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Challenges, Opportunities and Learning in Youth Microfinance

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Panelists: Btissam Derdari (Morocco)

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Elena Reilly (Bolivia)

Microfinance Learning and Innovations After Hours Seminar Series
September 17, 2008



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Part I: Brief Overview of Projects

Location, Time Frame, Target Group,
Overall Objective, Implementation Method



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Linking Youth with Knowledge & Opportunities in MF: Expanding Financial Services to Vulnerable Youth in Morocco - A three-year project, 2006 - 2009

Objective: Support improved economic opportunities for youth through access to appropriate financial and non-financial services

Target Group: Youth between 15 & 24 years old

- ❖ 21 % of Moroccan population
- ❖ A population segment currently underserved by MF
- ❖ A market worth investing in



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Specific objectives:

- ❖ Enhance & extend access to financial & non-finan. services
- ❖ Develop a delivery system to retain vulnerable youth
- ❖ Foster inter-agency linkages for successful service delivery

Implementation method:

1. Recruitment of a dedicated team
2. Selection of appropriate partners for building youth's financial/business literacy & entrepreneurial life skills
3. Extension of Zakoura's partnership with La Poste to foster young people's access to safe savings
4. Engagement meetings to raise awareness among youth



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5. Visit families to discuss children's program participation
6. Workshops on entrepreneurial life skills, financial education & business development
7. Support to youth applying for credit from Zakoura
8. Youth loan disbursements & business dev. support



First group of Zakoura youth



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Strengthening Girls' Voices in Malawi: Village Savings and Loans Component

Brief Project Description:

- ❖ Implemented in the **Dedza District** of Malawi
- ❖ **Target Group:** 10-19 year old girls. VSL component targets older girls (15 -19) and includes young men
- ❖ Project overlaps with Food Security program in the same geographic area



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Project Objective and Implementation Methods:

- ❖ The project component provides girls with an opportunity to start or grow an economic activity
- ❖ Links are established with youth clubs
- ❖ VSL methodology was adapted to include market literacy activities
- ❖ The VSL training is linked to other activities for girls including health and literacy



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Save the Children's Youth Program in Bolivia





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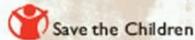


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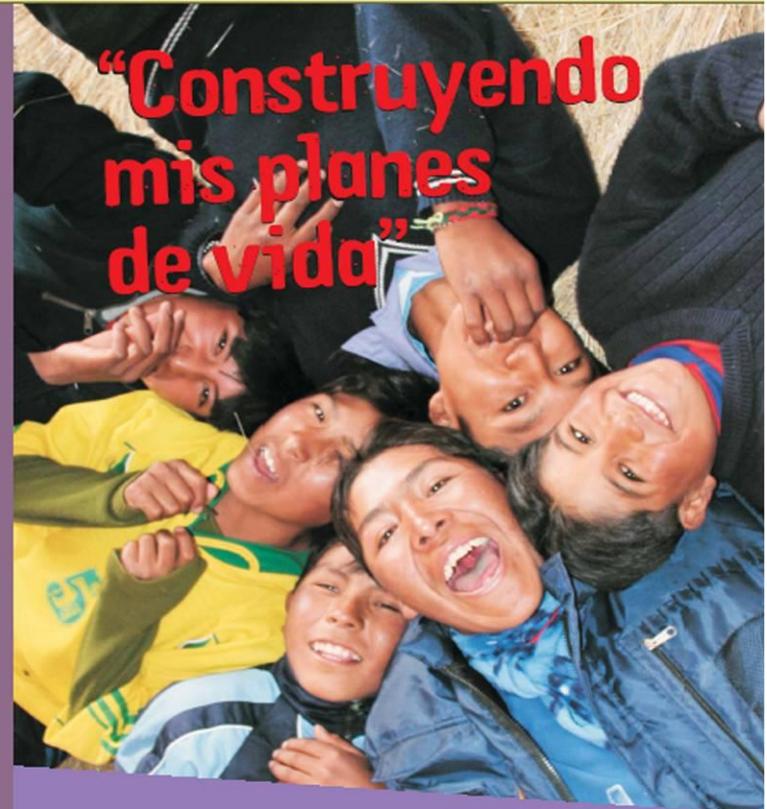
Tomando decisiones



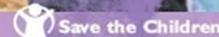
Una guía práctica para trabajar con
adolescentes en el área de la
sexualidad



“Construyendo mis planes de vida”



Guía de Orientación Vocacional para
facilitadores





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Part II: Market Demand and Context

What are youth using finances for? How are they obtaining skills/guidance relevant to the needs of their market and situation? How are you ensuring sustainable impact?



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The Zakoura project so far:

- ❖ Since the beginning of field activities (mid-May 2008), 200 young people have enrolled
- ❖ 61 young people have followed the 2 month training
- ❖ 13 young people opened a savings account at La Poste
- ❖ 19 young people asked for credit & 3 of them received it
- ❖ 2 used it to develop their existing income generating activity and one to start-up a business



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The project so far...

Current achievements have been reached thanks to big investments & efforts from Zakoura and Save The Children

Challenges:

- ❖ Lack of partners to deliver appropriate non-finan. services to improve economic opportunities for Moroccan youth
- ❖ Business creation: Many adjustments have been made to Zakoura's credit products to address this challenge



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The project so far...

- ❖ Adjustments made to credit mechanism for youth:
 - Parents can be guarantors
 - Loan officers manage both ME loan & solidarity groups of 3

- ❖ Design & delivery by Zakoura of a strong entrepreneurial & life skills development curriculum

For sustainable impact on youth, not only adapted financial products are needed but above all appropriate non-financial services!



