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'LifeWorks' Youth Enterprise Development:
a ROAD to HIV prevention and mitigation in Bukavu, DRC

RAPID ASSESSMENT FOR PROJECT DESIGN

**'LifeWorks' Youth Enterprise Development (YED):
a ROAD to HIV prevention and mitigation in Bukavu, DRC**

Rapid Assessment for Project Design

August 2008

**Submitted to
USAID
By Education Development Center, Inc. (EDC)
In collaboration with Family Health International (FHI)**

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LIST OF ACRONYMS

BDS	Business Development Service
CEFE	Competency based Economics through Formation of Enterprise
COOPEC	Coopérative d'Epargne et de Crédit (cooperative or credit union)
CSY	Cross-sectoral Youth Program
CRS	Catholic Relief Services
DO	Development Officer
DRC	Democratic Republic of Congo
EDC	Education Development Center
EOP	End of Project
FGD	Focus Group Discussion
FEC	Federation des Entreprises du Congo
FHI	Family Health International
GBV	Gender-based Violence
GEL	Guichet d'Economie Locale
INGO	International Non-government Organization
IGAs	Income Generating Activities
ILO	International Labour Organization
IR	Intermediate Results
IRC	International Rescue Committee
SMEs	Small- and Medium-scale Enterprises
MFI	Microfinance Institution
MSB	Micro and Small Business
M&E	Monitoring and Evaluation
NGO	Non-Government Organization
OPIFET	Oeuvre de Promotion des Initiatives des Femmes Transporteuses
PAGE	Pour une Approche Globale à l'Education
ROADS	Regional Outreach Addressing AIDS through Development Strategies
SO	Strategic Objectives
SPO	Senior Program Officer
TOT	Trainer of Trainers
UNPD	United Nations Development Programme
USAID	United States Agency for International Development
USAID/DRC	United States Agency for International Development in the Democratic Republic of Congo
USAID/EA	United States Agency for International Development East Africa Bureau
OFDA	Office of U.S. Foreign Disaster Assistance
YEBAC	Youth Enterprise Business Advisory Committee

Cross-Sectoral Youth (CSY) Project: Democratic Republic of Congo

'LifeWorks' Youth Enterprise Development: a ROAD to HIV prevention and mitigation in Bukavu, DRC

Rapid Assessment for Project Design

Contents

Aknowledgements

List of Acronyms

INTRODUCTION 1

PART I: RAPID APPRAISAL 6

1. Background of FHI ROADS Project in Bukavu 6

2. Economic Activities of Youth Members of ROADS Clusters 6

3. Needs for Business Support Among Youth Members of ROADS Cluster Groups 8

4. Links Between Youth Enterprise Development and HIV/AIDS 9

5. Rapid Assessment of Business Environment in Bukavu 11

6. Donor and International Non-government Organization (INGO) Programs Addressing Livelihoods Support in the Region 21

7. Potential Business Opportunities for Youth 22

PART II PROJECT DESIGN 24

1. Proposed Interventions in Support of Youth Enterprise Development 24

2. Project Management Structure 31

3. Monitoring and Evaluation (M&E) 33

APPENDICES 37

LIST OF APPENDICES

- Appendix 1:** Youth Enterprise Development Project Flowchart.
- Appendix 2:** FHI ROADS *LifeWorks* Youth Enterprise Development Project Organisational Structure
- Appendix 3:** Key Results Framework
- Appendix 4:** Profile of Youth Run Small Bakery Operation in Bukavu (Evariste Bubala)
- Appendix 5:** French Questionnaire used in Focus Group and Individual Youth Interviews & English Questionnaire Used in Interviewing Individual Youth Entrepreneurs from Focus Groups
- Appendix 6:** Donor and NGO Programs Working with Livelihoods Improvement in Bukavu
- Appendix 7:** Questionnaire Guide Used in Business Sector Interviews in Bukavu
- Appendix 8:** Business training and coaching Review of curricula and local potential
- Appendix 9:** List of Key Contacts Made by the Assessment Team

INTRODUCTION

The following report is the result of a rapid assessment conducted by Education Development Center, Inc. (EDC) in collaboration with Family Health International (FHI) in Bukavu, Democratic Republic of Congo, in August 2008. With the support of USAID and under the Cross-Sectoral Youth (CSY) Project, EDC and FHI carried out the assessment building upon the Regional Outreach Addressing AIDS through Development Strategies (ROADS) program, which is an HIV/AIDS prevention initiative currently implemented by FHI in the DRC and neighboring countries.

The assessment had a dual purpose: (i) to assess entrepreneurship opportunities for youth in Bukavu and (ii) to design an entrepreneurship project to be incorporated into ROADS to strengthen livelihood skills and opportunities for youth in Bukavu.

Following the introduction, this document is organized in two parts:

Part I: A rapid appraisal and a discussion of entrepreneurship opportunities for youth in Bukavu. It includes local background, assessment approach and methodology, and overall findings gathered during a one-week assessment.

Part II: A project design that describes the elements of an entrepreneurship component to be implemented in Bukavu by EDC and FHI over 12 months.

It is hoped that the newly designed project will combine HIV/AIDS prevention and entrepreneurship activities in such a way that young participants will receive sufficient income from their livelihoods activities in order to contribute to a reduction in their high-risk behaviours towards HIV vulnerability.

The Challenge

Bukavu is the capital of South Kivu Province, Democratic Republic of Congo, and represents an important transport hub between eastern DRC and the rest of East Africa through the Trans-African highway to the port of Mombasa, Kenya. It is home to an estimated 800,000 people, the majority of whom are young persons. Youth living in Bukavu have low levels of knowledge on modes of HIV transmission and prevention and low levels of condom use which poses significant risks to HIV infection. The high level of absolute poverty amongst youth is a key driver of HIV transmission. Most youth either have no income or rely on less than \$0.50 (fifty cents) per day, living in a country where the national per capita income is at \$130,¹ one of the lowest in the world.

Youth in Bukavu in many ways match the profile of youth in other post-conflict countries wishing to be meaningfully engaged in economic activity. However, despite increased stability and limited growth in GDP, there are few formal sectors jobs. The informal

¹ Doing Business in DRC, World Bank Group 2008

economy accounts for the vast majority of new jobs created and accessible to young people. Informal economy businesses, created by youth tend to mimic one another and deal in local 'spot markets' with little concept of value-added, exposure to alternative markets, or diversification of products. Thus, formal-sector banks hesitate to offer credit to youth, who are seen as 'high-risk and low-return.' Linkages between youth entrepreneurs and larger private sector companies are limited, despite indications that these companies are now actively seeking ways in which to support local communities, for example in enhancing local supply chains, thereby reducing the current reliance on external markets for supplies and services.²

In response to this local situation, the ECA Regional Outreach Addressing AIDS through Development Strategies (ROADS)³ program, run by Family Health International (FHI), and Education Development Center (EDC) through the USAID-funded Cross-Sectoral Youth (CSY) Project, carried out a rapid assessment of youth needs and opportunities to strengthen youth skills and knowledge in entrepreneurship. As a means of reducing vulnerability to higher-risk survival strategies, such as prostitution, ROADS seeks to support individual youth entrepreneurs to strengthen their fledgling businesses in Bukavu by providing increasingly tailored business development training through the 'entrepreneurial funnel.'⁴

Assessment Mission and Methodology

During August 2008, EDC and FHI sent a joint team of three specialists to Bukavu, in the South Kivu Province, to conduct a three-part assessment of the needs and opportunities for development of a responsive program of livelihoods support to increase youth economic security and reduce risky sexual behavior that might lead to HIV transmission. The team was composed of the following specialists:

Tamara J. Duggleby—Team Leader, a US-based Senior Advisor in micro/small enterprise development and finance, with prior experience in designing and evaluating youth livelihoods improvement programs in Africa and working in conflict-affected areas.

Chris Degnan – Senior Program Officer for FHI in Nairobi and Regional Director of the ROADS⁵ Program, which provides support to HIV/AIDS-vulnerable youth in Bukavu.

² See 'Responsible Business in the DRC' Business Action for Africa / International Business Leaders Forum for discussion on challenges faced by private sector companies in developing community initiatives.

³ The ROADS project provides support to HIV/AIDS-vulnerable youth in Bukavu, DRC, and the other countries in the region, using a life skills development and peer counseling program and working with established youth clusters.

⁴ Concept taken from 'Building Best Practice Entrepreneurship Initiatives' by Technoserve. This is discussed in more detail in Part II of this document.

⁵ The ROADS project provides support to HIV/AIDS-vulnerable youth in Bukavu, DRC, and the other countries in the region, using a life skills development and peer counseling program and working with established youth clusters. ROADS is supported by USAID and implemented by FHI.

Melanie Beauvy – Senior Technical Advisor for EDC’s EQUIP3⁶ youth livelihoods support project in Haiti, providing assistance in livelihoods and life skills development.

The assessment team worked closely with the FHI Regional Office in Nairobi and the FHI Bukavu field office to plan for and carry out the assessment. ROADS staff from the Bukavu office also participated in some of the interviews with youth, local businesses and other donor-supported livelihoods programs in the area.

(For a list of names and companies/organizations of people interviewed during the business assessment, see **Appendix 9**.)

The team used the following methodology to carry out a three-part assessment of the market, supply and demand for livelihoods support services for youth in Bukavu. This methodology included three components:

1. In-depth discussions with youth participating in the ROADS Youth Clusters of their present or desired economic activities, basic needs and resources for meeting them.
2. An assessment of the local business market, working by sector with representative small- and medium-scale enterprises (SMEs) and large-scale enterprises to determine demand and capacity for a range of products and services, constraints to business growth, and need for products or services that youth could be supported to provide.
3. An assessment of the current involvement of local SMEs and large businesses with youth, and level and type of interest in participating in a youth livelihoods support project.

In conducting the *first component*, or assessment of youth needs and resources, the team used a Focus Group Discussion (FGD) approach. With the help of ROADS staff and local Youth Cluster leaders, 60 youth aged 15 to 28, were selected from three ROADS Youth Clusters and interviewed in gender-balanced, structured focus groups of about 10 to 12 people. Care was taken to assure that at least 50 percent of the participants were young women. Groups were divided by level of educational attainment. For example, Level 1 groups were made up of youth that had finished all or part of primary school but had not gone beyond, and Level 2 groups were those who had completed secondary school or beyond.

Each member of the assessment team conducted at least one and a half- to two-hour FGDs, assisted by another team member or ROADS staff member using a French FGD guide⁷. During each FGD, the team used direct questions and participatory techniques and exercises to investigate three main issues related to youth enterprise:

⁶ EQUIP3: Learning and Earning for Out-of-school Youth is a program designed to engage and prepare out-of-school youth for their roles within the world of work, civil society and family life. EQUIP3 is a USAID’s Leaders with Associate Award that is implemented by EDC.

⁷ This FGD guide incorporates tools developed for EDC-implemented EQUIP3 project used in different countries and translated into various languages.

- Factors for success linked to creation of small, youth-run enterprises.
- Needs for training and other support (e.g., mentoring, financing) for existing micro and small enterprises (MSE), by youth's education level.
- Sources of financing, available for youth, for launching or expanding enterprises.

This FGD guide used with the Bukavu youth is provided in **Appendix 5**.

After completion of each FGD, three to four youth currently engaged in a small enterprise or income-generating activity were identified and then interviewed individually to validate some of the information collected from the focus groups as well as to better understand their needs, constraints and capacities related to managing an enterprise. The English version guide used for individual interviews with youth is provided in **Appendix 5**.

The *second component* of the assessment was to identify unmet demand for products and services that offered business opportunities for youth. The assessment team used a value chain-based approach to market assessment. The team first conducted an interview with a group made up of members of local Federation des Entreprises du Congo (FEC), an organization that represents Bukavu private businesses.

After that initial interview, the team conducted follow-up interviews with managers of 12 private businesses operating in eight sectors, or product/service value chains, in order to identify market growth opportunities. The team evaluated the interviews using criteria relevant to potential youth business development. The chosen sectors, results from the interviews, and criteria are given below in **Part I Section 5, Rapid Assessment of Business Environment in Bukavu** (see **Appendix 7** for the Questionnaire Guide used in conducting meetings with Bukavu area business men and women).

The approach of this component was to identify discrete opportunities that have strong local market demand and are acceptable under the selected criteria targeting business development support for youth within the ROADS clusters.

To confirm potential market opportunities and learn more about the resources, technical and financial constraints faced by youth entrepreneurs, the assessment team also interviewed MSE operators (e.g., commercial bakeries, moto taxi repair/parts suppliers, fruit juice processors) in several value chains with potential for expansion involving youth as MSE operators. Findings from the bakery interviews are found in **Appendix 4**.

The *third component* of the assessment entailed identifying private sector business involvement and interest in contributing to a youth livelihoods development program. The team conducted interviews with managers of medium- to large-scale enterprises in a number of sectors to discuss their current involvement with youth and potential roles that they might play as mentors or advisors to such a program.

Finally, to assist USAID to better leverage future support for youth livelihoods development in Bukavu, the assessment team held in-depth interviews with two donor-supported providers of business development services and entrepreneurship training to MSE, COPOMECO and Guichet d'Economie Locale (GEL). The team also held discussions with managers of five donor-supported initiatives working in the South Kivu including Bukavu to support improvement of livelihoods opportunities and economic security for vulnerable groups in this post conflict period. **Appendix 6** provides brief descriptions of those programs. A review of GEL's business training curriculum can be found in **Appendix 8**.

The following sections of this report provide a more detailed discussion of the findings at each level of the assessment. The team synthesized and analyzed the findings and developed recommendations for a multi-step, 12-month pilot program of livelihoods development support for Bukavu youth. The recommended project interventions are discussed in **Part II Section 1**.

1. Background of FHI ROADS Project in Bukavu

The ROADS project, created by USAID/East Africa and managed by FHI, works in 26 vulnerable communities along the transport corridors of eight countries in East and Central Africa. These transport corridors and their border and stop-over communities are economic hubs and HIV transmission networks. ROADS has developed a *cluster* model to maximize program reach by expanding participation and collective action of small, sustainable, indigenous volunteer groups with similar focus and interests.

Since 2005, ROADS has been working at three Bukavu sites—Major Vangu, Nyamugo, and Ofida—with 23 indigenous youth associations that form three Youth Cluster groups, with an active membership of 631 persons and an estimated outreach capacity of nearly 150,000 young persons aged 15 to 29 years. Membership consists of both in-school youth from 22 local secondary and tertiary institutions and out-of-school youth, including street youth, AIDS orphans and vulnerable youth, ex-combatants, teenage mothers, and sex workers. The clusters mobilize youth for HIV prevention using participatory theatre and other methodologies, promoting counseling and voluntary testing, undertaking home visits for persons living with HIV and AIDS, sensitizing community members on gender-based violence (GBV) and alcohol abuse, providing condom distribution outlets, and referring persons to local HIV/AIDS services.

Site selection of Major Vangu, Nyamugo and Ofida was based upon the high rates of HIV (over 14 percent among low-income women) and high levels of vulnerability within local communities from significant cross-border movements between Rwanda and DRC in South Kivu Province during and after the wars.

The need for youth economic development emerged during this program as a strategy to reduce HIV and AIDs vulnerability. For this reason, the East Africa bureau of USAID and FHI proposed to carry out a youth economic development pilot activity that focuses on entrepreneurship development among youth who participate in ROADS. As a result, EDC and FHI partnered under the CSY Project to conduct an assessment that will inform the design of a youth entrepreneurship project that complements the ROADS Project in Bukavu.

2. Economic Activities of Youth Members of ROADS Clusters

In July 2007, the ROADS project undertook an assessment to identify Youth Cluster members' ideas, as well as a very broad mapping of members' current economic activities. Further discussions with Youth Clusters took place in April 2008, and included some basic prioritization of business ideas and perceived opportunities within the local environment.

