they will conduct their business relationship. By using this approach, the program is able to provide Credit & Savings services to individuals without assets to pledge as collateral. At the same time, peer-teams are strengthened by the interdependence on each other's success.

Participants learn the value of sharing skills and knowledge to empower other youth towards success. They learn to manage a business relationship and provide mutual support at the same time. Once the peer-teams are established, it is important to nurture the valuable Peer Support Network (all participants of a given intake) as a valuable support system. Though the participants are now divided into smaller groups, they can use the others outside their group to help them solve challenging peer-team issues. Within the peer-team, members have an additional business commitment to each other. Maintaining the cohesion of the Peer Support Network enables a continual sharing and learning about group dynamics from different participants' perspectives.

Ongoing Support

As participants gain greater financial independence, they will need accompaniment making choices that will continue to.

Ongoing support in the form of additional business training according to problems that participants are encountering, and discussions about health and social issues that may influence their use of new income, will help youth to make well-informed decisions.

During the loan repayment period, participants may experience significant lifestyle changes. The YSEI program includes continual guidance and monitoring to support them during this transitional time. For the three months following training, all participants will meet weekly with youth workers at a regular time and location.

These meetings create a dependable time during which participants know they can seek the support of youth workers. This is also an ideal time for youth workers to facilitate team building and encourage problem solving within the smaller peer-teams. With time youth workers should strive to increase the peer-teams' self sufficiency by coaching them through communication, conflict resolution, stress management, and decision-making issues that arise.

We have found that over the course of the program, the peer-teams become more independent and the reliance on the youth workers diminish.

During the weekly meeting youth workers can reinforce Skills Training. They should provide additional business training according to problems that participants are encountering, and discuss health and social issues that may influence their use of new income.

As participants gain more financial control over their health and welfare they may seek out informal counselling from their Peer Network and youth workers. Regular discussions and information sessions on these issues will enable everyone to feel more comfortable in meeting this need as it arises for themselves or others in the group.

Community Connection

Participants working in a one given community can depend on the Skills Training, their Peer Support Network and the youth workers to be nearby and accessible.

The Street Business Start-Up Model is designed so that each intake of new participants is recruited from one given community (be it where they live or they work). The program is then fully implemented within that community and participants are in walking distance of any services related to their involvement. Above all, participants can depend on the Skills Training, their Peer Support Network and the youth workers to be nearby and accessible.

This also enables participants to develop businesses in a safe and familiar environment, to become valuable contributors to their community, to develop healthy relationships with the members of their working community (be it police, other business people) and to act as positive role models for other youth.

We have found that organizations offering the Street Business Start-Up program should provide reliable and accessible transportation to youth workers so that community based programs can be implemented with success.

Involvement of Parents and Guardians

By involving parents/guardians during the initial stages, they feel less threatened by the youth's potential business success, and are more likely to see the larger benefits of their growing independence.

Many street youth do belong to some form of extended family, and return to a household at night. They are expected to contribute to household expenses; however, they do not have the skills or the resources for earning this money in a safe and productive manner. These circumstances often lead street youth to becoming involved in a program such as Street Business Start-Up.

Implementing organizations must therefore keep in mind that participants within this target group are still largely under the influence of adult authority and supervision. Parents and guardians therefore can play a vital role in the development of their child's business.

The Street Business Start-Up Model incorporates rapport building between youth workers and the parents/guardians of participants since past experience has proven that familial issues can largely impact the participants' management of Credit & Savings. In addition, a formal contract is signed to ensure that parents understand the program, that they approve of their child's participation, and that they will not interfere with (and will hopefully actively support) the business, the moneys and the assets.

Empowerment through Positive Incentives

These youth have developed a life style that responds to the needs of the moment rather than planning for the future. This focus in the present helps them cope with their daily living situation; however, they will likely struggle with the delayed gratification of starting-up a business.

In particular, Skills Training prior to starting their business can be a challenging commitment. Also, the regular contribution to Credit & Savings requires diligence and self-discipline. Though youth workers provide encouragement through Mentorship, and regular positive incentives.

Incentives could include: periodic provision of snacks and beverages during training sessions; social events; certificates for completing training and loan repayment; and graduation ceremonies.

Another incentive built into the model is the access to larger and longer-term loans after successful payment of first loans.

SECTION III
The Business Start-up Program Model

Step One: PARTICIPANT IDENTIFICATION

The availability of funds attracts many street youth that fall within the target group, yet only some of these youth demonstrate the commitment, motivation and initiative to follow through with the responsibilities of running a successful business. It is surely important to place a strong emphasis on the identification of potential participants. We suggest that implementing organizations continually inform other youth-centred organizations about the program to extend its scope.

