

WHAT THE YOUTH WANT IN COOPERATIVES

A CASE STUDY FROM SWAZILAND BY LITSAFA
SACCO

LITSAFA BACKGROUND

- ▶ It started with a eureka moment from the JetMart Manzini staff in May 2007, who had the vision of seeing Edcon Employees making the best out of life, because they shared the same employer common bond.
- ▶ When the idea was sold to everyone, an interim office was established which, with the guidance of the Manzini Regional Cooperative Office, formulated the policies & By-laws of Litsafa.
- ▶ The Interim Board worked with great determination and in 3 months, Litsafa came into life.
- ▶ The name 'Litsafa', which can be loosely translated into *'living the future today'*, was inspired by the fact that as young people, the eventualities of the future are (and will be) influenced on how we live and plan our lives today.

DEFINATION OF A COOPERATIVE

- ▶ A Cooperative is an autonomous Association of persons united voluntary to meet their economic, social and cultural needs and aspirations, through a democratically controlled enterprise. Cooperatives are based on the values of self-help self-responsibility, democracy, equality and solidarity.
- ▶ In the tradition of their founders cooperative members believe in the ethical values of honesty, openness social responsibility and caring for others.

WHY ESTABLISH A SACCO?

- ▶ It is easier to register a cooperative than registering a company, provided that the cooperative has all the necessary documents required.
- ▶ It is also less costly to register a cooperative. For example, it only costs E110.00 to register one in Swaziland. [I hope my other African colleagues share the same sentiments on this].
- ▶ It is hassle-free since the minimum number of people required is seven (7) who, of course, must be 18 years and older.
- ▶ A SACCO is the best tool any community can use to cultivate the culture of saving among its people. In apt terms, it basically teaches people to save before they spend, live within their means while planning for the future.

WHY ESTABLISH A SACCO? (Continued...)

We need to also acknowledge that cooperatives enable young people to:

- ▶ a) Pursue opportunities for securing and increasing income, when engaged as employees or members;
- ▶ b) Pursue avenues for productive self-employment through the pooling of knowledge and resources, and improving access to markets and productive resources;
- ▶ c) Develop work ethics that are characterized by self-motivation through allowing young people to be the owners of their work;
- ▶ d) Build self-confidence through allowing individual and team achievements;
- ▶ e) Explore and master various working situations and develop problem solving skills which institutions of formal education may often fail to transmit;
- ▶ f) Acquire general working and specific professional skills relevant to future employment;
- ▶ g) Develop professional networks within and beyond the cooperative sector; and
- ▶ h) Develop leadership skills for taking over responsibility within and beyond the cooperative sector.

SO WHAT DOES THE YOUTH WANT?

- ▶ It is a common fact that the youth forms either two thirds or half of any country's population. Figures taken from the Consensus office in Swaziland show that the total number of young people between 18-35 is 518,957 in a total population of 1.1 million people. It is also worth mentioning that social and demographic dominance of young people in Africa sharply contrasts with their constrained participation in and exclusion from core institutions and processes of production and consumption including cooperatives and entrepreneurship.
- ▶ Youth are an equally significant group in sheer numerical strength. Additionally, Ghai (1988:21) notes that: "youth are known to possess qualities of enthusiasm, motivation, enterprise, risk-taking, flexibility, energy, resourcefulness and willingness to try new approaches."

**WHAT DOES THE YOUTH WANT?
(Continued...)**

With that said, there is therefore the need to encourage young people to participate in cooperative movement. Savings and Credit Cooperative Societies (SACCOs) are agencies that hold enormous potential for the entrepreneurial development of the youth. Although many young people experience social exclusion as evidenced by their overrepresentation among the poor and un(der)employed, they play a critical role in the collective coping mechanisms and in the organization and management of poor communities. The major issue of unemployment in many African countries has pushed young people into the realization that SACCO's can sustain their livelihood. Young people are now seen as social actors and agents of change.

**WHAT DOES THE YOUTH WANT?
(Continued...)**

Formed under the same premise of empowering young people who comprised much of the Edcon employment base, Litsafa had the following objectives:

- ▶ To promote economic interest of its members through a free Association of people who save and lend money to another.
- ▶ To encourage among its members the spirit and practice of mutual help and self help in accordance with co-operative principles.
- ▶ To enhance the mobilization of personal saving to increase domestic capital formation.
- ▶ To foster among members the habit of working together to achieve common development goals.
- ▶ To create a platform where members can discuss and assess economic projects.
- ▶ To cooperate with registered Societies and other agencies working towards achieving economic and social development in Swaziland.

**WHAT DOES THE YOUTH WANT?
(Continued...)**

- ▶ Many studies carried around cooperative movement have unearthed that young people, over the past years, have viewed cooperatives as something meant for the 'old & uneducated folk', but due to high youth unemployment in most African countries, SACCO's have proved that they can provide the youth with an opportunity to articulate their problems and specific needs and enable them to become active partners (and even leaders) in the decision making process, thus seeing transformative & sustainable development in their communities.
- ▶ There is therefore the need by African Governments to set up structures that will implement modern ideas that will attract young people into joining cooperative movements.
- ▶ In a world that is abuzz with science & technology, all modern ways of information dissemination need to be implemented in a more aggressive way.

WHAT DOES THE YOUTH WANT? (Continued...)