In August 2008, a joint FHI/EDC team conducted a more focused and rigorous assessment that included structured and gender-balanced FGDs, involving 60 youth, between 15 and 28, divided into sub-groups according to level of educational attainment. The team later conducted follow-up individual interviews with those youth already involved in some level of economic activity.

The findings from the FGDs indicate that most current business activities conducted by youth reflect local market conditions and are itinerant. For example, youth are primarily involved in general street-trading in petrol, sweets and other food stuffs to avoid the punitive taxes, which often entails small scale importation of goods across the local Rwandan border. Others operate production businesses, including soap making and bakery. Many participants mentioned sewing, but most recognized that this line of work barely provided a subsistence-level income. A few youth are running service-based businesses, including secretarial services; photo and video production for local celebratory events, such as weddings; and small-scale catering.

The youth interviewed varied in their expressed motivations for starting a business. Group 1 (less educated) cited meeting basic needs for self and dependents as a primary reason for starting a business, whereas Group 2 (more educated) focused primarily on the need for revenue for school fees and for meeting personal (not family) needs. Group 1 saw the informal economy as the only entree to revenue, while Group 2 perceived small business activity as a pathway to formal employment or to continuation of education. Neither group reported having experience in conducting a formal or detailed market study for business creation. Market research was primarily limited to observing others' businesses and then competing against them and sometimes proactively seeking customer opinion and following it.

Although participants cited the need for a good, well-thought through idea, few had any form of written business plan. Most were operating primarily on intuition and with short-term planning to cover immediate needs, whether these were basic and essential needs, or supplementing parental support. Some youth maintained basic records of business transactions, though seemingly not through systematic design or based on knowledge of good practice. Some Group 2 members were undertaking business management or commerce studies and were aware of basic business administration. However, even these members tended to mix business and private finance and, thus, were unable to provide clear distinctions between business profit and personal income derived from that profit. The majority of youth had received no specific business training. Some had received vocational training but were aware that they needed improvement in their skills and knowledge in their chosen area of business. Although a few of the more-educated youth mentioned using simple leaflets for advertising, most business marketing was via word-of-mouth only.

Few youth had applied for credit from local financial service providers. Reasons included: a) very short loan periods (3-6 months), b) high interest rates and c) general unawareness of

processes of applying for credit. Investment capital was often accrued through making personal sacrifices against basic needs, particularly for the less-educated. Parents, friends, churches, loans from peers were additional sources of capital. Levels of capital varied from less than US\$10 to up to US\$300 (provided by a church). Starting and maintaining a business until profitability appeared to require a “critical mass” of capital; successful examples of growing businesses were started with between US\$200 and US\$300 capital. Youth also gave examples of businesses being maintained but unable to grow for lack of investment capital.

Gender factors played a part in business start-up and sustainability strategies. Male youth tended to have easier access to small manual jobs which provided a level of capital. Amongst less-educated young women, prostitution was cited as a frequent strategy for accumulating start-up capital. More-educated young women saw prostitution as a means of sustaining business financing. Prostitution, referred to using terminology such as “Friends” or “male friends,” were cited as the first source of financing for many young women. One explanation given was that parents usually invest more in boys than in girls to start small businesses.

Despite the fact that the majority did not have any formal business education, the focus group participants showed reasonable levels of ‘street wisdom’ regarding business operations. Some had learned through experiences of business failure, such as not identifying a unique market or one with growth potential, overextending credit to customers with poor repayment history, lack of technical skills in the business area, insecure business site, poor selection of business partner, or poor management of profits (including using business revenues to fund personal needs).

The analysis of economic activities of current Youth Cluster members was coupled with an analysis of the business support needed among this youth and the capacity of local institutions to provide that, as discussed below.

3. Needs for Business Support Among Youth Members of ROADS Cluster Groups

Youth members identified clear business support needs in response to a question asking what factors made their businesses succeed or fail. These factors ranged from the very practical (e.g., personally-owned equipment, good secure location, sufficient start-up capital) to having more knowledge in business analysis and management, marketing, business administration and coordination. The latter, however, was an infrequent response, given that most businesses were “sole proprietor” and few youth had worked in group businesses. Youth also cited more qualitative measures such as trust in associates, courage to believe in your idea, perseverance, prudence and self-confidence.

Given the high turnover rate of participants' businesses, and the lack of formal education for many youth, access to business development services seems crucial. Yet no single Youth Cluster member referred to having received any type of advice from a local Business Development Service (BDS) provider. Parents were cited as the main source of business advice, followed by other family members and friends. Some of the more educated had accessed associations, such as those established by faith-based organisations, for advice. Youth members remained ignorant of the option of accessing structured business training, except for vocational training, and only one person was able to name a local BDS provider, namely the GEL du Sud Kivu (see **Part II, Section 1**). This lack of knowledge of training opportunities suggests that either BDS providers are not effectively reaching out to youth as a specific market for intervention, or they are not entering the local Bukavu market in sufficient numbers or with sufficient visibility.

GEL (Guichet d'économie locale):

GEL is a local NGO offering training to small entrepreneurs. GEL is primarily funded by Belgian government institutions and is offering training modules on most skills needed to plan for, market and manage a successful small enterprise. GEL provides training on a fees-for-service basis to individuals and groups in Bukavu. GEL's clients are diversified, and feedback from them to the assessment team has been good.

GEL is now running a project with the UN International Labor Organization (ILO) working on the reintegration of youth ex-combatants. The organization provides entrepreneurial and management training, as well as coaching for business plan development and follow-up of businesses after plan implementation. GEL is training group businesses with combatants and recommends a minimum 3 and maximum 7 participants for a group business.

The team assessment indicated that GEL has the expertise required for providing training and follow-up technical assistance to small businesses in each area where interviews with youth and private businesses indicated youth business support is needed. This assistance includes providing training using tested, diversified modules and tools that can be organized or refined based upon a specific program request. GEL has experience in training low-literate youth and using participative methodologies (examples: Making Cents Best Game and ILO materials). In addition, GEL has had direct experience in coaching and follow-up of small businesses, and in group enterprise development with youth. For a review of GEL's training and coaching modules, see **Appendix 8**.

4. Links Between Youth Enterprise Development and HIV/AIDS

Evidence suggests that the urban poor areas such as Bukavu show socio-economic trends more closely matched to rural populations than to better-off urban neighbors: higher infant mortality, higher rates of mental illness, higher death rates. Urban areas of developing

countries are also prime locations for HIV/AIDS. In sub-Saharan Africa, HIV infection is much higher in urban areas than rural, sometimes by a factor of four.⁸

In addition, limited data on the direct relationship between HIV risk and socio-economic status suggests a complex relationship between economic empowerment strategies and a women's sexual negotiating power. In Gaborone, Botswana, economic independence was more strongly related to women's negotiating power in relationships than any other variable. In Zimbabwe, adolescents who had their own income were more likely to be consistent condom users.⁹ Economic independence may bolster women's ability to negotiate safe sex; women become more empowered to make decisions on childbearing, sexuality, contraception as they become more able to support themselves, *even if they then face the risk of losing actual or potential support from male partners.*

The FGD exercises clearly identified the risks related to HIV infection that youth, and in particular young women, are taking in meeting basic needs. While these risks were most clearly brought out in discussions with the less-educated young women, some of whom go into prostitution for two years until they have sufficient capital to start a business, more educated young women also noted that prostitution was a way of financing a business.

Participants gave consistent responses when asked how engaging in business would affect the individual HIV infection risks. Young men rationalized that it would decrease the potential of hanging around in bars, risking socializing with commercial sex workers. Young women noted that successful economic activity would enable them to limit sexual partners, as well as increase their negotiating power with men. Young women showed a complex understanding of the links between running a business, meeting their basic needs, prostitution and risks of HIV. Additionally, youth who are HIV peer educators noted that having some level of income would enable them to continue their peer education activities. The FGD exercises supported data from other countries showing the relationship between economic empowerment and increased ability to negotiate safe sex. Young women interviewed noted that they would prefer to enter relationships not out of need, but out of genuine emotional attachment. This

The case of Chance, drawn from a Focus Group Discussion

"I currently have a small business, but this is not enough for me to go to school, and I don't make enough money to hire someone else to run the business while I am in school. I really want to continue school this September, and I am thinking about getting the money from a guy [through commercial sex], although I would prefer not to have to do it."

When asked what would be the most important indicators that her life situation had changed, Anita responded:

"To be independent from men, to be with a man for love"

⁸ Taken from Sundquist, B: The Informal Economy of the Developing World 2008.

⁹ Pettifor et al EIS 2004, cited by MacQueen K: FHI internal document 2008

preference suggests a need to couple economic strengthening interventions with confidence-building activities and training in personal assertiveness and decision-making. These are current activities under the ROADS peer education training curriculum.

5. Rapid Assessment of Business Environment in Bukavu

The regulatory environment within the DRC as a whole remains a significant obstacle to doing business, with the country receiving the lowest rating of all 178 countries assessed in the World Bank's 'Doing Business' report for 2008. Challenges include starting a business (requiring 13 procedures, 155 days and 487.2 percent of GNI per capita), registering property (8 procedures and 57 days), getting credit (often very short term of 3-6 months, with high interest rates), and paying tax (32 different payments, at 229.8 percent of profits)¹⁰.

Bukavu has much in common with many large cities in the developing world that are experiencing rural-to-urban migration. It has a large, informal economy. Local entrepreneurs face a myriad of challenges to succeed. Access to finance remains difficult even for the more established business community. High levels of collateral are required, such as title deeds to property or land. Monthly interest rates of up to 3 percent generate exorbitant annual compound rates of interest. Loans are often very short-term, at 3 to 6 months. High rates of corruption in official channels also add an additional risk to taking loans.

Significant infrastructure challenges face the business sector, along with all residents of Bukavu. The road system is in ruins; even small journeys across town take time. Power is intermittent, and few can afford personal generators, which are importable but expensive both to purchase and to maintain. Poor infrastructure brings fragmented market chains, particularly if importing from rural areas into town. Most goods are imported from regional neighbors as well as from other countries farther away such as Dubai, Nigeria, Belgium, India among others. Access rates to mobile telephones (48/1000) and internet (2/1000)¹¹ remain below sub-Saharan averages for the country as a whole. Despite the visible proliferation of kiosks selling phone cards, the urban poor are unlikely to represent significant market share.

Taking into account the business context and challenges in Bukavu, the team identified initial Eight Criteria for matching market opportunities for youth enterprises:

- Sector must show local market growth or maintenance.
- Activity must be labour intensive (able to include numbers of youth).
- Activity requires low capital investment.
- Activity must have fairly low skill requirement or easily trainable skill.

¹⁰ See Doing Business in DRC, World Bank Group 2008 for detail of DRC regulatory framework and international comparators.

¹¹ ICT at a Glance: World Bank 2006

- Activity must demonstrate potential for multiplier effects.
- Activity must demonstrate potential for value added opportunities.
- Activity must be appealing for private sector involvement, either as part of the market chain, or as CSY initiative.
- Activity must offer potential for significant engagement by youth, particularly young women.

The team also considered Six Criteria for rapid evaluation of specific sub-sectors:

- Short value chain
- Low technology requirement
- Available and ready initial market with little market development required
- Visible private sector investment in the sector
- Readily-identifiable and available capacity-building approaches
- Presence of ethical business partner (not essential to have business partner, but if so, must be ethical in business and must show demonstrated commitment to social development)

In order to speed the process of identifying potential value chains and doing rapid business opportunity assessments, the assessment team first met with 10 leading business men and women who are leaders in the private sector, using their membership organization (Federation of Congolese Enterprises-FEC) as the venue for the forum. Discussions with the private sector group yielded a consensus on leading growth sectors where demand is high, but there are “gaps” in the supply chain. These include:

- Agriculture, including both production and processing of agricultural products for local and regional consumption
- Construction, and specifically local production of basic construction materials that are currently being imported
- Local transport services, including purchase of transports and parts and repair
- Distribution services for products made in Bukavu for which supply cannot keep up with demand in outlying areas (bakery products as an example)

Individual responses to the question on high demand/insufficient supply and business expansion ideas of these entrepreneurs (if the commercial financing were available), revealed three important trends to know to understand and serve this market:

- This is an economy where infrastructure and market links have deteriorated significantly due to war-induced disruptions and other factors.
- The market is presently almost entirely dependent upon imports (including staple foods, production equipment, transports and spare parts and construction materials).
- There is, in most sectors, very little value added.

Responsive business development strategies must take into consideration opportunities for import substitution and value added, with identification of market gaps that could be filled by small enterprises as producers and suppliers of products and services.

To validate sectoral responses from the market in general, interviews were conducted with the 12 business men and women operating SMEs in eight sectors with identified market gaps, as noted above. Given the time available in field, some individual business interviews were conducted jointly by members of the team and some by a single team member.

As the guide to each interview, team members identified critical factors for supporting youth enterprise development in the short term. Out of the Eight Criteria for matching market opportunities for youth enterprises (listed above), the team emphasized the following Five Key Criteria:

- Sector must show local market growth or maintenance.
- Activity must be labour intensive (able to include numbers of youth).
- Activity requires low capital investment.
- Activity must have fairly low skill requirement or easily trainable skill.
- Activity must offer potential for significant engagement by youth, particularly young women.

Based upon the listed criteria, the team identified **Phase One** opportunities as those which could be addressed in the coming 12 months of the proposed pilot project, and **Phase Two** or “future” opportunities that will require further market development and/or larger investments by SMEs that could be supplied by youth-run enterprises. A copy of the questionnaire guide used in conducting interviews with Bukavu area business persons is found in **Appendix 7**.

A. Youth Livelihood Opportunities - Phase One

(Opportunities that can be addressed in the next 12 months)

Commercial Bakeries

Commercial quality bakery products, for sale to institutional commercial clients as well as retail outlets and the public at large, is a product line or value chain where business managers at all levels of the economy indicated supply cannot keep up with growth in demand. Findings of the FHI/EDC field assessment team also indicated that within this value chain there are several potential opportunities for youth entrepreneurs as producers or distributors of bakery products in sizable outlying communities not well served at present with local bakeries.

Team members began by interviewing the management and marketing team for “La Providence” commercial bakery, one of four that produce a variety of bakery products, serving largely consumer demand in Bukavu City itself. Started in 2000, La Providence is

owned by a man who first ran a flour processing unit and started the commercial bakery in response to a “significant unserved demand” for quality baked goods in the local and regional market.

The business produces two types of products, white bread loaves and sandwich rolls, for customers including made-to-order clients (hotels and restaurants), large and small retail stores and “commerçants” who come from as far away as Bujumbura and Rwanda to buy bread products for resale. La Providence is operating at an actual production capacity of 100 to 125 fifty kg sacks of flour per day, employing 100 people full time in two shifts per day, including machine and oven operators, management and drivers.

Their competition includes three other Bukavu-based bakeries of significant size—Oliva, IDEALE, and Kaboi—with a production capacity of 30 to 100 sacks per day, as well as two smaller bakeries. Interviews with managers of La Providence and Olivia bakeries reveal that sales volume and the number of retail buyers increase annually and that the production capacity cannot keep up with demand.

One of the largest unserved markets is found in the towns outside Bukavu, which according to these bakers “are not served with bakeries.” This observation was also made by a small bakery that is just starting up in “suburban” PANZI (15 km from central Bukavu), where there were no bakeries for a sizable community. At full production, this unit anticipates producing and selling 1500 bread units per day, with a \$4000 locally built wood-fired oven and small production/sales building. (For notes about an interview with the owner of a youth-run small bakery in Bukavu, see **Appendix 4**.)

In response to the unmet demand, La Providence has extended its market and marketing strategy to towns outside Bukavu not served by bakeries. The business has a two-part business plan for expansion. Part One involves expanding to a large, industrial size bakery in Bukavu, employing up to 350 people, and Part Two envisions expansion of distribution to serve outlying towns. The business plans to implement Part Two in two stages. First, it would open bread distribution outlets. Next, they would bring in a bakery production unit.