Preparatory Phase:

Identification

- Youth workers from the organization as well as community contacts such as church groups, elders, and social workers recommend potential participants for The **Street Business Start-Up Program**
- Preferably, referees have known the youth they recommend for at least 6 months.
- Youth workers organize information meetings for these community contacts to ensure they understand the program and whom it is intended for.
- Successful participants from previous intakes have also proven to be a valuable referral source.

Step Two: PARTICIPANT SELECTION

Recruitment and Selection Meetings

Youth workers should commit substantial time before each intake to fully assess the readiness, motives and intentions of interested candidates. The following Selection Process describes three meetings, which provide the time for youth workers to make this assessment, and places early demands for commitment and responsibility on interested candidates.

Meeting No. 1: "WHAT IT IS ALL ABOUT"

General information sessions are held for recommended and interested candidates.

This is an opportunity for any interested participants to learn about the goals of the program, the commitment required, the training process, and the credit and savings component.

Meeting No. 2: "MICRO-CREDIT AND YOU"

The purpose of this meeting is for youth workers to get to know everyone; for youth to share the reasons for their interest in the program and their business idea; and ask any questions about the program.

Meeting No. 3: "FINAL INTERVIEWS"

The purpose of this meeting is to interview the youth and to assess more closely their readiness, interest, motivation and their commitment to the program. At the end of this meeting, youth workers will be prepared to select participants.

SELECTION CRITERIA:

We recognized that youth readiness is a crucial factor for not setting youth into failure. Youth readiness, interest, motivation and commitment to exploring starting-up their small business is paramount.

Once selected to participate in the **Street Business Start-Up Program** youth are responsible for the following:

- Attend the Skills Training
- Form peer groups
- Repay loans
- Save

Step Three: SKILLS TRAINING

Three weeks

Street Business Toolkit + Session 9, 10

The sessions are essential for the implementation of Street Business Start-Up. Each session addresses a combination of complementary topics, and is sequenced to best facilitate graduated learning, team building, business identification, refinement and development of business plan.

Step Four: LOAN APPROVAL AND DISBURSEMENT Week Eight

Peer-Lending Format

- An optimal size for a peer-lending team is 5-7 members, although some teams may have as few as 2-3 members.
- Each team develops their own constitution that lays out each member's obligations to the group, how much each member has borrowed, and how much each member owes. Personalized rather than standardized constitutions are encouraged in order to increase feelings of ownership.
- One special training session is dedicated to building trust, effective communication and conflict resolution within peer-lending teams.
- The whole team is responsible for ensuring that each member pays back their loan in full. The team can only receive a subsequent loan at this time.
- If a team is unable to meet their obligations, no members of that team can forfeit that responsibility by forming another team and expect to receive additional credit -- however, the program officers should use their discretion in unusual circumstances.

Loan Approval

- Youth workers and their respective administrative supervisors immediately review and approve the financial plans developed by the participants.
- The loans are quickly disbursed by the Youth workers in the form of assets.
- If a youth worker recommends a loan be given out in excess of the stated amounts, the request must go to the administrative supervisors for approval.

Loan and Interest Amounts

- First loans are allocated depending on the start-up costs for the individual businesses.
- The recommended maximum for the first loan is the equivalent in local currency of US\$45. Though second and third loans will be discussed further in this document, it is important to note to increase in second loan amount to support business expansion, and to decrease in the third loan amount to facilitate independent business management. Loans available include:

First Loan: maximum of US\$45.
Second Loan: maximum of US\$80.

Third Loan: maximum of US\$60 (except in special circumstances where the credit-worthiness is certain and the participant requires extra funds for capital then the max is US\$85).

- Recommended interest on all loans is 15% for the entire loan repayment period. (For example, if the loan equals US\$45, the total interest would be US\$6.75. The participant would then have to repay a total of US\$51.75.)

Loan Disbursement

- Once financial plans are approved, youth workers accompany participants to purchase the necessary assets (listed in their financial plan) to start-up their business.
- It is critical that this allocation of assets occurs within 5 days of loan approval to ensure an effective start to the participants' businesses.

Step Five: BUSINESS MANAGEMENT AND LOAN REPAYMENT Week Nine to Twenty

*Week nine to twenty mark the **three months** of loan repayment and ongoing support during which participants establish their business and adapt to a new lifestyle.*

BUSINESS MANAGEMENT

Group Meetings

- During the loan repayment period, participants will meet for weekly meetings at a regular time and location designated by their respective organizations.
- Each peer-lending team meets to discuss recent events in their lives and their businesses, feedback on the dynamics and communication being maintained in the team, and the status of the loan repayments.
- During the weekly meetings youth workers facilitate training activities related to social and the health issues.
- Youth workers also use this meeting to convey any necessary news, updates, and guidance to the participants.
- Youth workers are trained and prepared to provide personal counseling to participants as the need arises.

