

GOOD PRACTICES AND LESSONS LEARNED

AJPRODHO JIJUKIRWA - Rwanda

Project: Youth Employability in the Informal Sector

Good Practice 2 - Value chain-based cooperatives formation; Additional tool to spread formalization of informal workers' activities.

1) Brief summary

Formalization or regularization of informal workers' activities through formation of a minimum of 29 value chain-based cooperatives per district based on hands-on skills/technical skills and general services.

The representatives of the formed cooperatives were trained on basic principles of cooperatives for disseminating themes related to member's rights and duties and basic needs to sustain their initiatives.

Training sessions on the implementation of value chain-based cooperatives were organized to strengthen, as well as insightfully, the initiated activities. For this purpose, three trainings in each district were organized and delivered. The value chain-based cooperatives were formed based off of the content of the training and methodology of delivering, as well as with the strong involvement of local leaders.

The action lies within the project implementation with the intent of facilitating 214 cooperatives in the regularization process, accessing government-provided business services, such as Business Development Centres and maintaining regular contact with labour unions.

The content of the training covered the following subjects: Cooperatives governance, business plan development, identification of market opportunities and financial management as well as importance of labour union and its principles.

2) Key Areas of Good Practice

- Awareness raising among informal economy operators/workers and other stakeholders (4.3)
- Vocational and/or skills training (3.6)
- Organising TVET graduates and other informal economy workers into associations, cooperatives or other officially registered groups (1.9)
- Providing support to informal economy operators/workers to access services (social protection services, business registration, access to formal savings and credit schemes, training, etc.) (3.1)
- Entrepreneurship and business management training (3.2)
- Leadership training, empowerment training (3.4)
- Knowledge of rights, laws and regulations (3.1)
- Support to improve Occupational Safety and Health among informal economy workers (2.3)
- Community-based social protection (4.4)
- Continuous monitoring and coaching

3) Context - Brief description

Where the good practice was implemented:

This practice is implemented in both urban and rural area of Kigali City in the northern and western province of Rwanda. These districts include: Kicukiro, Nyarugenge, Rulindo, Gakenke Rubavu, Nyabihu and Ngororero, in which there is a large percentage of informal workers. The targeted youth in the informal sector includes: Street vendors, taxi bicyclists, cross border trading, saloon workers, miners, tea plantation workers and domestic workers.

Why the good practice was implemented:

Working in cooperatives makes it easier for informal workers to express their opinions, jointly invest in their activities and to collaborate with other relevant actors. Additionally, the good practice facilitated access provisional government services in a formal way.

As there are a number of problems within the informal economy, this action has been implemented in order to help navigate and avoid risks under this thematic. The project facilitates economic development through the provision of easy access to financial services; cooperatives are coached on their roles and duties as well as benefit through the process of formalization as a way of accessing available and useful financial services facilities.

Who was involved:

The project staff members serve as focal persons during the formation of cooperatives. Project staff in the district are those who identify, coach, facilitate formation, monitoring and supervising of the entire cooperatives formation process.

Local leaders and RCA also are part of this action as regulators. The process of formalizing cooperatives starts at the sector level, at which it is approved to move onto the approval process at the district level. Here, the district officials in charge of employment development and cooperatives receives the submitted documents and letter requesting the official registration of the formed cooperatives. These documents are then verified, and a physical site check of the cooperative by district officials is conducted, at which point they refer the cooperative onto the next step, which is the final certificate from the national regulation agency (Rwanda Cooperative Agency).

When the activity was implemented:

After five days of training, field officers accompanied the beneficiaries to form cooperatives over a period of three months, with the supervision of a coordination team composed of a field supervisor and project coordinator. As this formation was on progress, awareness rising on the importance of cooperatives went together with the formation and establishment of formal cooperatives. Three Different meetings were conducted at least in each district to scrutinize knowledge and mobilize beneficiaries to join the action. Action began in October 2017 and continued until the end of December 2017.

4) Level and type of innovation of the good practice

Value chain-based cooperatives are a strategy used to speed up the formalization process under the YEIS project, giving additional value to VSLA methodology approach and create a sustainable environment where access of available financial services will be reached legally. Market linkage and exhibition of local products were also assessed.

This exercise is innovative because it is not commonly known in VSLA based projects. It contributed to the promotion of beneficiaries accessing technical skills, linking them with markets, provision of start up kits in addition to tuition fees received to have access to TVET services. Through market linkages, cooperatives increased awareness to the large number of potential customers attending the trade fair, cooperative members gained new market opportunities, learned new designs and gained experience to produce improved quality of their products.

The training of cooperative leaders by labour unions in different areas of project catchment enabled cooperatives leaders to know and dig deep in accessing information on their rights and policy governing employees and employers. This, when scaled up to all cooperatives members is an innovative action.