At the present time, La Providence is working to distribute its bread products in Bukavu neighborhoods through small retail distributors, who receive regular quantities of their products and sell them through one room sales depots, including small food outlets handling beverages and other quick pick up items. The retailer is assisted by the bread supplier to “furnish” the outlet for bread sales but runs his own retail operation.

Interviews with bakeries operating at large- and small-scale levels indicated that potential market opportunities for Bukavu youth exist at two levels in the value chain. These levels place youth in positions as operators of: 1) small bread products distribution outlets for an expanding larger commercial bakery like La Providence, and 2) small commercial bakeries supplying outlying community areas with fresh bread products.

Building on the existing value chain, youth, especially young women, could receive baker's technical training within a large commercial operation like La Providence and start a business as a small retail distributor in an outlying community. Alternatively, the proposed youth enterprise support project could mentor and provide access to technical training in bakery operation to young women, who could in turn open their own bakeries as group-managed enterprises serving local communities, operating as suppliers to a larger commercial bakery, as free standing bakery operations, or as both.

Commercial bakery as a business opportunity for youth would meet the Five Key Criteria (mentioned above):

- Sector must show local market growth or maintenance.
- Activity must be labour intensive (able to include numbers of youth).
- Activity requires low capital investment.
- Activity must have fairly low skill requirement or easily trainable skill.
- Activity must offer potential for significant engagement by youth, particularly young women.

In order to unlock this opportunity, the proposed youth livelihoods support project would need to address three gaps:

- Lack of trained youth who know the technical side of the bakery business and can operate a small bakery
- Lack of motivated workers who could become entrepreneurs
- Lack of financial resources for equipping a small bakery

The proposed project could address each of these challenges as part of the business support package. It could address the first and second constraints by providing entrepreneurship and management training to individuals or groups (with an emphasis on young women) submitting viable business ideas and by assisting youth to access technical training in the bakery business, either through employment or mentoring by one of the businesses participating in the Youth Enterprise Business Advisory Committee (YEBAC, see **Part II, Section 1**). The third gap, or access to funds for small bakery start up, could be addressed through provision of capital support grants to a group or individuals within a group enterprise. Assistance could be provided over time in linking with a capable microfinance provider for the short term repayable working capital loan.

Soap Production – Bukavu Area

The president of the FEC cited quality locally made soap—consumable at various levels of the market—as a product for which demand exceeds supply in Bukavu. There is a factory in Kigali, Rwanda, but not in Bukavu. He added that what was constraining the establishment of a higher quality soap-making business in this market was lack of technical assistance to improve quality and lack of small processing machines.

During an interview with an IRC¹²-supported women's association from the outskirts of Bukavu, the team confirmed the prevalence in the local markets of just basic block soap, largely for household uses. Soap at this site is made with small quantities of palm oil and artificial coloring in a pot under an open shed. Production levels of laundry or dish soap are modest (20-30 bars several days a week), and the product is sold in the community market.

During FGDs with youth, one young woman mentioned having attempted to start a soap-making business but having been unable to continue due to lack of technical expertise and other resources. She mentioned that the demand was high and that she had succeeded in diversifying her product line with five types of soap bars in the four months she was in business. Her problem was not the lack of demand, but the fact that her technician left her before she was able to master the production process of the soap, including keeping quality control mechanisms in place. During the field interviews, the assessment team learned about the existence of an industrial soap making unit (FORMULAC) some 45 km from Bukavu, but the team was unable to arrange an interview due to distance and logistics.

Taking some of these findings into consideration, the team concluded that traditional soap making with improved quality was an economic opportunity that could be further pursued in the implementation of the proposed youth livelihoods support project, with an eye toward young women as entrepreneurs. The activity would meet the matching criteria of low investment required and would coordinate with school or other activities.

Retail Distribution Outlets for Locally Produced Products

Team interviews with business operators in the bakery, soap-making, motorcycle transport and other value chains revealed that unmet demand for products is due in part to lack of retail outlets accessible to Bukavu residents in their local communities. The commercial bakery value chain is a particularly good example in that lack of retail distribution outlets in outlying communities has been a factor inhibiting large bakeries from meeting the demand for quality bread products in the greater Bukavu area.

If development of soap-production businesses was further pursued under the proposed youth livelihoods project, depending on the size of the resulting production units, opportunities could emerge for young women and men to become retailers of higher and more consistent quality soap products to the local markets in and around Bukavu, either at production sites or as retail distributors. Given the predominance of small, multi-product retail outlets in the largely "informal" Bukavu economy, locally produced products like bread, soap and fruit juices might be sold by small retail outlets offering a variety of consumables, locally made and imported.

¹² IRC – International Rescue Committee

B. Youth Livelihood Opportunities - Phase Two

(Opportunities requiring further market developments and/or larger investments by SMEs)

Construction Materials Production

From the beginning of the business market assessment, construction emerged as a sector in which more services and materials were needed to satisfy present market demand, particularly post-conflict. In the assessment team's introductory meeting with 10 business men and women from the FEC, several interview subjects cited construction, and specifically local production of basic materials (now almost entirely imported), as a leading sector for growth.

Two subsequent meetings held by the team with owner/managers of construction-related enterprises in Bukavu revealed that the market is presently almost entirely dependent upon imports (including staple foods, production equipment, transports, spare parts, and construction materials). Discussions with the leading producer/ supplier of construction materials (Paul Burume of Burume Hardware Stores), indicated that all building materials are imported but bricks.

Burume Hardware has been in the business of importing and reselling building materials and hardware for 36 years, retailing them to companies, offices and individuals out of two large outlets in Bukavu. In addition, the business is producing water-based paint out of a local processing unit

The owner envisions expanding his business to produce larger quantities of paint, as well as mastics, aluminum roofing and plastic pipe. All plastic pipe is brought in by road from Uganda and Nairobi. The resources that the owner will need in order to make the envisioned expansion in construction materials production include the following:

- Transport trucks
- Skilled labor that has been technically trained to produce construction materials
- Medium-term finance for investment in factory and imported equipment

Medium-term financing is the most crucial stumbling block for the expansion, particularly as banks are not extending credit facilities beyond six months to a year, and in these instances, banks only provide working capital. Nevertheless, Burume has secured a line of working capital finance from a local bank and is current in payments.

If he is able to secure a medium-term loan for investment financing for three or more years, he indicates that he would undertake the expansion and that he would self-finance the training of youth to make construction materials. He estimates that he could, with an expanded factory, hire 260 workers in undulated aluminum roofing production and 350 in production of nails and mastic, with an additional 7 in paint production. He could secure Trainers of Trainers (TOT) from his building materials suppliers in Uganda.

Burume said that the primary barrier to working with youth in the area is their need for technical training in construction materials production. He added that the only training locally available is through several vocational schools that train mechanics, masons and plumbers. The President of FEC, who runs Oliva Group construction company which employs 100 people to do local construction jobs in masonry, plumbing, electrical, underscored the need for technical training for youth in construction and construction materials production. He indicated that he wanted to provide more employment for youth in Bukavu but had difficulty finding trained workers.

The president of FEC emphasized that there is a growing market for builders in housing construction, and he specifically cited the need for locally produced high quality bricks. At present, no compressed earth bricks are made in the area, although Italian-provided, compressed earth brick-making equipment is available in Rwanda and Burundi. Only one cement brick producer operates in Bukavu.

The assessment team's observations in and around Bukavu, revealed that a good deal of new home construction or expansion was going on around Lake Kivu for wealthier clients, much of it used inferior quality (uneven) red bricks brought in from outside. There may also be market growth potential for producing and selling cement bricks for repairing less expensive structures, such as small shops, homes in lower income communities, workshops.

These findings suggest that the Youth Livelihoods Development Program team should do further market research on construction materials during Phase II. There may be potential opportunities for youth at two levels. These would have to be pursued in stages, given the pace of economic recovery in this market. These stages are as follows:

- In the short- to medium-term (1-2 years), youth may potentially be able to find work as employee/ trainees of larger, construction-related companies such as Burume construction materials production or the Oliva Group construction enterprise.
- In the medium-term (2 years or more), with technical training and on the job experience, local youth might be supported as small enterprise operators supplying locally made construction materials with little or no import content, for example cement bricks and decorative items for homes.

Construction sector enterprise opportunities for youth would, if developed over the medium term, meet several of the criteria noted above for matching market opportunities with youth enterprises. This sector does exhibit market growth. The activities are labor intensive with a low capital investment required at a small workshop level. The skill requirements are fairly low and easily trainable. There is potential for significant youth employment, particularly among males, and also local value added.

Pig Raising and Mushroom Production

During the course of the business market assessment, two other product lines emerged where demand is high but supply is either small or nonexistent: pig raising and mushroom production for the local market.

According to managers of several larger businesses, no significant commercial providers exist to meet the demand for local pork products. Pig raising is relatively labor intensive, is run in a sanitary way, and does not require large areas of land; therefore, it is a sector that should be researched further in Phase II. There is a local demand for mushrooms among higher income households, restaurants and hotels/guest houses but no local suppliers of the product (fresh or dried). This is also a labor intensive activity, and the growing and processing take up reasonably small amounts of land. Kenya and suburban Dar Es Salaam, Tanzania, have successfully launched mushroom growing and processing and can serve as examples. In the latter case, working capital was provided by a foundation, and employment has been created for a large number of young women. Products are sold to hotels, restaurants and local groceries.

Other Sectors Considered

The team examined two other sectors: fruit production and catering. For a variety of reasons, briefly noted below, these sectors were not deemed suitable for immediate enterprise development opportunities for the proposed youth project, though they do offer potential employment opportunities over the medium term.

Fruit Juice Production and Processing

The team met with the owner/operator of Kivu Fruits, a fruit production company. In 2007, the owner started a small fruit juice processing unit on his 60 hectare farm in Kabala (23 km from Bukavu). With this unit he has been producing several fruit juice products for the Bukavu market (mandarin orange, citron, passion fruit and pineapple). He produced and sold 400 liters in June 2008, before a fire destroyed his storage depot and reduced his production capacity. His customers have included grocers, hotels, restaurants and special orders for weddings or festivals.

The owner indicated that he had created a cooperative at Kabala for several hundred young farmers with the idea of training them, providing them with seeds for fruit tree production, and eventually buying their fruit for processing. He is currently working with a producer group seeking to improve fruit quality and diversify small farming. Beneficiaries are households that have several hectares of land suitable for growing fruits and vegetables.

The owner of Kivu Fruits would like to expand his processing business by developing a factory with an actual production capacity of 100 to 200 liters of juice per day. In order to do this, he would have to find the financing to expand and upgrade his equipment from an

artisanal level, which requires a juice press, a few basins for pasteurization and a truck, to a full technology juice processing equipment package (of an intermediate level) that includes a larger processor, larger basins and better quality bottles.

He indicated that if he could finance and acquire some of this equipment, he could hire 60 youth and train them at the technical level in fruit juice processing. They could, in turn, train others as the business expanded. A longer-term possibility would be youth farmer setups on plots containing 20-50 fruit trees. Major constraints would be youth access to land within a reasonable distance of the processing facility and financing for intercropping other produce while the trees mature.

Catering

At the present time, one medium-scale enterprise, Service Traiteur Maman Mwinja, is operating in Bukavu to handle much of the catering for large *fetes* (private and government), workshops, training programs and office functions. Service Traiteur Maman Mwinja's owner, a dynamic young business woman who previously made and sold *beignets* (i.e., fried donuts), has been running the catering operation for 10 years. She has brought the business to the point where it offers clients complete service, excluding event space, and can serve functions of up to 1000 people.

She has a full-time staff of 6, and when business is normal (consistent orders for small events), she hires up to 100 people part time. She can hire up to 1000 part time, when the business has a big job like a government function.

The owner of Service Traiteur trains the servers and cooks, and she envisions herself devoting more time to training young women if and when she is able to expand her business. Constraints to expanding the business include transforming the local culture into one that recognizes the value of using catering and financing the acquisition of equipment and machines (e.g., a larger refrigerator, more chafing dishes and a baking machine).

She needs working capital and has tried to secure an equipment investment loan from a local *Coopérative d'Épargne et de Crédit* (COOPEC)¹³ (cooperative or credit union) but was unable to meet the collateral requirement because she has no land parcel in her name. High interest rates and very short, six month terms made borrowing unattractive. She had a similar experience with a commercial bank. If this woman could expand her business with some added working capital and equipment finance, the business could, over the short term, be a good source of training for young women to eventually move into their own catering or restaurant units.

¹³ COOPEC - Coopérative d'Épargne et de Crédit: It refers to a savings and credit cooperative that aims to provide access to alternative financial services to disadvantaged (usually poor) populations.

6. Donor and International Non-government Organization (INGO) Programs Addressing Livelihoods Support in the Region

The FHI/EDC assessment team also spoke with managers of five donor-supported and/or INGO run programs supporting livelihoods development, with a focus on micro and small business. Four of these are partially or wholly funded by USAID. These include:

- The USAID-supported PAGE¹⁴ Project, which has been working in several rural sites in South Kivu to support communities in developing Income-Generating Activities (IGAs) at the school level to help parents pay their children’s school fees.
- The USAID/OFDA-supported OPIFET¹⁵ Women’s Support Project, which, as part of the OFDA post-war recovery program, has used funding from several donors to extend micro-loans to women’s enterprises on very soft terms.
- The CRS¹⁶-run, Gates Foundation-funded Great Lakes Cassava Initiative, or MOSAIC, helps farmers in east and central Africa protect cassava – a critical source of food income – from two pandemics, cassava mosaic disease and cassava brown streak disease. The program helps rural populations diversify sources of income and improve food security via organization of rural savings and loan groups to help fund productive investments.
- HEKIMA, a USAID-supported and World Relief-operated microfinance institution provides services in Goma and Bukavu. HEKIMA is presently serving 3000 active clients in Bukavu, 60 percent of whom are young women under 30. Loans are made to individuals in groups, with the group providing a cross guarantee of member repayments.
- A joint program recently undertaken by UNDP and USAID/DRC that is working with groups of male ex-combatants and other men to introduce them to group-based economic activities and to provide them with management and personal skills training and small capital grants for start up.

¹⁴ PAGE – Pour une Approche Globale de l’Education. PAGE is a three-year pilot project (2005-2008) funded by USAID and implemented by EDC and IRC. It aims to reach 120 schools in the provinces of Equator and South Kivu, DRC, to increase the quality of and access to primary education by 1) improving teaching methodologies and 2) reducing the burden of school fees on parents. The livelihoods component helps reduce the burden of school fees by awarding small grants to support the start up of income-generating activities and small businesses and, this way, reduce the burden of school fees.

¹⁵ OPIFET – Oeuvre de Promotion des Initiatives des Femmes Transporteuses (Assistance to Female Porters at the Muhanzi Beach Market): This is a USAID-funded project in Bukavu, DRC. The main activities include small credit disbursements for micro-commerce activities; training on micro-commerce management; and construction of shelter for female porters.

¹⁶ CRS – Catholic Relief Services

None of these programs specifically targets youth for livelihoods support as individual micro or small business operators. These initiatives do not duplicate the support that the proposed *LifeWorks* Youth Enterprise Development Project is proposing to provide for Bukavu youth. For descriptions of each of these donor-funded and/or NGO run programs see **Appendix 6**.

At the same time, two of the programs appear to be reaching youth with livelihoods support (e.g., credit, training or capital grants) and could provide leverage for the proposed project. One of them, the USAID-supported HEKIMA microfinance institution in Bukavu is extending credit largely to young women for small, commerce-related activities and is assisting micro business operators to organize savings and loan groups.

While the majority of youth interviewed in the FGDs are unlikely to be ready to borrow from an MFI, HEKIMA appears to be making loans in the capital needs range mentioned by some of the youth in the FGDs. Under the *LifeWorks* Youth Enterprise Development Project, youth may, over time, be encouraged to borrow from HEKIMA. Meanwhile, the MFI's services could be used to help youth, who participating in the proposed Business Clubs (which is explained in Part II), to form savings and credit groups, and supporting training in savings and personal financial management.