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Malawi Project - Use of Financing:

- ❖ Most youth use their finances for small business & profits go to daily needs as well as helping their families
- ❖ Others hand the money over to their parents/guardians who make decisions on how to spend the money
- ❖ There is evidence that there are many young people involved in economic activities in Malawi



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Sources of Financing:

- ❖ Temporary or seasonal activities
- ❖ Selling of crops at harvest time and families give part of earnings to them
- ❖ From participating in VSL groups
- ❖ Young people who live far from town do not access microfinance institutions (the cost of transportation is too high)



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Skills Building and Sustainability:

- ❖ Build capacity of local youth organizations
- ❖ Adapt adult livelihood strategies to be more youth inclusive – use of games, simulations, +
- ❖ Activities should be driven by the day-to-day needs of young people versus just conceptual learning
- ❖ Support youth to reflect on market situation, real demand and formulate next steps



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Save the Children Bolivia Publications:

LA CAJA DEL



EMPRENDEDOR

street kids international

Save the Children

cdea
Centro de Desarrollo para la Educación Alternativa

EDUCACION

FINANCIERA



cdea
Centro de Desarrollo para la Educación Alternativa

Save the Children

PASANAKU:



Guia para las Finanzas Solidarias

cdea
CENTRO DE DESARROLLO PARA LA EDUCACION ALTERNATIVA

street kids international



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Part III: Design Recommendations

In light of lessons learned, what would you change when designing future projects?



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Zakoura's Lessons & Recommendations:

Lesson 1: Lack of Entrepreneurial skills & spirit

Challenge to find NGO & YSO partners already developing youth self-confidence & entrepreneurial skills; not being taught in the formal education system & civil society programming.

Recommendations:

- ❖ Integrate entrepreneurial life skills in national schools, YSOs and vocational training centers
- ❖ Raise community awareness about business creation to instill an entrepreneurial spirit in Moroccan culture



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Lesson 2: Challenge of Financing Start up

Zakoura Foundation made several adjustments to its financial products, but it seems not enough to finance start up business.

Recommendation:

- ❖ Microcredit/credit may not be the best means to finance business start up in both formal & non-formal economies
- ❖ Savings, assets building and capital risk could be more appropriate



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Lesson 3: Challenge of making youth-friendly programs sustainable

Zakoura Foundation developed an integrate package of financial and non financial services but still need to ensure that it responds to youth demand in viable and sustainable way for the institution.

Recommendations:

- ❖ Deep market research
- ❖ Cross-learning around the cost of non-financial services design and delivery



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Malawi - Recommendations based on Lessons Learned:

- ❖ Conduct good market research that helps determine best scheduling & program content (Meeting time can conflict with after-school activities & chores which make youth arrive late for financial group meetings)
- ❖ Use results of first VSL groups to show what is possible— young people do not believe they can borrow from each other until they see it



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Recommendations based on Lessons Learned:

- ❖ Take advantage of other programming to engage young people around livelihoods (Literacy on its own was not as appealing as literacy for livelihoods for young people)
- ❖ Support young people to “read” the market and not just earn income



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CADENA DE VALOR DE LA PAPA

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    graph LR
      P[Primarios] --> A[Acopio]
      A --> C[Comercialización]
      A --- Agr[Agricultores]
      C --- MM[Mercado Mayorista]
      S[Servicios Empe.] --- S2[PRODEPE]
  
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CADENA DE VALOR DE LA CEBOLLA

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      A --> C[Comercialización]
      A --- Agr[Agricultores]
      C --- FAUVER[FAUVER]
      C --- MM[Mercado Mayorista]
      S[Servicios Empe.] --- S2[PRODEPE]
      S --- Cap[Capacitación]
      S --- Asv[Ases. técnica]
      S --- Riego[Riego]
  
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CADENA DE VALOR DE LA PAPA

Nº de participantes	2007
Superficie sembrada (Has)	8
Volumen comercializado (t)	51
Nº comercializadores	6
Precio de venta (Bs)	10
Centros de venta	Mercado Mayorista

CADENA DE VALOR DE LA CEBOLLA

PRODUCCION DE ALMACENO DE CEBOLLA DULCE

Nº participantes	9
Superficie sembrada (m ²)	800
Volumen comercializado (Q)	91
Nº comercializadores	5
Precio de venta (Bs)	2750
Centros de venta	Prodepe, Colemar, Sica Sica, Pajarito

PRODUCCION DE CEBOLLA DULCE

Nº participantes	9
Superficie sembrada (m ²)	315
Volumen comercializado (Q)	23
Nº comercializadores	5
Precio de venta (Bs)	3324
Centros de venta	FAUVER/Mayorista

IMPRESIONES DE CULTIVO

DETALLE	
Papa	200
Maíz	6.3
Arroz	1.1
Cebolla	2.8
Actuación	0.7
San Carlos	2.4
De participacion	25.2
TOTAL	521

SOSTENIBILIDAD

1. Comité de riesgo

Presidente	14
Secretario	11
Tesorero	11
Operadores/plomeros	5
Operarios	11

2. Tarifa

Primo	64
Subprimo	41
Subprimo	20

Proyecto de papa de araca



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Thank you!

For more information on youth microfinance, please visit
www.microlinks.org/youth

A screencast of this presentation will be available shortly at
www.microlinks.org/afterhours