5) Description: processes and steps involved

It is a detailed and long process across all steps of project implementation from the beginning. This is because each component of the project has a logical flow linked to others. The formation process has several preparatory steps:

- Identification of project beneficiaries at grassroots level in partnership with the local authorities
- Formation of Voluntary Saving and Loan association (VSLA)
- Selection of VSLA committee and peer educators
- Training of Peer educators on VSLA Methodology, financial literacy, linkage and enterprise development
- Market study on available opportunities and trades in district of implementation
- Developing selection criteria for TVET beneficiaries
- Selection of TVET beneficiaries in VSLA members
- Enrolment of TVET beneficiaries in VTCs in different trades on their choice and availability of them
- Cooperatives formation process awareness raising zones
- Mapping and creation of cooperatives
- Formation of TVET based cooperatives and election of their committee
- Formation of general services cooperatives and committee election
- Facilitation in process of registration
- Training delivery (Cooperative management, entrepreneurship and importance of labour union)
- Market linkage through participation in trades fair events

6) Resources and skills needed to carry out the good practice

- Training manual
- Experienced staff in cooperative formation and management
- Train cooperative leaders on cooperative formation and management
- Full engagement of stakeholders (district sector's staff in charge of employment development) in formation and management of this action to ensure sustainability
- Comprehensive tools adapted to the level of beneficiaries understanding to guide them along the process of formation.

7) Sustainability of the Good Practice

One of the methods taken for the maintenance of good practice is the regularization of the cooperatives and the integration of other benefits. Indeed, during the process, the capacities of

the cooperative leaders are strengthened, but with a strengthening of the structure of the cooperatives by adding other teams of cooperative leaders (peer educators) to support committee members in capacity building of members, the permanence of the actions would be lasting credit to the:

- Legalization of the cooperatives
- Provision of appropriate trainings related to cooperative management
- Realization of income generating activities by offering start up complete kits to TVET based cooperatives
- Realization of income generating activities by linking them with MFI institutions to access available finance opportunities
- Continuous linkage to local and external market by participating in different exhibition/trade fairs

8) Link to Other Resources:

This action is linked to the government policy of promoting technical skills by creating regulation agency specialized in hands-on skills (WDA), and in charge of cooperative activity regulation (RCA).

9) What the originators of the Good Practice would do differently if they were to do it again

It would be better to start by training all concerned instead of training a limited number of committee members on the importance of formal cooperatives and benefits and duties held by all.

Lesson Learned:

1. Challenge that was faced

Regarding the VSLA Formation

- The target was 320 VSLA, which we superseded at 323. There was high demand, with more members who desired to join the VSLA but were limited by the existing budget. In addition, there was also a strong desire by the local leaders that we continue forming VSLA in all the sectors of the district, which was not possible.

Regarding TVET beneficiaries' selection and enrolment:

- Member dropout caused by the natural terrain of the location and long-distance commute to reach TVET centre especially in western part of the country.
- Limited number of TVET beneficiaries compared to the large number of VSLA members was a challenge in that a larger number of Project beneficiaries wanted to join TVET.

Regarding formation of cooperatives:

- Registration processes are more complex based on the capacity of the beneficiaries, which delays the registration process, as after trainings of cooperative leaders, field officers conducted extensive mentorship to the cooperative leaders on the registration process.

2. How it was addressed

Regarding the VSLA Formation

We have encouraged 9323 VSLA members from the 323 formed VSLA to facilitate those who would need to imitate their best practice. To date there are 24 VSLAs taking in over 429 people have been formed voluntarily by communities' initiatives.

The local leaders who desired the project coverage to reach out in all sectors of the district where

the project is operating were told that the budget is limited and they were promised that if the implementing organizations receives more funds they will replicate the project in other remaining sectors of the district and/or country wide.

Regarding formation of cooperatives:

- Cooperative leaders received strong coaching and mentorship on the processes of registration and cooperatives members were convinced to be part of the actions in their cooperatives so as to avoid any surprises that may arise due to leaving cooperatives in the hands of cooperative leaders only
- Engagement of local leaders during the formation of the cooperatives to increase ownership and sustainability
- Use of district BDS to train cooperatives was another measure that increased ownership of their cooperatives rather than thinking that leaders are sufficient to manage their cooperatives
- Strong follow up of cooperatives at the early stage of formation by the field officers

Regarding TVET beneficiaries' selection and enrolment:

- Selection criteria were developed, and the selection committee involved field officers, district officials and peer educators
- Quick replacement was done where possible
- VTC directors and trainer were advised to strengthen internal rules and regulations for trainees so as to mitigate absenteeism and to quickly alert the implementers about those who have been absent for 2 weeks to be immediately replaced
- Strong and intensive monitoring was done to check the seriousness of trainees and their trainer and the attendance lists of TVET participants were checked.

3. Details if unable to overcome the challenge

As explained above, strong measures have been undertaken to solve the challenges encountered, which mitigated VSLA disband, lessened the conflict of failure to attend TVET centres that would break up the existing VSLA's through well structured developed selection criteria and a promise that those who have not had a chance to attend TVET centres can learn from cooperatives formed based on technical skills.

Strong facilitation of field officers at the early stage of cooperative formation and engagement of local leaders has strengthened the formed cooperatives.

Establishment of strong partnership with all key stake holders who are part and parcel of the project implementation was another strategy. These key stakeholders on annual basis attend review meetings share ideas get updates on project progress and often participate in Radio talk shows which have been running on city Radio.

Use of Business development service district officials to train TVET graduates increased ownership of BDS of the project activities at district level.

Ongoing coaching, strong supervision and monitoring of all the best practices mentioned above was done to increase the quality of the expected deliverables and sustainability.

Joint effort of specialized staff who are passionate about the project and have a results-driven mind-set have imparted this attitude onto the project beneficiaries have had a great impact on the steps taken to ensure the best practices mentioned become a reality.