The joint UNDP/USAID livelihoods support project could provide leverage for the *LifeWorks* Youth Enterprise Development Project, as it is beginning to give training and enterprise start up support to young men (including ex-combatants), in sectors where demand is increasing, using a sector-based business support model. Furthermore, UNDP has developed and tested training curriculum and TOT materials in business management within certain sectors. This could be a future resource for technical training for youth who will be operating MSEs in specific sectors.

From these donor program interviews, the assessment team also found that although programs had been started in support of local economic growth for certain target populations, no organization appeared to have conducted formal market survey activities. In the absence of hard economic data for levels, types and impacts of different businesses, some programs had responded to community beneficiary business ideas. While the importance of community buy-in for a business idea is acknowledged, without supporting data, there is the risk of investing in locally acceptable activities which have not been proven to have market growth potential.

7. Potential Business Opportunities for Youth

As a result of interviews held with small-, medium- and large-scale enterprises and NGOs working along key value chains in the Bukavu market, the FHI/EDC team identified a number of areas for potential growth or market entry for youth that would meet the majority of the above screening criteria. These include:

- i. **Soap making:** high demand and current low quality on the market
- ii. **Bakery:** very high demand that is well above current capacity of providers
- iii. **Retail store operations,** including running of small distributor outlets for locally produced products like beer, soft drinks, bread or soap, as well as cross-border trading of imported goods for resale
- iv. **Motorcycle-taxi repair service:** growing new market of motorcycle-taxis which currently has low numbers of service providers for repair and spare parts
- v. **Pig farming:** high local demand and low supply, relatively cheap start-up and capacity to engage a number of youth per project
- vi. **Mushroom farming:** strong demand and poor supply to local hotels and restaurants; locally acceptable food currently dependent upon imports
- vii. **Construction materials production:** demand for materials like locally made bricks which would be labor intensive and not require large import content

Business opportunities (i) through (iv) will be considered when screening youth business plans and ideas for support under this project through the lenses of market and management requirements. However, youth business ideas considered during the project (as explained in Part II) will not be restricted to areas identified in this section.

Given the limited budget for this pilot project, opportunities (v), (vi), and (vii) are not anticipated to be developed within the life of the project. However, throughout the project period the Bukavu-based project team will be assisted by FHI Nairobi ROADS staff and EDC Technical Team, to identify second-tier economic opportunities for youth enterprise, which could be developed in a later phase and benefit youth whose business plans are not selected for in-depth support during the pilot phase.

PART II PROJECT DESIGN

Following the rapid appraisal discussed in Part I, assessment team members along with FHI and EDC staff refined the design of the project described in this section. Part II includes the proposed intervention and project activities, project management structure, and monitoring and evaluation framework that will guide the implementation of the project in Bukavu during a 12-month period.

1. Proposed Interventions in Support of Youth Enterprise Development

A. Overall Project Vision

Youth within ROADS Bukavu 'cluster' groups are receiving sufficient income from their livelihoods activities to contribute to a reduction in their high-risk behaviors towards HIV vulnerability.

B. Project Goal

Youth within ROADS Bukavu 'cluster' groups, with an emphasis on young women, are engaged in sustainable small and micro-enterprises which are generating both income and employment opportunities.

C. Working Hypothesis

If participating Bukavu youth receive sufficient income from livelihoods activities, they will reduce their high-risk behaviors toward HIV/AIDS.

The assumptions are: Having an income stream from a livelihoods activity that is sufficient to meet personal needs is a key factor leading to a reduction in risky behaviours towards HIV/AIDS; running a sustainable livelihoods activity will increase the youth's capacity to make sound personal and financial decisions.

D. Target Group

It is proposed that the intervention places its primary focus on those youth within the ROADS Youth Clusters who are less-educated, with a strong emphasis upon young women, whose vulnerability to HIV infection emerged clearly in FGDs. However, this focus should not be exclusive, and more-educated youth should be eligible for inclusion if they can meet specified criteria for receiving support for their individual business idea. The project should in any case include at least 60 percent women as beneficiaries of enterprise development and employment opportunities. The process and activities proposed to reach target youth groups and achieve the goal described are given below.

E. Selection, Training and Coaching

Most promising youth-run businesses will be developed and supported through a four-step process called the “entrepreneurial funnel” and in combination with training and coaching.

*The “entrepreneurial funnel”: A series of subsequent activities will be undertaken to identify and select a cadre of promising youth entrepreneurs and to take a certain number of them down the ‘entrepreneurial funnel’ with increasingly specific and detailed business development training and support. While not a formal competition, the funnel approach would naturally reduce the numbers of persons served at each stage, encouraging the more motivated to succeed, given sufficient support and technical input. This process is illustrated in **Appendix 1 – Youth Enterprise Development Project Flowchart***

Step 1: 100 youth selected and trained in Basic Entrepreneurship

The proposed project will start with initial and basic orientation training in entrepreneurship for 100 young people who are currently involved in some level of economic activity, and will include a business simulation game. These youth will be selected against project criteria which include at least 60 percent representation of young women and 60 percent representation of less-educated youth. In order to maintain a link with elements of the wider ROADS HIV interventions, only those youth who are currently active in ROADS HIV activities will be considered for participation in the Youth Enterprise Development pilot.

Participants selected must be running some existing economic activity, however small-scale that might be. The pre-existing Youth Cluster Steering Committee will meet and propose additional criteria and will then select the initial cadre of 100 youth. This follows the existing ROADS philosophy and approach of placing decision-making in the hands of the youth organizations themselves, with ROADS providing support for that process.

Step 2: 60 youth are trained and coached to develop a business plan for individual and/or group enterprises

The 100 young people will be invited to submit a two-page description of a business idea. Of these, 60 will be selected based on market relevance, representation of target group involved (for example, at least 60 percent girls as entrepreneurs or participation in a group enterprise), and potential for growth. The business ideas will be reviewed by a *LifeWorks* Youth Enterprise Business Advisory Committee (YEBAC). This will be composed of FHI staff, representatives of other local and international NGOs involved in livelihoods work, local BDS providers and, most importantly, a number of representatives from the private sector in Bukavu.

Business idea review will take into consideration but will not be restricted to areas of business identified in **Section 7**. Ideas will be assessed against a set of agreed criteria for potential growth, including market demand, low capital requirement, potential for additional

employment opportunities for other members of the Youth Cluster, low skills requirement, and ability to engage women equally with men.

The youth submitting the 60 selected ideas will enter a training and coaching process designed to help them refine the business ideas and develop a business plan for implementing them. Those with similar business ideas will be invited, but not forced, to group with each other for developing group business ideas.

At this stage, youth will receive more focused business training from a local BDS provider, GEL, using known and approved training materials for youth enterprise development. This training will focus on business development and, more specifically, preparing sound business plans.

In addition, coaches will be specifically trained by GEL to help the youth in the development of their business plans, including testing of market assumptions, assessing customers and competitors, refining production processes, marketing, costing and budgets.

A key aspect of the existing, successful ROADS project has been its ability to draw upon indigenous community volunteer activities. To build on this, the *LifeWorks* Youth Enterprise Development Project will identify coaches from within the youth associations which form the clusters. Criteria for coaches will include selecting older youth (suggested above 25 years) and those who have been running a sustainable business for at least one year. The Youth Cluster Steering Committee will take the lead on proposing coaches for training. Additional coaches will also be identified to support the youth who will not be selected along the funnel (see below).

Coaches will be differentiated from mentors. The latter will be those persons drawn from the local business community and able to provide to youth enterprises technical support in specific areas of business (e.g., marketing, quality control) or sectoral expertise in the product or service line that the youth entrepreneur is addressing (e.g., commercial bakery). These business mentors will be identified through the initial meetings of YEBAC. Selection criteria used will include having a specific business skill or sectoral knowledge to bring to the youth enterprise development process, being able to commit to a sustained period of involvement during the project, and being committed to supporting community development through volunteerism.

Initial meetings of YEBAC will provide for the private sector business owners detailed orientation to the ROADS project and the youth enterprise component. This will include discussion of specific constraints in working with youth as entrepreneurs, expectations, roles and responsibilities of YEBAC members, governance of YEBAC, and work plan development. Members of YEBAC will be requested to provide input according to their levels of training experience and specific knowledge required by participating youth entrepreneurs. At the least, members will be encouraged to provide inspirational and motivational examples for participants.

Step 3: Selection of 20 Business Plans

The 60 participants whose ideas were selected and who have received business plan training will submit their business plans to YEBAC for assessment. Following this review, 20 business plans will be selected for further support. Selection of business plans will be done using more detailed business viability criteria, including entrepreneur contributions (e.g., capital, equipment, customers) as well as respect for the core criteria of the project, including 60 percent young women's business participation.

Those 20 participants whose applications are successful at this stage will attend more formal entrepreneur workshops given by GEL, to build business management capacity. Training will address skills including managing within a business plan, financial management, quality management, order management and governance issues including handling of business profit / personal income. Following training, each participant will be visited by his/her coach to verify absorption of key skills.

Step 4: Awarding of Grants and Continuous Business Support

Awarding of Grants for youth:

Following this training and skills check up, awards will be made to those 20 enterprises receiving approval of their business plans. The awards will take the form of start-up '*capital investment grants*' or direct purchase of equipment. As businesses begin to develop, the project will develop linkages with local microfinance service providers and will encourage youth to make contact with these agencies directly. The microfinance environment in Bukavu is still fairly nascent. However, one established provider (HEKIMA) emerged during the assessment period and is showing promise.

Follow-up support will be provided to award-receiving youth entrepreneurs through the direct intervention of the FHI Youth Enterprise Development Officer (DO) in Bukavu, through support provided by coaches and YEBAC mentors, and through encouragement of youth entrepreneurs themselves to access additional sources of business support.

Simultaneous with delivery of training and selection of the small business plans, the PO will conduct further market analysis of promising sectors to better inform the choice of the business plans. He/she will continue informing, through the Business Clubs, the youth who may not be selected but could still benefit from this type of opportunity analysis.

Continuous business support for youth who are (and those who are not) selected:

A number of activities will target all 100 participants in order to help them build their ideas, skills and knowledge in small and micro business development. Youth will form Business Clubs at each cluster site to offer the opportunity for youth-to-youth support in business development and to enhance the existing philosophy and practice of the wider ROADS life skills

programming. Business Club governance and operational arrangements will be agreed by the members.

The project will also strive to ensure that all youth who do not make it through the “entrepreneurial funnel” will be assigned a coach. These youth will be encouraged to access ongoing informal support with their business development activities through the Business Clubs. Coaches will meet regularly with the youth to give them individualized advice on their income-generating activities using the Business Club as the venue for delivering this assistance.

In addition, to the extent possible, those youth who do not show sufficient entrepreneurial flair, as demonstrated through unsuccessful business plans submitted to YEBAC, will be given priority for employment opportunities arising within program supported youth run businesses. Private sector businesses that participate in YEBAC will be encouraged to hire youth as well.

Combining Business with Life Skills Development – A core aspect of the business training for all 100 youth will be to complement the wider ROADS capacity-building interventions for the strengthening of youth groups who already participate in a life skills development program. ROADS has trained youth in peer education using PATH’s ‘Peer Facilitators’ Manual’, and the curriculum includes various aspects of life skills development, such as decision-making, personal risk analysis, crisis management, communication skills, self-esteem and negotiation skills.¹⁷ In developing stronger, more assertive youth who are able to negotiate life situations with confidence and key interpersonal skills, ROADS has created foundations for better enterprise development. By applying these life skills to the area of business, together with focused business training, it is hoped that the chances of youth business success will be increased.

Savings Schemes – Models of local savings schemes will be introduced as an activity of the Business Clubs to encourage both business and personal savings: the former to assist with business development, the latter to assist with life planning. Choice of the most appropriate savings scheme will be participatory and the structure, governance model and savings and credit rates will be determined by each Business Club, but it is suggested that an adaptation of the Village Bank methodology be used. For those who received a grant, savings may arise out of their business activities. But all participants, including those whose applications do not pass the selection process, will be encouraged to develop personal and business savings.

Fostering Civic Engagement among Youth and Members of the Private Sector – To strengthen private sector involvement and overall civic engagement, the project anticipates conducting 3-4 service days during the life of the project. Service days will consist of a half (or full) day during which YEBAC members (particularly mentors, but also other members who may be interested) and youth from each project site will jointly carry out a targeted community service activity in their local community. The identification of the activity, the planning, and execution will be led by youth themselves (with support from the mentors and project leaders), allowing them to

¹⁷ See ROADS Peer Facilitators’ Manual: PATH 2007 for full details and session notes.

practice leadership, planning, and organizational skills that they will have been learning during peer education under the ROADS project and under the entrepreneurship component. This activity will also help create a horizontal relationship between business representatives and youth that will strengthen the mentor relationship throughout the project.

F. Key Partners

The assessment team conducted a rapid survey of existing BDS providers, and interviewed several together with agencies that have used their services, then identified two key agencies with which FHI will work in implementing the project. These include:

Federation des Entreprises du Congo (FEC): Founded in 1972, FEC, a national agency, is a forum that brings together Congolese business people, with a core mission of defending and promoting the interests and rights of its members. It provides advice on business and economic issues such as interpretation of government policy and legislation, and offers an arbitration service for its members. It is affiliated with the International Organisation of Employers (IOE) and the International Chamber of Commerce (CCI). FEC has a local group in Bukavu that will be engaged from the onset of the project and throughout implementation.

It is envisioned that the FEC will be used as an effective entry point to a wide variety of private sector companies, from the two largest (Bralima and Pharmakina) to the individual sole proprietorship businesses. As such, it will raise the profile of youth enterprise development among its membership and lobby for support in terms of identifying suitable experienced members who will act as mentors to youth entrepreneurs.

It is anticipated that FEC will play a lead coordinating role in YEBAC. This will be developed with a view toward longer term sustainability and purpose than the pilot project period of 12 months. YEBAC meetings will be held periodically to assess and review business plan submissions, to oversee allocation of mentoring personnel to youth entrepreneurs, and to monitor progress of the mentoring support against business plan targets at entrepreneur level.

Guichet D'Economie Locale du Sud Kivu (GEL): GEL is a Belgian-funded, Congolese NGO that offers training to small entrepreneurs in areas including but not limited to business planning, market development and financial management. GEL provides comprehensive training, in modular form, and has had experience in working on a fee-paying contract basis for other NGOs in entrepreneurship development, including working with youth ex-combatants in a partnership with ILO. GEL's total current budget is approximately \$300,000, and it has a staff of 14, including 7 trainers.

GEL will provide the core of business development training for youth as they progress down the 'entrepreneurial funnel', with increasingly detailed modules in various aspects of business management. This training will include an initial business simulation game for the full cadre of 100 participating youth, and then, with the youth who have submitted acceptable business plans, GEL will cover subjects such as accounting, stock management, costs calculation and

price setting, financial planning, business planning and internal governance of group businesses. GEL actively promotes a TOT approach and under this project, it will also provide training to coaches to enable them to accompany and support participating youth throughout the project.

HALT SIDA: Under the proposed *LifeWorks* Youth Enterprise Development Project, a team of coaches will be selected initially from youth within the ROADS 'anchor' organisation HALT SIDA, to build continuity with the current ROADS project and to achieve greater synergies with aspects of the HIV peer education approaches that promote self-worth, confidence, assertiveness and risk assessment for personal behaviour. Additional coaches will be sourced externally, if required.

Additional program partners will be approached as the project develops. Potential remains to build linkages with local microfinance organizations such as HEKIMA. However, given the short time span of the project with which to develop capacity of entrepreneurs to understand micro-financing, the limited current capacity of local MFIs, and the potential need to develop a tailored financial product that suits the needs of the youth entrepreneurs, this pilot will, as noted above, provide initial capital grants. As businesses develop and begin to show growth promise, linkages will be made with MFIs, and entrepreneurs will be supported to decide if they should apply for additional financing for their business.

