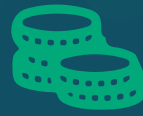




6000
Youth members



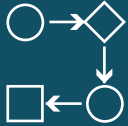
15 branches
in 15 cities



> **27** million
Ethiopian Birr in savings



> **22** million Ethiopian
Birr dispersed in loans



THE SOLUTION: YOUTH-LED, YOUTH-OWNED KEFETA YOUTH SAVING AND CREDIT ORGANIZATION (SACCO)

Determined to holistically channel Ethiopian youth's entrepreneurial potential, Kefeta designed the Youth SACCO to be led, operated, and owned by young people. This innovative financial cooperative empowers young people through financial inclusion and entrepreneurship support. Kefeta Youth SACCO offers a range of financial services such as savings accounts, low-interest loans, and financial literacy programs to young people in 15 cities in Ethiopia.

Formation and Operationalization

- 1. Need Assessment and Feasibility Study:** The initial step in the formation of the Kefeta Youth SACCO involved conducting a comprehensive need assessment and feasibility study. This process aimed to understand the financial needs and challenges of the youth in target areas. Surveys, focus groups, and community consultations were used to gather data, ensuring that the SACCO's services would be tailored to meet the specific requirements of its future members.
- 2. Engage Local Government in the Process:** Kefeta signed an MOU with the Federal Cooperative Commission to facilitate the formal formation and official registration of Kefeta Youth SACCOs, ensuring compliance with national cooperative laws and regulations.
- 3. Development of Policies, Guidelines, Financial Products, and Technology:** Kefeta completed the rigorous process of developing all relevant policies, guidelines, and financial products. This included creating operational guidelines and designing financial products such as savings accounts and loan schemes. Additionally, Kefeta worked with Awash Bank to define technology platforms to support efficient operations, member management, and financial transactions.
- 4. Learning from Similar Financial Institutions:** To incorporate best practices and innovative strategies, a learning exchange visit was organized to study the Amref SACCO in Kenya. This visit provided valuable insights into successful SACCO operations, member engagement strategies, and the implementation of financial products tailored to youth needs.
- 5. Establishment of City-Level Kefeta Youth SACCOs:** To ensure accessibility and localization, Kefeta Youth SACCOs were established at the city level. Young people can now have access to a streamlined financial service process right where they live.
- 6. Training and Orientation for SACCO Founding Members:** The closing step involved providing extensive training and orientation to the founding members of the SACCO. This training covered a range of topics including SACCO operations, financial management, member responsibilities, and governance structures. The orientation ensured that founding members were well-equipped to manage and sustain the SACCO, fostering a strong foundation for future growth and success.

Through these systematic and comprehensive steps, Kefeta Youth SACCO was established as a viable and sustainable financial cooperative aimed at empowering youth through financial inclusion and entrepreneurship support.



KEY LESSONS FROM KEFETA YOUTH SACCO ESTABLISHMENT

1. Meaningful Youth Engagement is Critical

Kefeta Youth SACCO operates under the leadership and ownership of youth, with the project's assistance primarily focused on providing technical guidance, managing partnerships, and providing startup support and materials. The Youth SACCO empowers youth by entrusting them with meaningful roles and responsibilities in the management of their city-level SACCOs, fostering a sense of ownership and accountability.

2. Capacity Building is a Cornerstone of Kefeta's Approach

Kefeta's training and mentorship services empowers youth with the knowledge, skills, and confidence needed to run successful businesses and integrate into modern financial institutions. In addition, the Financial Literacy and Entrepreneurship Development training woven into SACCO encourages a renewed mindset that emphasizes how owning and operating an ethical business, self-sufficiency, and responsible growth can have lasting change that defines a generation.

3. An Effective Youth-Friendly Financial Service Must Consider the Real-Life Circumstances and Needs of Young People

Kefeta Youth SACCO enhances youth access to finance by reducing collateral requirements, promoting financial literacy, addressing gender disparities, and bolstering the supportive ecosystem for youth entrepreneurship. These efforts have resulted in a noticeable increase in demand for financial services among young people.

4. Inclusive and Gender-Equal Services Needs to be Intentional

Kefeta Youth SACCO strives for a membership that reflects inclusivity, with a target of 50% women and 6% representation of youth with disabilities. Additionally, leadership positions within SACCO offices have quota for young women and individuals with disabilities. These deliberate efforts have led to increased accessibility to finance within these marginalized groups.

5. Government and Private Sector Engagement is Key for Greater Accountability, Ownership, and Sustainability

By fostering partnerships with government stakeholders, specifically with the Federal Cooperative Agency, Kefeta leveraged legislative support, thereby attaining legal body status of Kefeta youth SACCO within a short period of time. Furthermore, involving local governments engendered ownership, accountability, and collective responsibility for successfully running Kefeta Youth SACCO. In three cities, government offices provided SACCO office spaces. Similarly, Kefeta worked with private sector partners such as Awash Bank that resulted in securing \$500,000 USD in support of SACCO financial technology.

6. Agility is Key in the Design and Establishment of Kefeta Youth SACCO

Intentional learning and adaptive management were foundational principles guiding the design and establishment of the Kefeta Youth SACCO. Kefeta draws on the experiences and best practices of other financial institutions such as Awachi Microfinance and the Kenya SACCO. This helped shape the operational model and governance structure of the Kefeta Youth SACCO. Learning from successful examples and identifying potential pitfalls, the project staff adapted strategies and policies to suit the local context and optimize outcomes.



IMPACT STORIES OF KEFETA YOUTH SACCO MEMBERS



When Passion Meets a Business Opportunity

Bekalu Andarge, 27, used to barely make ends meet as a Tuk-Tuk driver in Bahir Dar. He knew he had potential to do more to change his life but was not quite sure how to take ownership of his future.

After learning about the Kefeta Youth Saving and Credit Cooperative Organization (SACCO) in his city, Bekalu enrolled in the the life skills program.

Realizing the transformative path he was on, he dove into the entrepreneurship and financial literacy training. “I was able to identify opportunities and align them with my passions. The training equipped me with the ability to address challenges I faced in my journey to owning a business. The financial literacy skills helped me understand the importance of financial management skills.”

Armed with new found insights and skills, Bekalu ventured into entrepreneurship by establishing his own poultry business at his family’s residence. The Kefeta Bahir Dar Youth SACCO played a pivotal role in supporting his entrepreneurial journey by promoting saving habits and offering affordable, youth-friendly loan services.

With a 90,000 Birr loan from Kefeta Youth SACCO, Bekalu now has 350 chickens, providing him with 280 eggs per day, resulting in an income of over 3,000 Birr. Bekalu has bigger vision to expand his chicken farm and start his own garment tailoring business.



Unlocking Youth Potential Through Access to Finance

Introducing Hawlet Mohammed, a 23-year-old residing in Addis Ababa, Ethiopia. Despite graduating with a diploma in pharmacy, like many young graduates, she struggled to secure employment or embark on her entrepreneurial journey.

In 2023, Hawlet took a significant leap forward in her entrepreneurial endeavors. She obtained a loan from the Addis Ababa Youth Kefeta SACCO, allowing her to establish her own small coffee business in a building near Piassa, the heart of Addis Ababa. Collaborating with another woman, they hired a female assistant to join their team.

Starting with an initial capital investment of 25,000 ETB, and with the support of a 100,000 ETB loan from the Addis Ababa Youth SACCO, Hawlet’s coffee business rapidly gained momentum. Her monthly revenue soared to an impressive 10,000 ETB, with customers enthusiastically embracing her coffee offerings and providing positive feedback.



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