Loan Collection

- Collection of money should never occur outside of group meetings facilitated by the youth workers.
- Proper record keeping of all monetary transactions is maintained.
- The loan is recovered over a repayment period of three months.

Credit & Savings Management

- Participants save a mandatory 10% of the total loan amount solicited.
- Participants deposit savings with the organization or into a personal bank account.
- Separate financial records are kept for each participant to clearly illustrate to them the progress and weekly status of their credit and savings.
- Loans in arrears will remain in the organizations' records for up to 120 days past the loan repayment period.

Credit Policy

- Organizations may design credit policies that states specifically the action taken in the case of loan default, and thereby protects the youth workers when supporting a peer-lending team under these circumstances.

Social Events and Incentives

- The youth workers are responsible for organizing at least one social event during each intake (i.e. group picnics).
- Participants are awarded with certificates for success in their business and loan repayment.
- Snacks and beverages are provided periodically during training and weekly meetings.

SUCCESS INDICATORS

Success indicators will differ according to each organization. It is important to take the time to determine in advance success indicators. According to our experience we have found that:

- A manageable group size per youth worker consists of 10 to 15 youth. This allows for a through accompanying of the youth involved. Considering a dropout rate of 20%, at least 12 new youth per youth worker should start the training and begin a business.
- An organization can initiate three intakes per year. Each intake takes approximately 5 months from identification and selection to the end of loan repayment. Therefore, the last months of loan repayment for one intake would overlap with the identification and selection of participants for the next intake. Then, as the one group of participants moved on to a second or third loan, the new group of participants would begin training for their first loan. — Having two youth workers an organization should expect 60-90 participants starting in business each year.
- If an organization chose to have less than three intakes per year, they would reach less youth, but would not compromise the quality of the services provided.
- If an organization chooses to reach more youth, they might consider hiring additional youth workers.

Overall Loan Repayment

- Considering the “risky” target group that is being worked with, the minimum repayment rate is set at 60%. However, there should still be an effort to achieve the universal repayment rate for other successful credit schemes for adults of 80-90%.

Income Levels

- We suggest that each organization establishes what a survival income is and aim at surpassing it, so that youth would acquires savings and be able to reinvest in their businesses. We promote that each participant should earn at least a slightly more than the survival income per month over and above direct business costs within six months of starting their business. In the case of the YSEI program the amount of US\$25 was equivalent to the salary of a domestic worker; however, successful participants earned an income far exceeding this amount.

SUBSEQUENT LOANS AND TRAINING

Curriculum Requirements

We have found that:

- Five formal training sessions of 2-3 hours each is required for participants receiving a second loan. The timing of these training sessions is left to the discretion of the youth workers.
- Training for participants receiving second loans will reinforce concepts from initial training, debrief their previous business experiences, and introduce slightly more complex business concepts.
- Training is tailored to the specific needs of the youth participating.
- Mutual learning and sharing from each other's past business experiences is encouraged.

Second and Third Loan Approval

- Participants requesting a subsequent loan must:
 - 1) belong to a peer-lending team who has paid back their loan in full.
 - 2) demonstrate that they are reinvesting profits into their business and that the new loan will help the business to expand.
 - 3) submit a new business plan if they are requesting loans for a new type of business.
- Loans will be available automatically if the same business is being carried out.
- New business plans must be approved immediately by the implementation team
- Loans are provided by the youth workers in the form of business assets.

Peer Trainers and Role Models

- Successful participants who show interest and skills in supporting peers will be recommended to assist with future referrals and training.

SECTION IV
Lessons Learned by
The Youth Skills Enterprise Initiative

LENDING PHILOSOPHY

Lessons learned by YSEI about lending procedures

Initially, Youth workers would visit participants each day and collect all of their daily earnings. This money would be divided to contribute towards their loan repayment, savings, interest and a predetermined daily wage. The Youth workers would keep any remaining funds for reinvestment into the business. This approach provided regular interaction between Youth workers and participants, and allowed for both business and personal issues to be discussed on a daily basis. In addition, the participants' money was in safe keeping and could not be overspent, stolen, lost, or subject to family interference. Unfortunately, there were two significant repercussions. First, the approach put unrealistic demands on the Youth workers' time. Second, the participants felt little if any ownership for their business and perceived themselves as working for the Youth workers.