G. Key Approaches

The project will use several, distinct, business-capacity-building approaches, based on best practice methodologies and wider sustainability of the project. These will include:

- *Training of trainers (TOT)*: GEL will train a number of coaches, drawn from the Youth Cluster associations, who will provide on-going support and technical advice to the emerging entrepreneurs. These will be sought from within the ROADS 'anchor' organisation 'HALT SIDA' initially, before looking elsewhere.
- *Use of existing systems and structures*: Youth entrepreneurs will form Business Clubs within the three existing sites of the ROADS project and use these to receive training and build on existing peer support mechanisms. The existing Steering Committee structure will be used to identify initial participants as well as coaches from the youth associations.
- *Maintenance of HIV-related peer activities by youth entrepreneurs*: As noted above, the project will target only youth who are *active* members of the Youth Cluster to which they belong, in order to maintain the link with the components of the wider ROADS project. The HIV training is intended to complement the business skills training, in order to increase negotiating power of youth in sexual encounters.

- *Involvement by Youth Cluster groups in decision-making:* Cluster groups will be consulted from the beginning of the project. For example, they will be consulted when developing participant selection criteria and they will contribute to the selection of applicants.
- *Capacity-building:* An underlying value of the project will be its capacity to serve youth entrepreneurs who are able to contribute to the local economy meaningfully but are often locked out of the services they require to turn potential into reality. The project seeks to build upon entrepreneurial characteristics of dynamism, opportunity taking, and positive attitude and enhance them. Similarly, the project will seek to engage with local or regional BDS providers wherever possible, fielding short-term consultants where appropriate, in order to develop local capacity of these providers. The TOT for coaches in entrepreneurship skills will take place at three different levels with the intention of building the capacity of project staff, the institution (FHI) and local community members (with high levels of motivation to volunteer).
- *Use of proven training methodologies for youth:* Training materials will be vetted for youth-friendliness and accessibility for low literacy audiences. Existing good practice training manuals such as GERM from ILO or CEFE¹⁸ will be consulted for adaptation where appropriate and possible. Additional materials which have gained local acceptance and are of high quality will be sourced. An example could be materials developed by IRC which are adaptations of CEFE curricula.
- *Meaningful private sector support:* A key project principle will be to involve the larger private sector in the ROADS HIV/AIDS program in ways that appeal to its core competencies, namely, provision of business advice and technical assistance. The proposed business support project will appeal to the corporate social responsibility agenda of such companies, while targeting requests for strong business managers to act as mentors for technical support to youth. It is anticipated that as the project progresses and participating private sector companies develop more positive perceptions of youth, they will offer employment opportunities or internships to this target group. The civic engagement component will also strive to strengthen the private sector engagement with youth.

2. Project Management Structure

See **Appendix 2** Organizational Chart for lines of operational reporting and strategic management of the project. Proposed roles and responsibilities for key personnel are as follows:

Youth Livelihoods Development Officer (DO): FHI Bukavu, DRC

- Creates and sustains opportunities for key private sector organizations to apply their core competencies to the development of small and micro-enterprises amongst youth

¹⁸ CEFE - Competency based Economics through Formation of Enterprise.

groups in Bukavu, DRC, with a key result being increased incomes as an HIV prevention strategy

- Links with local, regional and international private sector organizations to promote public-private sector partnerships through the program
- In collaboration with the local private sector, conducts market surveys, community business appraisals
- Establishes long term relationships and partnerships with the private sector for support to Bukavu youth business development, through formation of the *LifeWorks* Youth Enterprise Business Advisory Committee (YEBAC)
- Oversees approval process for youth business plans and awarding of start-up grants; development of strong governance mechanisms for this project
- Coordinates local BDS providers in training, mentoring, follow-up, and on-going support
- Identifies, coordinates training of, and monitors team of coaches for youth business follow-up
- Develops tools for, coordinates collection and compilation of data arising from project activities, in line with project results framework, reporting to local and regional FHI offices

FHI Bukavu sub-office Director, DRC

- Oversees and supports the DO for the project
- Oversees financial administration of the project and meeting of internal FHI and USAID standards
- Is accountable for the submission of accurate and timely reports on project achievements and financial reports
- Supports the DO in liaison with and coordination of private sector input, primarily through YEBAC
- Assures effective coordination between youth enterprise activity and the wider ROADS implementation activities for effective resource use
- Oversees the performance and deliverables of the DO and reports to Senior Program Officer (SPO)

Senior Program Officer (SPO), Private Sector Initiatives: FHI Regional Office, Nairobi

- Backstops technical implementation of project by FHI Bukavu
- Coordinates communication between FHI Bukavu and EDC
- Is accountable to EDC for project expenditure and budget management
- Is responsible for submission of quarterly program performance reports and monthly financial reports to EDC
- Is responsible for working with Project Manager at EDC to revise and finalize budgets
- Is responsible for maintaining regional networks to identify enterprise scale up and replication opportunities in the region

As grantee, FHI will submit to the Program Manager at EDC quarterly narrative and financial reports. Formal communication and project reporting to USAID/EA, USAID/DR Congo, and USAID/Washington will be the responsibility of EDC. EDC will work with FHI to present project's messages formally to USAID.

3. Monitoring and Evaluation (M&E)

As the basis for monitoring and evaluating the impact of the *LifeWorks* Youth Enterprise Development Project upon the target group of youth in Bukavu, FHI will utilize a Results Framework built upon a vision, a goal and five Strategic Objectives (SOs) relating to youth income generation via improved livelihoods and youth empowerment to make sounder life decisions and reduce their vulnerability to HIV/AIDS. The vision, the goal and each of the SOs are set out in the CSY *LifeWorks* Youth Enterprise Development Project Results Framework provided in **Appendix 3**.

Baseline Study

The first step in developing a sound "outcome" oriented M&E system for the project will be to conduct a baseline study among those youth in the ROADS Youth Clusters who took part in the FGDs conducted in Bukavu. Using a baseline data questionnaire, a local consultant will train and work with a team of 14 local data collectors to gather baseline data on a randomly chosen sample of youth in each cluster, being careful to assure that at least 50 percent of each sample includes young women and that each sample includes youth who are and are not receiving business support under the project.

The questions asked will relate back directly to the indicators included in the Results Framework for the vision (behavior change), the goal (engagement in income and employment generating enterprises), and each of the SOs (1, 2 and 4) relating to youth business skills

building, increased capacity to make sound personal and financial decisions, and increased participation in civil society organizations or activities.

This baseline study will be conducted no later than the first quarter of the project, if project is approved for CSY funding.

The baseline study will be used to test the feasibility of collecting reliable information on the indicators proposed in the Results Framework (**Appendix 3**). Those indicators that pass the test will be used as the basis for developing the data collection tool (see below).

System for Data Collection

As the Project Management Structure (**Part II, Section 2**) indicates, the *LifeWorks* Youth Enterprise Development Project staff in Bukavu will be limited to a full-time Development Officer (DO) with part-time assistance from the ROADS Project Manager. Technical advice on baseline conduction and data collection will also be provided by FHI Regional staff in Nairobi and Kigali.

With these limitations in mind, the FHI/EDC project design team is proposing a data collection system that calls for *quarterly* data collection and reporting on program results, at the level of the youth entrepreneurs, business community involvement and lessons learned. Further, given the proposed “staged roll out” of the selection of and delivery of support services to youth enterprises (**Part II, Section 1**), it is recommended that program staff not be expected to collect data on every SO and Intermediate Results (IR) indicator relating to youth enterprise development during the first two quarterly reporting periods.

Data Collection Methodology

Quarterly data collection by ROADS Bukavu staff will be done in the field among the target Youth Clusters, using a questionnaire-based data collection tool structured to capture net change in the indicators drawn from the Results Framework and found to be measurable in the baseline study. To the maximum extent possible, the interviewers will revisit the same cluster members who took part in the baseline study, including youth who are and are not receiving targeted business support.

Data collection will start at the end of the first quarter with gathering of data relating to the project goal of increasing number of youth engaged in MSEs generating income and employment. At the end of the second quarter, the staff will also begin gathering data relating to SO1, “increased youth capacity to design and implement market responsive business activities,” IR1.1 “increase in youth business management skills.”

As more project results are generated in the third and fourth quarters, data will be collected on SO1, IR1.2 “increase in youth business confidence” and on the IRs and indicators related to SO2, “increased youth capacity to make sound personal and financial decisions.” Data related to

SO4, or “increased youth participation in building civil society,” will be gathered across all quarters and will address things including participation in Business Clubs and ROADS cluster activities, as well as mentoring or coaching other youth.

Indicators under SO3, or “increased support from the private sector for MSE development among ROADS Youth Cluster members,” will be measured each quarter of the project year by ROADS Bukavu staff using a brief questionnaire addressing indicators of increased engagement of business men/women in YEBAC and the project as program advisors and enterprise mentors and increase in private sector business resources devoted to youth enterprise development.

Indicators supporting SO5, or “increased capacity to document and disseminate lessons learned from the work with livelihoods and HIV AIDS,” will be measured throughout the year by Bukavu based FHI staff and reported on a quarterly basis based upon number and type of program reports or promotions implemented, as well as stakeholders reached and providing positive feedback.

Data Analysis and Reporting

The *LifeWorks* Youth Enterprise Development Officer (DO) will be responsible for leading data collection each quarter using the data collection tool. It is anticipated that some of the 14 trained data collectors used in the baseline study will assist in the collection of quarterly data. The DO will also be responsible for aggregating the data and doing simple analysis to identify and report net change in indicators supporting the project vision, goal and SOs. The DO will prepare and submit to the FHI SPO a quarterly report specifically addressing project achievements and impacts according to the Results Framework.

The FHI SPO will review and analyze those data and utilize them to prepare and submit a quarterly report on project results to the EDC Project Manager. EDC will, in turn, prepare and submit to USAID Washington, East Africa and DRC-Kinshasa a quarterly report on measurable project results.

At the end of the project period, an external consultant will conduct, with the participation of the DO, an End of Project (EOP) assessment. Based on the findings, an assessment report will be submitted by the consultant to EDC and through EDC to USAID. This report will follow the reporting format adopted under EQUIP3 funding for CSY activities.

The assessment will focus upon key questions that the CSY Working Group would like to address in their learning framework:

- Is the hypothesis sound? Is it based upon sound assumptions?
- Was the process effective? Was the methodology for delivering services a sound one?

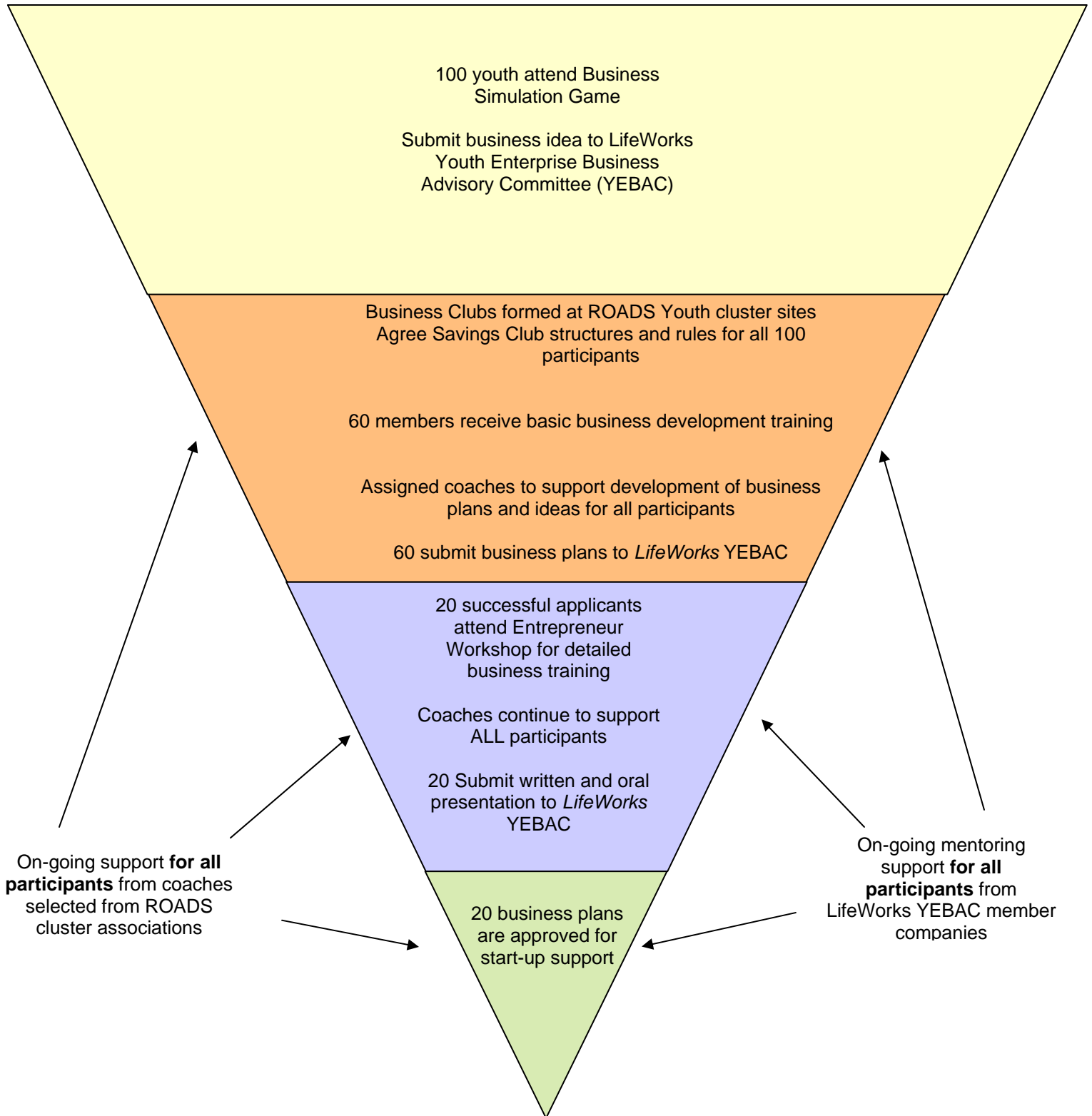
- Is this a model that USAID and its Missions could use in designing similar Cross-sectoral programs? Is it replicable in other settings?
- What are the minimum elements that must be in place to assure success?
- What are the lessons learned from this pilot program (program design, project management, targeting, other)?

The EOP assessment will also address any measurable net change in key indicators on the Results Framework—from the baseline survey to the EOP. Change will be measured at the levels of (a) youth involvement in income and employment generating enterprises, (b) youth acquisition of business and personal life skills, (c) youth involvement in civil society programs, and (d) changes in youth high-risk behaviors related to HIV/AIDS. Addressed as well in the report will be changes in levels and types of private sector (business) involvement in supporting youth enterprise development.