- ▶ The youth needs to be recognized and be encouraged to set up and participate in SACCOS.
- ▶ They need to be encouraged in areas where they excel, for instance, be elected in priority national positions if deemed fit.
- ▶ Nurturing, mentoring and coaching them in the whole SACCO management is of utmost importance because young people tend to succumb easily to outside pressure and influence that might derail them.
- ▶ Most young people need money, some to further their studies & others to start businesses, it is important that they come together to chew a bone on developmental projects that will generate that much needed money. And SACCO's are the best vehicle to achieve that.

WHAT DOES THE YOUTH WANT? (Continued...)

- ▶ In its 6 years of existence, Litsafa, through the disbursement of loans, has been able to empower its 104 members to venture into small business, procure liabilities and assets as well as further their studies.
- ▶ With most graduates sitting at home, Litsafa has been able to give its young members the much needed economic stability in a very simple and cost-effective way.
- ▶ As an effectively run cooperative, whereby collective achievements and social impacts carry more weight than individual concerns, we, at Litsafa, have been able to appreciate that young people have the opportunity to develop social consciousness and attain a sense of self actualization. Everybody feels they own Litsafa. That is what the youth want.

WHAT DOES THE YOUTH WANT?

- ▶ It is through Litsafa that we have been able to see that SACCOS can play a critical role in entrepreneurship development, through the delivery of, responsive, affordable and market oriented financial services tailored to the specific needs of and youth.
- ▶ Litsafa was swift in realizing that the time to inject youth into cooperatives is now. This has always been the words preached by the COMMISSIONER of Cooperatives in Swaziland, Nonhlanhla Mnisi.
- ▶ In her many speeches, Mnisi has also said that "the youth in Swaziland fully understands how cooperatives operate and their benefit to communities as well as the entire country and its impact in the economy. So the youth is committed in assisting to lift the country's ailing economy"

THE CHALLENGES

Despite the real and potential benefits, we need to be conscious that many hurdles exist that inhibit the ability of youth to engage effectively with cooperatives, and challenges that arise need to be overcome. Here are few notable challenges;

- (a) In some cases, governments have misappropriated the term "cooperative" due to a misunderstanding of their nature as people-driven businesses. The result is a reputation that has created a lasting reluctance to engage with cooperatives.
- (b) Within cooperatives themselves, dialogue and mechanisms for effective youth involvement are lacking. In addition, cooperatives may have difficulty engaging with youth due to a lack of resources, capacity and supportive environments.
- (c) The cooperative difference is often misunderstood or unknown by young people and the key influencers in their development, such as parents, teachers and decision makers.

THE CHALLENGES

- ▶ The reluctance by young people to attend workshops organized by the cooperative bodies in the Kingdom. This defeats the whole purpose of youth inclusion in SACCO's.
- ▶ Once absorbed into the cooperative culture, the youth is not patient with saving for long-term goals. Patience is not virtue for them. They expect instant results.
- ▶ The youth does not also see Coops as engine drivers for any person who wants to start a business.

OVERCOMING THE CHALLENGES

- ▶ As young people, we urge governments and policy makers, educational and research institutions, cooperatives, civil society, and the international community to work together with us to address effective youth engagement with the cooperative sector.
- ▶ We need opportunities for learning and understanding the cooperative values and principles, and for seeing the cooperative model at work in a youth friendly environment where young people's needs and concerns are acknowledged and addressed. We call upon the cooperative community, governments, international organizations, educational institutions, civil-society and the media to deploy resources in order to enact communication strategies that include education and research, which are adapted to and accommodate the needs of young people.

OVERCOMING THE CHALLENGES (Continued...)

- ▶ To effectively track and assess youth engagement, we call upon the international cooperative and governmental communities to collaboratively establish benchmarks and measures of youth engagement in cooperatives alongside indicators of their social and economic development. These standards need to be rooted in a cooperative understanding, modeled after proven best practices and successes of various cooperatives.
- ▶ We request that governments and policy makers at all levels ensure a policy environment that facilitates effective youth engagement. We recognize that many governments have worked to promote cooperatives, have encouraged youth involvement, and have implemented national cooperative development plans and other support strategies in both the short- and long- term. However, bureaucratic hurdles and over-regulation sometimes pose a problem, and governments must be careful to respect the autonomy and independence necessary for effective cooperative development.

BEYOND CREDIT

- ▶ As it has been highlighted that SACCOs can play a critical role in entrepreneurship development, it is encouraging to note that there are Organizations, not only in Swaziland, but in the whole of Africa which work with the youth to ensure that they succeed in business ventures. For instance, in Swaziland, there is a Begin, Believe, Become NGO which runs a competition for young entrepreneurs and assists them with loans to start their businesses.
- ▶ World Vision is another global organization which also provides on-going business skill development training for young entrepreneurs and are also linking youth with educational institutions to offer such education turning job seekers into mentorship.
- ▶ The government is not folding it's arms, it is also working tirelessly through the Ministry of Commerce & Trade to support and facilitate the development of Cooperative Societies through promotion, business training and supervision. The Ministry is mandated to assist cooperatives to overcome many of the business constraints they face, through creation of an enabling and conducive environment for their growth. The primary objective is to help cooperative members improve the quality of their lives.

CONCLUSION

- ▶ Suffice will be to state that SACCOs must promote entrepreneurship of the youth as a viable, pro-poor development strategy given that most new jobs are being created through small enterprises and self-employment. This would include assistance to young existing and would-be youth entrepreneurs with business training, advisory services, mentorship, and access to finance.
- ▶ It is also encouraging that the Cooperative Body in Swaziland is working towards the establishment of a regulatory structure (FISRA) that will assist and regulate cooperatives.