These consequences motivated the first shift in the lending philosophy. Youth workers began to collect funds on a weekly basis, kept only the contributions to loan repayment, savings and interest, and some individual opened their own savings account at the local bank. Under these circumstances, participants clearly understood that they were the owners and managers of their business. However, there were greater demands for self-discipline on the part of the participants. When for logistical reasons, Youth workers were not consistent in their loan collection, many participants would overspend their earnings or would lose money due to family interference, especially when their business was just starting and they were still adjusting to their new income. At this time, Youth workers also identified a treasurer for each peer-team who was responsible for collecting weekly contributions from all members to be submitted at the same time. In a few cases, group treasurers spent the other members' earnings before meeting with the Youth workers.

In the end, it became evident, that contributions should be made through a one-to-one interaction between participant and Youth worker. During this interaction careful records would be taken to verify that participants' loan status. Time for team building in peer-teams and additional training was still required which led Youth workers to the idea of organizing the weekly meetings that are described in these guidelines. It is also felt that, ideally, loan collections should occur two times a week during the beginning of the loan repayment period (first two or three weeks) which has proven to be a critical start-up phase when additional support and guidance are required.

BUSINESS SUCCESS AND FAILURE

Lessons learned by YSEI about dominant influences

- Discussion about the successes and failures of past participants is invaluable to each new intake. Participants should explore the potential pitfalls of business during training. They should then develop strategies for confronting the issues raised.
- Important points to highlight with all new participants include the following:
 - Mixing personal and business finances will lead to difficulties - successful participants put themselves on a weekly wage.
 - Selling on credit must be handled with care - participants who have had a successful experience with credit have required a large deposit or collect small instalments daily.
 - It is important to commit oneself to being a businessperson, and strongly resist the temptations of overspending the new business income.
 - There is danger in diverting too much of the business income to support basic family needs and not reinvesting enough into the business itself.
 - Attending all group meetings is essential in order to have a successful business. Weekly group meetings are organized by Youth workers. During these meetings peer-teams meet and consult with each other about their business development, make the weekly contributions to their loan repayment and savings, consult the Youth workers for support and guidance, and learn valuable life skills as they acquire greater independence and increased responsibilities. All of these greatly influence business success.
 - Successful peer-teams maintain constant and thorough monitoring between group members. It is important for participants to regularly communicate the other members of their peer-teams group to provide positive feedback and encouragement, to offer advice and support as needed, and to resolve conflicts using effective communication skills.
 - The strength of the peer-teams directly relates to business success.

CHALLENGES LEADING TO POSITIVE IMPACTS

The Impact of YSEI

Developing and implementing a micro-credit program for youth presents many more challenges than a program designed for adults. There is a far greater demand for time and support from the Youth workers and therefore greater logistical support needed from their respective organizations. Training must be more comprehensive and incorporate life skills that might otherwise have been acquired with age. Also, there are many factors that make loan default more probable and more difficult to avoid. However, these limitations are outweighed by the numerous positive impacts the program has had on the participants, their families, and their communities.

Impact on Participants

- Greater financial resources to buy food, clothes and household essentials.
- The ability to identify goals for themselves and for their business.
- Reduced involvement in high-risk behaviour.
- Greater understanding of how HIV/AIDS is transmitted and prevented.
- Friendship and support from other participants.
- Improved relationship with their family.
- Sense of pride, self-identity, and purpose.

Impact on Families

- Meals and household supplies supplemented through the participants' contributions.
- In several cases, the participants subsidized siblings' school fees.
- Parents/guardians feel proud of their child's productive use of time.
- The participant is much less dependent on family resources and financial support.

Impact on Communities

- Participants are staying in the community and off of the streets.
- Participants are becoming positive role models for their peers.
- More products are accessible in the communities, and are often available on credit.

It is the positive impacts such as these that make this challenging endeavour worthwhile and rewarding!

SECTION II
Getting Your Organization Ready

Getting Your Organization Ready

There is a broad range of management and administrative implications for organizations making the decision to implement the model. Below, we have noted a brief checklist of considerations that need to be taken into account as you begin to plan the program. We have also noted some of our learnings about the organizational foundation that needs to be in place for a program to be successful.