APPENDICES

Appendix 1:

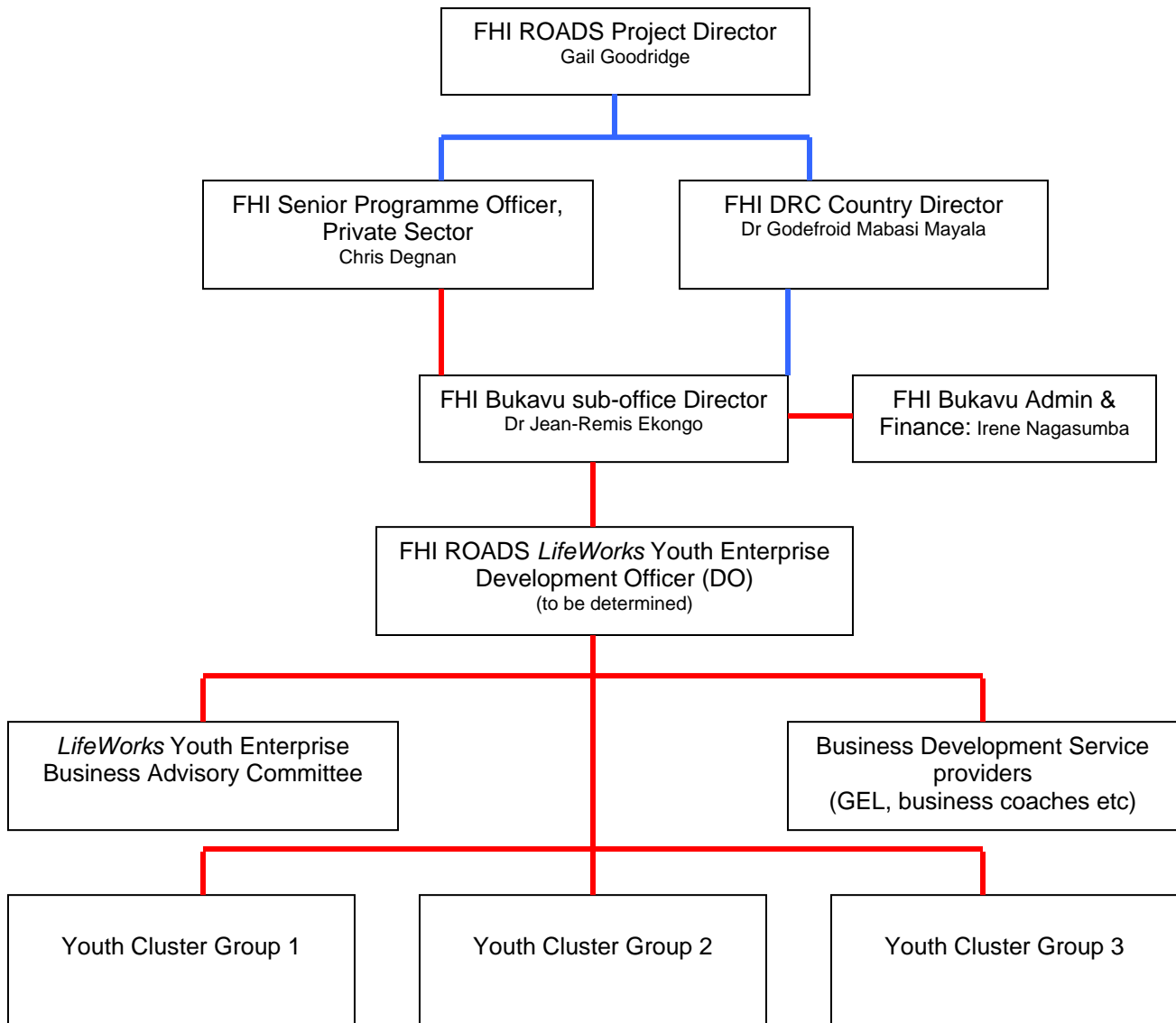
Youth Enterprise Development Project Flowchart



Follow-on support from Development Officer, coaches, and *LifeWorks* YEBAC members. Monitoring of business growth against Results Framework, including identifying opportunities for employment of non-successful applicants in growing businesses

Appendix 2

FHI ROADS *LifeWorks* Youth Enterprise Development Project Organisational Structure



Operational Management and Reporting

Appendix 3

Key Results Framework

Project Vision: Youth within ROADS Bukavu ‘cluster’ groups are receiving sufficient income from their livelihoods activities in order to contribute to a reduction in their high-risk behaviours towards HIV vulnerability

Indicators	% of Youth in ROADS Bukavu ‘cluster’ groups who are reporting reduction in multiple sex partners in project period % of Youth in ROADS Bukavu ‘cluster’ groups who are reporting increase in use of condoms in project period
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Project Goal: Youth with ROADS Bukavu ‘cluster’ groups, with an emphasis on young women, are engaged in sustainable small and micro-enterprises which are generating both income and employment opportunities.

Indicators	% total of youth involved in business activities, either as ‘entrepreneur’ or as ‘employee’ % of youth starting small or micro-enterprises, as main entrepreneur % of businesses supported that are running after 6 months of start-up % of youth receiving sufficient income to cover basic needs ¹⁹ % of youth who report increase in personal savings levels
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Strategic Objective 1: Youth have increased their capacity to analyse local markets, and design and implement an appropriate business response

Intermediate results	Illustrative indicators	Means of verification
IR 1.1: Increase in business management skills	# of youth who complete GEL training # of trained youth who produce a business plan that meets committee standards for approval (including elements of market survey, business objective, activities, sales and expense forecast) # of trained youth meeting sales forecasts # of youth who are maintaining appropriate business records	Training records YEBAC minutes for assessing business plans P&L sheets from Youth MSEs Business records Observational reports; business records
IR 1.2: Increase in business confidence	# of trained youth who hire additional staff in their enterprise # of trained youth who develop a new product in response to market feedback # of trained youth who seek additional financing for their MSE activity	Business plans and records Observational reports; business records Business records

Strategic Objective 2: Youth have increased their capacity to make sound personal and financial decisions

Intermediate results	Illustrative indicators	Means of verification
IR 2.1: Increased financial self-sufficiency amongst targeted youth entrepreneurs	# of trained youth entrepreneurs who are financing 70% or more of their basic needs through income earned from their business activity # of trained youth who demonstrate capacity to manage separately business and personal finance	Interviews and survey notes
IR 2.2: Reduction in high risk behaviour towards HIV AIDS	# of youth that make decisions that put them at risk in order to meet basic needs	

¹⁹ Basic needs will include shelter, food, domestic fuel, health and social needs, and will be base-lined at commencement of the project

Strategic Objective 3: The private sector in Bukavu has increased its support for small and micro-enterprise development amongst ROADS youth 'cluster' members

Intermediate results	Illustrative indicators	Means of verification
IR 3.1: Increased engagement in Youth MSE initiatives	# of private sector business members on FHI ROADS Youth Enterprise Business Advisory Committee # of meetings held between FHI ROADS and YEBAC # of youth provided direct employment opportunity with private sector members of YEBAC	Memoranda of agreement Meeting notes YEBAC meeting minutes
IR 3.2: Increased resources directed towards Youth MSE initiatives	# of business mentors from private sector who provide regular ²⁰ TA to Youth MSEs # of hours of TA provided to youth entrepreneurs by qualified business mentors from the private sector % of youth MSEs that receive BDS resources provided by private sector companies # of additional resources provided by private sector companies (financial, equipment, other materials)	Activity tracking sheets Activity tracking sheets MSE activity reports MSE documentation

Strategic Objective 4 : Bukavu youth have increased their participation in building a stronger more resilient community

Intermediate results	Illustrative indicators	Means of verification
IR 4.1: Increased participation in civil society organisations	# of youth entrepreneurs who are participating in one or more activities of a project supported Business Club # of trained youth entrepreneurs who have supported another youth entrepreneur via a Business Club or Youth Cluster	Club meeting notes Interview notes with youth entrepreneurs ROADS data tools and reports

Strategic Objective 5: FHI ROADS Bukavu has increased its capacity to document and disseminate lessons learned on its work in Livelihoods and HIV/AIDS

Intermediate results	Illustrative indicators	Means of verification
IR 5.1: Increased documentation by ROADS Bukavu	# of reports upon ROADS Bukavu Youth MSE activities # of radio or television programs featuring ROADS Bukavu Youth MSE activities # of 'Postcards from the ROAD' featuring Youth MSE activities and impacts # of stakeholders receiving ROADS Bukavu Youth MSE updates # of stakeholders providing positive feedback on ROADS Bukavu Youth MSE activities	ROADS reports ROADS 'Postcards' records Mailing lists E-mail and other correspondence records

²⁰ Regular is defined as at least every 2 months or more

Appendix 4

Profile of Youth Run Small Bakery Operation in Bukavu

Interviewee: Evariste Bubala, Operator of "Tout Est Grace" Bakery in Bukavu and ROADS Cluster Member

Evariste Bubala is a secondary school graduate who started and has been running for nearly four years a small bakery operation in Bukavu that produces and sells its products through local cafeterias, retail food boutiques and the university canteens. The business produces and sells to these retail outlets per 350-400 sandwich rolls and 50-60 gallettes per day and produces 4-5 wedding cakes per month on special order.

Evariste started his business with an initial in kind loan of two sacks of flour from a youth group organized for this purpose. He did some market research as part of the group, and used his in kind loan to initially produce and sell beignets.

His business now sells all that it produces and cannot keep up with customer demand. He operates the business on the grounds of a private home, where he also boards rent free. His customers include 9 to 10 cafeterias (which pay in cash each morning), as well as a number of small milk and tea boutiques and the University canteens. He operates the brick wood fired oven himself and employs 3 young men to distribute the bread orders in the city on foot. The % of product wastage is 5% of loaves produced.

His business is not registered due to the tax regime imposed on small business. His primary constraints in operating the business are taxes (he pays several), and sourcing sufficient high quality flour at a good price. He goes to nearby Kamembe (Rwanda) for flour, and sources the rest of his supplies and equipment locally. Insufficient flour and security of his production site are the primary risks he addresses.

Evariste is a "sole" proprietor in every sense of the word, having no family and relying upon the income generated from this business to remain in school part time and meet his personal needs. He says that he usually meets those basic needs each month, after deducting from sales proceeds the costs of production and payment of salaries to the 3 workers.

Evariste is market savvy. He has adopted the practice of regularly assessing the quality of products produced and sold by the larger bakeries and imitating the competition to maintain product quality.

He has been trained in accounting and does an income and expense statement every month. Income and expense figures provided to the FHI/EDC team in Bukavu, indicate that his business is profitable. According to figures he provided for a "normal" month, his income/expense profile is the following:

- Total income from sale of bread products	\$1500
- Total expenses (including raw materials, salaries and transport for the business, as well as his personal expenses	1115
Net "profit" (nearly \$100 per week)	\$ 385

He pays his 3 workers each \$25 per month, for an annual salary of about \$300 per year (vs. \$130 per capita income for country). Once he has paid business expenses, including those worker salaries, he pays himself a “salary” from what is left. He uses this to pay for his food, clothing and school fees, and then deposits the rest in a COOPEC account (\$50 to \$60 per month).

As with many young business owners in Bukavu, Evariste does not separate business profit from his own pocket, e.g., he divides the profit between the business and himself by taking a salary in an “informal” way.

He envisions expanding this enterprise to serve more of the local market demand for quality bread products. In order to do so, he needs a workplace, larger and more secure than the outdoor one he currently has, a larger oven and a truck for deliveries.

He would like to purchase a combination wood and electric oven that could be sourced from Belgium at a cost of about \$20,000, and would allow him to continue his bread production in the wood portion of the unit when the electricity goes out. This would reduce his dependency on wood, which is expensive and not environmentally friendly. His constraints are lack of financing for this, as well as cost of an electric connection. If he is able to obtain the resources for expansion, he envisions hiring 5-6 more people to knead and prepare dough for baking.

Indicated needs for small business support include: training in funds management (business working capital and personal compensation) as well as business planning and market responsive product development.

For comparison, the FHI/EDC visited another small bakery which is about to start up in the nearby community of PANZI. Using a loan from the Scottish Aid Program (SCIAP), a community group has acquired a small piece of land (\$10,000), built a four room brick building for production, sales and materials storage (\$13,000) and constructed a wood fired oven (cost of \$4000).

In two to three months, this unit will at full production be producing and selling 1500 product units a day, including some 1000 sandwich roles and 500 bread loaves. Estimated selling price for a bread loaf will be DRC F 400. At full production, the unit will employ 5 full time employees, including the oven operator and four mixer/kneaders. Sponsor of this bakery undertook the project with donor funding because there is presently no bakery for this sizable community, and customers come from as far as Bukavu to buy. Like the city bakery run by Evariste, this business is addressing a significant unmet demand for quality bread products, and anticipates about 5% product loss in production.

Appendix 5

French Questionnaire used in Focus Group and Individual Youth Interviews English Questionnaire Used in Interviewing Individual Youth Entrepreneurs from Focus Groups

Recherche sur les opportunités économiques et programme d'entrepreneuriat pour les jeunes de RDC Soutien technique d'EDC

Groupes de discussion (Focus Groups) avec les jeunes

Les groupes de discussions avec les jeunes seront structurés autour des questions et des hypothèses de recherche définies dans le cadre de cette étude, à savoir :

- Mieux comprendre les facteurs de succès liés à la création de petites entreprises par les jeunes tels que les perçoivent les jeunes
- Mieux cerner les besoins de formation et d'accompagnement (mentorat, financement, etc.) des jeunes pour mener leur petite entreprise, par type de groupe de jeunes
- Mieux comprendre les sources de financement dont ont besoin les jeunes pour lancer leurs petits business.

Les groupes de discussions utilisent certains outils développés par le projet EQUIP3 financé par USAID et exécuté par EDC. Ils ont été adaptés en fonction des objectifs de la recherche.

Les activités principales d'un groupe de discussion incluent :

Classement des facteurs de succès : Cet instrument permet aux participants de discuter des facteurs de réussite liés à la création de petites entreprises des jeunes.

La grille des besoins, sources de soutien et sources de financement : Cet outil permettra des discussions sur les questions de savoir comment les jeunes commencent leurs activités génératrices de revenus ou leurs microentreprises. Les participants vont discuter de leurs besoins, de l'aide qu'ils peuvent rechercher et des sources de financement. Ces éléments seront classés par ordre de préférence et par sexe.

Cibles et échantillonnage: Alors que les « Youth Clusters » regroupent des groupes de jeunes très diversifiés, il sera important d'organiser des groupes divers mais relativement homogènes pour pouvoir retirer des informations pratiques qui pourront informer la conception du programme d'intervention. Dans le cadre de cette étude, il est proposé de séparer un échantillon de jeunes des Youth Clusters en deux groupes distincts : (1) les jeunes, filles et garçons, qui n'ont pas été à l'école ou ne sont pas allés plus loin que leurs études primaire (Groupe 1^{er} cycle ou groupe A); et (2) les jeunes qui ont complété le second cycle et/ou troisième cycle de formation (Groupe 2nd et 3^{ème} cycle ou Groupe B). Chaque groupe devra contenir un nombre représentatif de filles et de garçons. De plus, il est important d'avoir des jeunes impliqués dans les Youth Clusters et qui ont pu commencer leurs petites entreprises ou ont une activité génératrice de revenus sur le côté (même si c'est en parallèle de leurs études). Les jeunes devront appartenir à la tranche d'âge 16-29 ans.

Un groupe de discussion rassemblera entre 8 et 12 jeunes, mais ne dépassera pas ce maximum. On mènera au minimum 2 groupes de discussion par site, avec un groupe de discussion avec des jeunes du premier cycle (groupes A) et un groupe de discussion avec des jeunes du 2nd et 3^{ème} cycle (groupes B). Si le temps le permet, on pourra organiser un groupe de discussion supplémentaire.

Déroulement du groupe de discussion :

Chaque groupe de discussion sera mené sur 1h30-2h00 et sera structuré ainsi :

A. Introduction:

Bienvenue: Nous sommes d’EDC et FHI. Nous travaillons dans le développement, ici à Bukavu. Aujourd’hui, nous menons une recherche sur les jeunes, leurs activités économiques et leur situation financière. Nous pensons que l’opinion de jeunes comme vous peut aider à mieux comprendre la situation réelle des jeunes et donc de mieux les soutenir. Nous vous encourageons à être francs et ouverts. Vos réponses ne seront pas divulguées.

A la fin de notre recherche, nous nous assurerons qu’une copie du rapport sera partagée avec (*insérer nom du responsable de projet local ou autre personnes proche des jeunes*).

Faire bien attention à donner son nom et celui de son coéquipier et d’expliquer les rôles de chacun.

B. Mise en situation et saisie des profils des jeunes participants:

Les modérateurs commencent par poser quelques premières questions d’introduction : Comment vous appelez-vous ? Que faites-vous pour vous divertir ? Que faites-vous tous les jours : école ? travail ? etc. Les amener à répondre aux questions de la grille de profil :

No.	Nom	M/F	Niveau d’études	Petite entreprise/activité génératrice de revenus (O/N) – Si oui : Type d’activité -Si non : idée de petit business ?	Indépendant (O/N) : si non : expliquer : avec famille, amis, etc.
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					

C. Première activité: Classement des facteurs de succès

Objectif : Comprendre les caractéristiques d'un jeune qui travaille à son compte (ou jeune travailleur autonome) qui a réussi et les caractéristiques de celui qui a moyennement réussi et de celui qui n'a pas réussi.

Introduction : Nous allons commencer par une première activité qui va nous permettre de mieux comprendre comment les jeunes réussissent dans les affaires, et mieux comprendre ce qui peut empêcher de réussir dans les affaires. Parmi vous ou vos amis :

C.1 Qui a réussi mener une petite entreprise ?

Pourquoi ?

(Questions d'approfondissement : Qu'est-ce qui vous dit que vous avez réussi ? Bénéfice ? Service clients ? Forte demande ? etc.) – Comment avez-vous réussi ?

C.2 Qui a moyennement réussi ?

Pourquoi ?

C.3 Qui n'a pas réussi ?

Pourquoi ?

Notes :

Qui a réussi	Qui a moyennement réussi	Qui n'a pas réussi

D. Activité 2 : Grille des besoins et des sources d'aide et de financement

Objectif : Mieux comprendre les types de petites entreprises menées par les jeunes, leurs besoins et les ressources auxquelles les jeunes peuvent faire appel pour se lancer en affaires.

Mise en situation : Nous allons maintenant discuter davantage des activités économiques que certains d'entre vous ou vos amis sont en train de mener et discuter des personnes ou organisations vers lesquelles vous vous tournez pour vous aider.

Question	Questions d'approfondissement
D.1. Quels types d'activités génératrices de revenus sont menées par les jeunes ?	Comment les jeunes gagnent-ils de l'argent? Travaillent t-ils à temps plein ou à mi-temps ? Y a t-il des différences entre les filles et les garçons ?
D.2. Comment les jeunes commencent-ils leurs propres affaires ?	À qui s'adressent les jeunes pour obtenir des conseils ? Quels types de conseils recherchent les jeunes ? Essayer d'obtenir des sources aussi bien formelles qu'informelles.
D.3. De quoi les jeunes ont-ils besoin pour commencer leurs propres activités génératrices de revenus ?	Essayer de voir s'il y a d'autres mécanismes de soutien qui n'ont pas été présentés par les jeunes jusqu'à présent. Voir notamment les domaines de compétence (techniques, management), ainsi que d'autres éléments comme le mentorat, etc.

D.4 Classement des besoins et ressources par ordre d'importance.

À ce niveau de la conversation, le modérateur va commencer à écrire les différents types de besoin sur des cartes. Si l'on mentionne plusieurs fois le même besoin (par exemple la formation à l'entrepreneuriat ou les conseils), essayez de les regrouper en demandant : « Y a-t-il des besoins identiques ? Peut-on les regrouper ? ».

Demandez aux participants à qui est-ce que les jeunes s'adressent pour satisfaire ces besoins ?

Ensuite dessiner sur un flip chart une grille avec en colonne les besoins et en rangées les personnes/entités qui les adressent :

Exemple :

	Parents	ONG	Ecole	Amis
Conseils				
Formation				

Demander aux participants de mettre un nombre de cailloux (VOIR CE QUI EST LE PLUS ADAPTE EN DRC) dans chaque case en fonction de l'importance de la source. Cinq cailloux : Très important ; un cailloux : moins important.

Demander aux participants pourquoi ont-ils accordé plus ou moins d'importance à telle ou telle case ?

D. 5 Approfondissement : les sources de financement :

D.5. Qui finance les affaires des jeunes ? D'où viennent les sources de financement ?	Si les jeunes ont mentionné le financement lors de la question D.3, demandez : « Vous avez dit que les jeunes ont besoin de capital financier pour commencer leur affaire, où et comment obtiennent-ils le financement/capital ? »
--	--

D.5.1. Le modérateur note alors les différentes sources de financement sur des cartes. Si l'on mentionne beaucoup de fois la même forme de financement (par exemple « tontines » (DEMANDER A FHI L'EXPRESSION UTILISEE POUR LES ROSCAS OU GROUPES D'EPARGNE ET CREDIT INFORMELS) et IMF), essayez de les regrouper en demandant : « Y a-t-il des sources qui fonctionnent exactement de la même manière ? Peut-on les regrouper ? ».

D.5.2. Demandez maintenant aux participants où les adultes trouvent leurs sources de financement. Si les sources sont différentes, notez-les ; si les sources sont les mêmes, faites seulement référence aux cartes déjà écrites.

D.5.3. Montrez la grille dessinée sur les feuilles de conférence et expliquez les colonnes. Demandez aux participants de mettre des Astérisx (ou cailloux) sur la grille pour chaque source en fonction de l'importance qu'ils accordent à la source de financement, selon qu'elle apporte du capital aux filles ou aux garçons. Un cailloux : pas important, 5 cailloux : très important.

Source	Filles (16-29 ans)	Garçons (16-29 ans)

Compléter la grille pour chaque source et chaque catégorie de personne. Vous pouvez soit laisser les participants remplir toute la grille d'un coup, soit leur demander d'expliquer l'importance accordée à chaque source, après avoir rempli chaque source une à une (ou après en avoir rempli quelques unes). Demandez POURQUOI ? Et utilisez plusieurs questions d'approfondissement.

Source	Filles (16-29 ans)	Garçons (16-29 ans)

Une fois que les participants ont identifié et classé les sources par ordre d'importance et par genre, le modérateur vérifie les réponses avec les participants, posant des questions telles que :

- Donc vous pensez que la source X est plus importante pour les filles que pour les garçons ? Pourquoi ?
- Donc les garçons reçoivent des financements pour le lancement de leur affaire auprès de X (source) mais pas les filles ? Pourquoi ?

E. Conclusion :

Remercier les jeunes pour leur participation et montrez tout ce qui a été couvert. Résumer quelques points importants et vérifier que vous avez bien noté.

Suivi : étudier liste des profils et, en fonction de la participation et des réponses obtenues, sélectionner 2-3 jeunes pour mener un entretien individuel sur leur activité économique spécifique.

Questionnaire for Interviewing Individual Youth From Focus Groups in Bukavu

Name of youth:

Sex _____ Male _____ Female

Date of interview: _____

Interviewer -----

I would like to ask you several questions about your business activity.

1. What kind of products/services do you provide with your enterprise?

2. How long have you been doing this activity? _____

3. Do you work in your business activity FULL TIME? ____ PART TIME? ____

4. Is this business activity seasonal? Yes _____ No _____

3. What were you doing before you began working in this activity?

4. What kind of changes in your business indicate to you that you are being successful? (More sales? Increased income? New customers? Customers retained?)

5. During the past month, have your sales increased, compared to your sales the month before?

Yes _____ No _____

6. If yes, what are the reasons that your sales have increased?

7. How many customers bought your products/services this past month? _____

8. How many bought the month before?/ _____
9. This past month, did you attract new customers? _____
10. If Yes, how many new customers did you serve? _____
11. This past month, did you sell a product/service based upon a suggestion made by a customer? Yes _____ No _____
12. This past year, did you make and sell one new product/service based upon market research that you did yourself? (door to door customer interviews, customer interviews at business, internet, other?)
13. Are there customers who were buying last month but are not buying this (month, year)?

14. If yes, what are the reasons? _____
15. What are the resources that you have for working in business?

- Cash for operating (fonds de roulement)
- Equipment
- Raw materials
- Tools
- Other

16. If one of the responses was “cash for operating, what do you use this cash for?

- Purchase of raw materials
- Replacement of equipment or tools
- Hire transport for goods
- Other

17. What resources do you need that you presently cannot access?
(please put three asterisks behind the most important, two behind the next important, one behind the least important)

18. What is the most important source for getting the resources that you need?

(Create a grille classifying the needs and resources by order of importance.)

	Parents	Ecole	ONG	Friend	Tontine	MFI
Business Advice						
Training						
Mentoring						
Financing						

I would now like to talk about your personal situation...

19. What are the MOST IMPORTANT indicators that your life situation has improved?

(Interviewer should ask each artisan interviewed to give the most important indicators of success, and record them here).

Note to interviewer: Say 'We will not select you based on your level of income'

20. Since you began with this business activity, has there been an increase in your income (with the addition of this activity)?

Yes _____
 No _____
 Don't know _____

21 What was your total income per month BEFORE you started to work in this craft group?

(Record response in local currency)

22. What is your total income per month NOW (with the addition of the income from this business activity)?

(Record response in local currency)

(Interviewer should divide response to Q 21 by response to Q22 and enter % below)

_____ % increase

_____ % decrease

23 With the added income from this activity, what have you been able to do (that you could not do before)?

Have funds to use in this business	_____
Purchase materials to use in another (Purchase crop inputs, other)	_____
Help family meet needs for food	_____
Pay the cost of school fees	_____
Save for emergencies	_____
Other (enter response)	_____

(circle each response given)

24. With the income that you now earn, are you able to meet all of your needs?

Yes, most of the time	_____
Some of the time	_____
Rarely	_____
Don't know/did not respond	_____

25. With the addition of the income from this business activity, have you been able to save money?

Yes	_____
No	_____
Don't know	_____

26 If the response to Q 25 is YES, do you have a savings account in a bank or credit union? An MFI, other?

Yes	_____
No	_____

27. If the answer to 26 is YES, what type of entity do you save with?

28. If the answer to 25 is YES, what are you saving for?

- Funds for operating business _____
- School fees _____
- Emergencies _____
- Other activities (crops, market) _____
- Other (enter response) _____

29. As you think about your neighbors or friends, how would you compare your household to theirs?

- Better off than most _____
- About the same _____
- Not as good as most _____
- Don't know _____

30. If you were to be able to earn more income, what monthly income would make you more comfortable, e.g., not have to worry so much about meeting the household's expenses?

(enter here in local currency)

Closing the interview

Final question: Is there anything else you would like to tell us about yourself or your work here?

THANK YOU
for taking time to come and talk with us. We very much value your opinions.

Appendix 6

Donor and NGO Programs Working with Livelihoods Improvement in Bukavu

PAGE – An EDC/IRC Community Education and Livelihoods Project

The PAGE Project has with USAID funding been working for three years in several rural sites in South Kivu, to help communities develop Income Generating Activities (IGAs) at school level that can generate income helping parents to pay school fees and keep local schools funded. Through an IRC education component on livelihoods, parents have been assisted to organize savings and investment groups to save for school fees and improve livelihoods choice and financial management. Among the activities that the program has worked with are

- small retail shops vending the basics (food, flour, oil)
- grinding mills
- soap makers
- rental/selling of fishing equipment\
- buying and selling of meat

Training is provided to adult groups in savings and lending policy, choice and management of IGAs and financial management related to group savings, lending and reimbursement. Individual grants are made by IRC to each IGA (\$2500) and IGAs are implemented at school. These enterprises are run by program selected business managers through a ‘competitive’ process, based on simple business plans. Those managers are in turn provided with GTZ developed CEFE training, “literate” level training in business plan and some accounting.

Rate of success of IGAs supported

According to the Project Manager, 40% of the IGAs were working at the time of the assessment team interview and meeting the “school fee reduction” objective “well”. PAGE has also been working to overcome several **barriers to developing value added livelihoods in rural area.**

- There is no real access to microfinance.
- There is NO PROCESSING for most value chains.
- Little packaging is available.
- In rural areas, there is lack of a local market that can afford the product (fruit juices for example).

As part of their IGA and market work, PAGE staff have learned that:

- Urban areas are better for supporting processing of raw products – there is more of a market.
- Proximity of the business to market is critical.

OPIFET Multi Donor Women’s Support Program

This local NGO has received funding from donors including USAID/OFDA, British NGO Comic Relief and World Food Programme, and has been using it to extend micro loans to women’s enterprises on very soft terms, as part of the OFDA post war recovery program. OPIFET has also been running an in kind credit program providing credit in the form of goats, rabbits and other animals that can be sold or consumed

Other programs run by OPIFET in Bukavu include HIV AIDS education and a rehab program for women who produce and have become addicted to banana beer. Life Skills training is provided for better coping with difficult lives as well as help in switching to other activities (beans, soap). Women do the business for a % of the profits and OPICET provides machinery, materials needed.

According to the Program Manager, the program DID NOT do a market study for either enterprise related activity. The following are sectors where he feels demand for products is not being met:

- food processing
- palm oil processing

He indicated that there is a good supply of oil on farms near Bukavu. He responded that there is a strong market here for RED OIL, but no facilities to process it, adding that if it could be produced here at factory level, there would be a market for it in region (Rwanda, Burundi). A possible target oil palm producer group would be young ex combatants returning to households but with no source of income. Youth as growers would have to intercrop with food crops to make it during the four year oil palm maturation period. There are no sources of credit for agriculture except for the donor supported emergency programs (OFDA, World Food Programme or FAO), and these are food aid oriented.

Catholic Relief Services MOSAIC Program

This Gates Foundation funded program has been launched to improve productivity, incomes and food security for rural households. The overall project idea is to help rural households DIVERSIFY sources of income (smoothing).

Under MOSAIC, CRS local staff have been helping local people to organize rural savings and loan groups (organizations paysans), which can help them develop savings and lend to members for productive investments. Like the Food Security Project in Burundi, this program has provided an inputs package for improved manioc production.

The program started with farmers associations, then moved to village associations for savings, and then to credit extended by Village Savings and Loans. Building on the Village Banking Model adapted for rural areas, MOSAIC is working with VS&Ls of average 20-25 people, the majority of the beneficiaries being women. Members make weekly deposits and once they are established savers, can in turn receive loans for 3-4 times savings.

CRS has assisted the development of 300 VS&Ls since program inception in March, 2008. Each group sets their own terms, analyzes loans and risks and makes loans to members. All activity is internal to the VS&Ls at this time but success could lead to" exterior injection of funds.

World Relief Microfinance Program in North and South Kivu

With funding from USAID/PVC, World Relief started in 2004 a new microfinance institution called HEKIMA, with branches in Goma and Bukavu. This is being developed as the "lead MFI" in the Kivu's and is working with other NGOs to strengthen them, including a strong women's MFI.

HEKIMA presently has 6000 active credit clients in Goma and Bukavu, 98% of which are female. At the South Kivu branch (started in 2006), there are 3000 clients in Bukavu and another 500 in Varembe (total 3500). HEKIMA staff indicated that 60% of these clients are YOUNG WOMEN under 30. Loans are made to

individuals in groups, with the group providing a cross guarantee of member repayments. The activities financed are largely small commerce.

Criteria for getting credit include the following:

- Have an existing enterprise which is viable
- Willingness to repay
- Willingness to participate in a savings and credit group
- Must undergo one month of very basic training (keeping records, managing funds and repayment)

Loan repayment term is 4 months, with interest payable at 3% per month. Each borrower must meet a savings requirement before being eligible for a loan.

Credits are accorded using the “step up” approach to graduating clients to larger loans with good repayment. Loan maximums range from \$50 in the first repayment cycle, up to \$150 in the third, \$250 in the fifth and so on. From the general discussion of the “credit in steps” approach, it appears that HEKIMA is making short term loans in the capital range that some of the youth entrepreneurs in focus groups have mentioned as start up requirements.

In addition to micro credit, HEKIMA provides another service for micro entrepreneurs. That is assistance with the organization and animation of savings and loan groups. Using the village banking model, the MFI assists potential savers and borrowers to form S&L groups, supported with education on savings, credit use and cross guarantee by members in a group.

At the time of the team interview, 145 clients had organized S&L groups, at an average size of 30 to 45 per group. More than 90% of the members are women. All of the credit education training materials are in French.

HEKIMA trains its credit officers using a four part pre designed course covering credit policy (who can borrow, calculating loan amount and scaling up), organization of S&L groups and group management, and functions of the credit committee in setting policy calculating demand and overseeing portfolio.

The *LifeWorks* Youth Enterprise Development Project should consider using HEKIMA as a source of organization and training for savings and credit groups to be formed among youth in Business Clubs. Emphasis here would be on personal savings and money management, e.g., separating personal and business savings.