Decision-making Checklist

- Educate your organization and/or Board about the program if required
- Establish a steering committee including businesses and other members of the community
- Undertake a needs assessment of youth
- Clearly define your target group and expected numbers of participants
- Find staff with the right qualifications and/or secure required training to staff
- Clarify roles and responsibilities of staff and volunteers
- Design your program
- Develop a budget and find ways of reducing costs
- Identify possible sources of funding and sponsorship
- Develop an implementation plan
- Begin ongoing outreach and promotion
- Set up management information systems
- Begin to design loan fund process and materials
- Train staff if required
- Recruit and select participants
- Begin training
- Provide logistical support for training
- Maintain commitment of the families of youth
- Community promotion and awareness raising
- Ongoing book keeping and financial management
- Regular reporting to funders
- Discuss and deal with emerging policy issues e.g. Police harassment.
- Document learning and share with partner organizations

Operational Considerations

- An organization that decides to incorporate the Street Business Start-Up Model as a program must define how the project will fit into its organizational structure. Our experience has shown that the project should be set up separately with its own management and staff. The project tends to expand rapidly, and the initial phase is very critical, requiring full-time involvement from staff.

Organizational Support

- Raise Awareness: Make sure everyone is aware of the program and how it fits into your organization's mandate. Build long-term commitment to the program.

- **Program Coordination:** It makes sense to organize an implementation team consisting of program managers, program officers and youth workers from the organization(s) involved in implementation. This team plays a central role in program coordination and ensuring collaboration and support for the youth workers.
- **Commitment of Resources:** Support is required from the implementing organization to meet the logistical needs and training requirements of the youth workers ensuring proper implementation of the model. Without adequate resources, the success of your program will be undermined.
- **Cost Implications:** This model is successful because it incorporates a range of staffed services including mentoring, training, counselling etc. As a result, there are significant staffing costs.
- **Minimize Costs and Overhead:** When implementing this model, you can make choices to reduce costs. For example, hire staff who live in the neighbourhoods in which you work reducing transportation costs. If possible, use free meeting space provided by local community organizations.
- **Tracking Systems:** You will require a management information system to track progress and to monitor the financial status of the loan fund. It is extremely important to set up these systems early in the project in order to ensure the effective management of credit and savings, and to assess the impact on participants.

Define Your Participant Group

- **Implications Regarding your Target Group:** Be clear about your target group and the purpose of your work. Your decisions here have real implications for the amount of time and expense you will have. For example, if you are planning to work with 16 year olds, they need more support than 20 year olds. The younger your participants, the more vulnerable they are and the more work is required.
- **Be realistic:** It is important to develop realistic expectations of what you can achieve with your target group. Give yourself an adequate timeline for results. Change takes time.

Staffing

- **Job Overview:** Youth workers must balance the training requirements of new intakes, monitoring of participants in business, maintenance of community contacts, recruiting of new participants, and reports and evaluations for the program once the program is underway.
- **Staff Expertise:** Youth workers should have the capacity to mentor youth and provide basic counselling. Youth workers should also have an awareness of small business operations and management.
- **Staffing Levels:** Implementing the Street Business Start-Up Program for a targeted 36 to 45 youth per year, organizations will require two full-time youth workers working approximately 70% of the time in direct contact with participants and 30% in administrative work and community networking.
 - If less than two youth workers are employed, then the number of new participants entering the program should be altered accordingly (see 'Success Indicators' below).
 - In the case of smaller intakes, it will be difficult to establish a Peer Network. Participants won't have flexibility in choosing peer-team members. These challenges are manageable however, compared to the struggles of one youth worker trying to manage a large group size.
- **Keep Roles Separate:** We recognized the crucial role that mentorship plays in the youth's success to set up and run their small businesses. It is important to have clear and separate lines between loan recovery and skills training if possible. Our experience has shown us that the youth workers role is very meaningful in the youth's self-development and we suggest that when possible it is better not to compromise that role by having youth workers collect loan payments from participants.
- **Professional Development:** Ongoing professional development such as business training, business consulting, group development facilitation, counselling skills and youth's rights education could be provided through specific training and arranged in coordination with other organizations in the micro-enterprise and youth sector networks.

Community Links and Partnership

- **Outreach:** The support and involvement of participants' families and of the broader community is an important foundation for working with youth. Your organization will need to plan a long-term strategy to build the support, trust and involvement of the broader community.
- **Involvement of Businesses:** Businesses are the most important role models and sources of invaluable mentorship. It is important to build long-term working relationships with a range of local businesses, both to build support for the program and to develop potential sources of sponsorship.
- **Partnership Approach:** Collaboration with other organizations is critical to your ability to recruit participants and ensure a foundation of services to support new businesses. By

working with other like-minded organizations, you can build referral networks and tie into other supports and services that your organization doesn't offer at this time.

Evaluation and program development

- Regular Participatory Review: Program reviews should be conducted annually through a participatory approach including interviews and focus group discussions with participants, their families and community members
- Document Lessons Learned: It is critical to maintain detailed records of the factors influencing both successes and failures within the program. New findings and improved business strategies should be recorded and shared with the other participants. These lessons should be fed into planning the next round of delivery.