Over time, if youth participating in the *LifeWorks* Youth Enterprise Development Project manage well the program provided capital grants, it is envisioned that HEKIMA may be a source of business credit for youth run enterprises, in the form of loans to individuals or to individuals within groups of like enterprises, with the member cross guarantee.

UNDP Economic Recovery and Livelihoods Programming

The UNDP Programme areas of focus in East Congo are community recovery post war, reinsertion of the young and economic rehabilitation and construction. The agency has completed several studies on the needs of de mobilized forces and venues for reinserting them in the local economy.

The assessment team interview with program management in the UNDP Bukavu office indicated that the agency has two initiatives under way that are targeted to improve the economic opportunities of youth as well as ex combatants. These include:

- A poverty reduction focusing on promotion of youth employment starting up in two zones
- A joint program of UNDP and USAID-DRC endeavoring to work with ex combatants to introduce them to viable value added economic activities, with Bukavu and its zone as one of target zones in DRC

The joint program is at the present time working with groups (mixed non combatants and other young men). Participants receive 3 months training in management and personal and professional decision making. After training, the group is asked to choose as a group an economic opportunity that produces a product or service for which there is a growing demand. The program then provides the group with a “kit” or financing for purchasing the equipment they need. A recent example is one working with fisherman (group of 60) which have decided to undertake lake fishing as a group, and have been provided with training in managing the enterprise as well as the \$600 equipment package.

A local committee mentors or participates in the program. The fishing group is the first to be assisted in the Bukavu area under the initiative, and the donor partners anticipate doing another one soon with the moto taxi drivers. Level of funding for this initiative: \$2 million USAID, \$3 million UNDP.

While the UNDP/USAID program is in start up mode, and has not begun to measure impact, it could by objective and design “leverage” or complement the proposed *LifeWorks* Youth Enterprise Development Project. FHI Bukavu with help from the FHI SPO in Nairobi should keep an eye on this program’s achievements for potential future collaboration and/or funding.

In addition, UNDP has developed a multi module training program addressing the private sector and its functioning for ex combatants, as well as training in various sectors (fishing being one). UNDP has an existing and tested curriculum for Trainer of Trainers and have developed qualified trainers in Bukavu. The UNDP Rep expressed to the assessment team interest in working with the *LifeWorks* Youth Enterprise Development Project, and offered to provide a copy of the curriculum and Training of Trainers material. Depending on the specific sectors or “métiers” addressed, this could be a future resource for technical training for youth to operate in specific sectors.

GTZ Supported Business Development Programs

The assessment team held meetings with the GTZ representatives in Kinshasa and the one in Bukavu indicated that GTZ has been working in Bukavu with a program supporting the business association (FEC), and specifically with 9 groups whose members are engaged in trading, agriculture, transportation, education, health and construction. GTZ has been working with these enterprise groups to lobby for better market access and to help them access BDS services via a local agency (COPOMECO) being groomed to take over the GTZ support program when it ends this year.

Further questioning revealed that the target entrepreneurs for this program are NOT start ups, but existing small enterprises (less than 5 employees), operating mostly in the informal sector. Their owner/operators are for the most part literate at primary or secondary school level, and like other businesses in the area, lack outside financing to expand.

Working with these enterprises in sector groups to identify their needs, GTZ has provided as needed experts who can provide independent audit, management technical assistance, help with responding to markets and with co financing business. Services have recently been provided on a “pay what you can” basis.

The Kinshasa based GTZ Rep indicated that the two major problems faced by micro and small business in Bukavu are

- Lack of finance
- Lack of business and technical training, and qualified providers

Emerging sectors cited by him in this market were mining and processing of agricultural products for value added (mango, tomato for local markets). He indicated that there are presently no fruit exports from South Kivu.

Appendix 7

Questionnaire Guide Used in Business Sector Interviews in Bukavu

Guide de l'entretien avec des hommes d'affaires de Bukavu (French original)

Instructions pour l'entretien:

Présentation du projet ROADS et ses fonctions

- le projet s'occupe de groupes (clusters) de jeunes
- des femmes vulnérables
- les activités économiques sont coordonnées avec l'éducation sur le VIH-SIDA et sa prévention

Le projet a deux objectifs

- sensibiliser les jeunes sur le VIH-SIDA et la prévention de l'infection
- améliorer les activités économiques des jeunes.

Nous sommes ici pour analyser et concevoir un projet pour aider les jeunes à devenir entrepreneurs, et assister la création de liaisons entre les PME et les petites et micro entreprises.

Critères pour la participation des jeunes entrepreneurs ou des associations dans le projet :

- Faible niveau de capital exigé pour démarrer
- Faible niveau de capacités techniques exigé
- bon accès aux fournisseurs de service (matières premières, emballage, transport, finance)
- entreprise faisable dans l'environnement naturel
- activité acceptable d'un point de vue culturel
- donnant les opportunités économiques accessible aux FEMMES
- donnant des opportunités pour faire un partenariat avec une plus grande entreprise (sous forme de fournisseur de services ou de produits à une plus grande entreprise, ou bien bénéficiaire de mentorat ou de la formation en gestion des affaires)

Questions clés à poser aux hommes/femmes d'affaires à Bukavu :

1. Dans quels secteurs travaillez-vous?

2. Dans quel type d'activité travaillez-vous? (fournisseur de matières premières, fournisseur des intrants, production des produits/services, marketing des produits (vente au détail, grossiste))

3. Quel pourcentage de votre commerce se trouve dans le marché local, le marché national, le marché régional, le marché international?

Marché local % _____

Marché national % _____

Marché régional % _____

Marché international % _____

4. En ce moment, dans quels secteurs vont les investissements significatifs à Bukavu?

Faites une liste des secteurs:

5. D’où proviennent ces investissements? (des grands entrepreneurs, des PME, des associations/coopératives d’affaires? Autres?)

6. Y a-t-il des secteurs dont la demande excède l’offre? (produits, services, etc)

Oui _____ Non _____

Si “oui”, faites une liste de ces secteurs.

7. Pourquoi la demande excède-t-elle l’offre?

Notez les raisons par secteur.

8. Quels sont les blocages/goulots d’étranglement qui doivent être résolus?

Notez les blocages par ordre d’importance

* _____

** _____

*** _____

**** _____

9. Comment faites-vous face à ces blocages?

Blocage

Réponse

10. En ce moment, travaillez-vous avec des jeunes (sous forme d'emplois, fournisseurs de matières premières, fournisseurs de services)?

Oui _____ Non _____

11. Si « oui », quelles sont les formes de travail avec les jeunes ?

12. Si "non", pourquoi?

13. Quelles seraient vos exigences/conditions pour travailler avec les jeunes en tant que fournisseurs de produits ou services? Ou en tant qu'employés ?

Summary Business Sector Interview Guide Questions (in English)

GOAL: To identify emerging or growing market(s) that currently involve local Bukavu business persons, and which can provide an entry opportunity for Youth members of ROADS project.

Introduction:

Overview of ROADS and its activity in Bukavu

Youth clusters

Vulnerability of women

Economic livelihoods and HIV

Key questions:

1. What sectors are you working in, and at what levels? What is the percentage of trade that is local / national / regional / international?
2. Where is investment in Bukavu going currently? Where is that investment coming from?
3. Where is demand exceeding supply?
4. Why? What are the bottle-necks?
5. What would change that bottle-neck?
6. Do you work with Youth as producers or suppliers? As employees?
7. If Yes, in what sense do you work with youth?
8. If No, why not?
9. What would be your requirements for work with Youth as suppliers, producers or employees'?

Appendix 8

Business training and coaching Review of curricula and local potential

GEL (Guichet d'économie locale):

GEL is a local NGO offering training to small entrepreneurs. They are funded by Belgium government/institutions primarily and are offering training modules and training on a fees for service basis in Bukavu. Their clients are diversified and feed back from them to the assessment team has been good. GEL shared several module presentations with the team:

Module 1: Business simulation (BEST GAME Making Cents): This has proven to be a good for understanding better the different components of a business and running a business. This is a simulation and participants don't develop a business by themselves. The simulation encourage the participants at the end of the simulation to reflect on their own individual enterprises or on a selection of enterprises. This is very participative and materials are available in French, with facilitation in Swahili.

Module 2: This module teaches the basic notions of accounting and setting up a simple accounting system in an enterprise. Team members observed that this would be useful to reinforce youth's capacity to maintain simple systems and to manage money in their enterprises.

Module 3: Marketing: This module would seem important, especially for differentiation and seeking out new markets. The module could be revised based on the needs of the proposed youth livelihoods project, simultaneously with ILO materials that are very participative.

Module 4: Human Resources. This did not seem to address the needs of target youth groups. The team found that it would be better to seek out and use a good module on working together within a group enterprise.

Module 6: Coaching and mentoring the start-up of small businesses: This was found by the assessment team to be extremely appropriate for the proposed youth livelihoods program. The module is an interesting one for building the capacity of the coaches/mentors who will work with the youth on developing business plans and provide them with follow up support as they start or grow their enterprises. This module addresses the development of business plan, with an interesting template for the coach to work with the youth in analyzing the market, the financial plan, etc. Tools are adapted for simple use and coaches are trained to provide follow-up after a small business is implemented. Once trained, coaches can continue receiving counseling from GEL.

In addition, GEL has 3 trainers who have been trained on **ILO modules** and would be able to offer them. GEL is waiting for the final materials in French and Swahili. Modules of interest for the proposed youth livelihoods program include:

- Marketing (Pricing, location, promotion, customers)
- Stock management
- Costs calculation
- Accounting and financial planning.

Summary of BDS assessment:

In advance of the assessment trip, the team gathered information from several known and recommended entrepreneurship curricula for review, including Making Cents, Street Kids International, Junior Achievement and CEFE training materials. The team, in Kinshasa and Bukavu, also met with programs that implemented training programs to get a sense of what local expertise could be available directly on the ground. After meeting and reviewing the curricula, the team recommends the following:

First recommendation: work with GEL (Guichet d'économie locale)

GEL is a local NGO offering training to small entrepreneurs. They are funded by the Belgium government/institutions primarily and are offering training modules, fees for services in Bukavu. Their clients have been diversified and feedback from them has been good. GEL shared several modules presentations, including well tested Business simulation training from Making Cents. GEL also has trainers trained in the highly regarded ILO entrepreneurship training. Modules were presented to the team, who believes that this would fit the profile of the youth target group. Training is very participative and hands-on, modules are in French and facilitation is done in Swahili. GEL also demonstrated its experience in working with youth as they are currently running a project with ILO on youth ex combatants reintegration: they provide the entrepreneurial and management training, as well as coaching for business plan development and follow-up of businesses after implementation. GEL was contacted to submit a proposal based on an initial training plan proposed by the EDC youth specialist. Modules include Making Cents' Business Simulation, training of trainer for coaches to support the youth's business plan development process, Marketing and market analysis, Costing, Pricing, basic accounting, financial planning, stock management...

Second recommendation: CEFE training:

The CEFE training was used by IRC in Bukavu as part of the USAID funded PAGE program. It's a long training (5 to 6 weeks full time) but could be reduced to 2 weeks. Strength is to make people aware of their competencies, environment and characteristics of the project they choose. The training also includes more traditional parts of business training such as: market analysis, financial management, etc. Some IRC trainers in Bukavu can train on CEFE once the PAGE program is closed, after September 2008. However, an international consultant from CEFE may still be needed. Cost seemed high, but could be reduced from IRC's representative's perspective.

Other materials reviewed:

Street Kids International has two training toolkits adapted for low literate youth, especially youth in lower economic households or in the street. The two curricula are available in French. Using these materials would require the involvement of an international consultant for the training of trainer. In addition, based on EDC's Haiti experience, the curriculum may be a little weak to go beyond the market visits, for market analysis and the development of business ideas, especially in production and services. However, local examples can easily be included in the training, with visits to production and service sites.

Finally, the Junior Achievement curriculum used in Kinshasa was also reviewed: it is very much imbedded in a schooling system and is more targeted to youth in school. It doesn't seem to be the most appropriate for this particular project's needs and would require a higher level of adaptation than the other curricula discussed above.

Appendix 9

List of Key Contacts Made by the Assessment Team

Mission: August 2 through 20, 2008

FHI ROADS Project

Gail Goodridge - Director ECA ROADS Project, FHI Nairobi

Dr. Machiad - Director of Programs, FHI Kinshasa

Dr. Jean-Remis Ekongo - Director of the FHI Bukavu Sub-Office

Dr. Astrid Mulenda – Coordinator of the ROADS Project in Bukavu

Donors

Shelagh O'Rourke – Senior HIV AIDS Support Advisor, USAID East Africa

Wairima Gakuo – Strategic Information Specialist, USAID Regional Health and HIV AIDS Office. USAID East Africa

Dr. Jill Jupiter-Jones, Education Officer – USAID DRC

Laurent Kapesa – HIV Program Management Specialist, USAID DRC

Marcel Kabila Banza wa Ilunga – HIV and Infectious Disease Management Specialist, USAID DRC

Cheryl Anderson –Peace and Stability Team Leader, USAID DRC

Thierry Kayemba – GTZ National Coordinator for Congo DRC in Kinshasa

Christine Schuler-Deschryver – Administrative Operations Head GTZ in Bukavu

Harouna Dan-Malam – Principal Technical Counselor, UNDP, Project for Community Reconstruction, Reintegration of Ex Combatants, and Reduction of Light Arms

PVO/NGO Programs in Bukavu Area

Frederica Gastaldello, Advisor, Income Earning Activities, IRC/EDC PAGE Project, providing community based livelihoods support in Bukavu

Mssr. Xaviar Phemba Phezo – Country Program Manager, Catholic Relief Services, Bukavu

Mssr. , Bonaventure Mbale, Program Manager, HEKIMA Microfinance Institution, Bukavu Office

Mlle. Natalie Iragi, Organizer of Savings and Credit Groups, HEKIMA in Bukavu

Mssr. Faustin Bukendre, Program Director for OPIFET, local PVO providing microfinance and livelihoods support services to women

Business Sector Meetings in Bukavu

Federation des Entreprises du Congo (FEC), South Kivu Province, Bukavu – 10 member roundtable discussion

Mudekereza Namegabe – President of FEC South Kivu, General Manager OLIVA Enterprise Group in Bukavu (construction, bakery, mining, commercial agriculture)

Dominique Massonga – Adjoint General Manager, La Providence Commercial Bakery, Bukavu

Evariste Bubala – Operator of Tout Est Grace Bakery in Bukavu, ROADS Cluster Member

Mme. Claudine Amaldefea – Coordinator of ROADS Women’s Association, Bukavu

Mssr. Paul Burume – General Director of Burume Hardware Stores, Bukavu

Mssr. Eleuthere Musege Kadahanwa – Director, Kivu Fruits, Bukavu

Mme. Mwinja – Owner and Manager of Services Traiteur Maman Mwinja, Bukavu based catering service

Mssr. Camille Kassongo – Director of BRALIMA Brewery in Bukavu

Mssr. Michael Gebbers – Administrative and Finance Director, Pharmakina drug manufacturing enterprise in Bukavu

Mssr. Mula – Manager, RODEO Motor Parts Enterprise, Bukavu

Association of Moto Taxi Drivers, Bukavu (2 members)

Mssr. Francois Mushabisa – Director, Nouvelle Alliance General Commerce Enterprise, Bukavu

Local Technical Assistance and Training Organizations– Bukavu

Mssr. Frank Muyumba – Director, Guichet d’Economie Locale (GEL), provider of training and technical assistance to small enterprises with Belgian aid

Mssr. Vicky – Manager, COPOMECO business development services provider supported By GTZ

education

economic growth

democracy and governance

global development alliance

health

Education Development Center, Inc.
55 Chapel Street
Newton Massachusetts 02458

To learn more about the Cross-Sectoral Youth Project
in the DR Congo and other countries, please visit

www.csy.edc.org