MICROFINANCE, YOUTH AND CONFLICT: CENTRAL UGANDA CASE STUDY

microREPORT #38

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MICROFINANCE, YOUTH AND CONFLICT: CENTRAL UGANDA CASE STUDY

Accelerated Microenterprise Advancement Project (AMAP) Financial Services

Contract: GEG-1-00-02-00013-00, Task Order #01

AMAP FS IQC, Knowledge Generation

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ABBREVIATIONS AND ACRONYMS

AMAP	Accelerated Microenterprise Advancement Program
EQUIP3	Education Quality Improvement Program
FGD	Focus group discussion
FTCU	Feed the Children/Uganda
IGA	Income-Generating Activity
JYAK	Jamii Ya Kaputanisha
KYC	Kawempe Youth Center
MDI	Microfinance Depository Institution
MED-NET	Microenterprise Development Network
MoES	Ministry of Education and Sports
MoGLSD	Ministry of Gender, Labor and Social Development
MFI	Microfinance Institution
MYDA	Mengo Youth Development Association
MYDEL	Mengo Youth Development Link
PAR	Portfolio-At-Risk
RoSCAs	Rotating Savings and Credit Associations
STECCL	Swammah Technical Engineering and Construction Company Ltd
UMU	Uganda Microfinance Union
UPE	Universal Primary Education
USAID	United States Agency for International Development
USG	United States Government
UYAAS	Ugandan Youth Anti-AIDS Association
YSO	Youth-Serving Organization

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EXECUTIVE SUMMARY

INTRODUCTION

Donors and development practitioners often fall into the trap of proposing easy solutions to complex problems. Youth participation in conflict is one of these complex problems, and microfinance has been suggested as one of the seemingly easy solutions. Responding to this perception, USAID is taking a critical look at the potential of microfinance to create employment that would provide an alternative to youth involvement in conflict. This case study is part of the Microfinance, Youth and Conflict research initiative under the USAID-funded Accelerated Microenterprise Advancement Program (AMAP) Financial Services Knowledge Generation Task Order #1 and the USAID-funded EQUIP3 (Education Quality Improvement Program) mechanism[1]. This research initiative is a partnership between Chemonics, Education Development Center, Inc., and USAID's Offices of Microenterprise Development and Education, and represents an important collaboration between youth and microfinance specialists.

BOX 1: STUDY HYPOTHESES

Youth require a holistic approach, i.e. more than just credit.

Microfinance with youth is prevalent and possible.

Microfinance institutions and youth-serving programs can serve youth with microfinance.

Age and gender cohorts matter in providing effective microfinance (credit) to youth. However, savings services are age- and gender-neutral.

[1] EQUIP3 (Education Quality Improvement Program) is a Leader with Associates award mechanism that responds to requests from USAID Country Missions or Regional Bureaus for assistance in the development of programming to prepare and engage out of school children, youth and young adults for their roles within the world of work, civil society and family life.

The first case study under the Microfinance, Youth and Conflict research initiative was conducted in central Uganda from March 4 - 21, 2005. The primary objective of the research was to learn from both the supply and demand side participants (current and potential microfinance providers, youth-serving organizations (YSOs) and clients, respectively) about the challenges and opportunities in serving youth with microfinance. The secondary objective was to pilot test and further develop qualitative tools, as research methods and tools that effectively address both youth and microfinance have not been well-developed, rigorously tested or documented. The hypotheses that were tested in the field research are found in Box 1. These hypotheses helped in clarifying common myths that require further understanding prior to serving youth with microfinance in conflict-affected areas. The research raised issues for further examination such as role of microfinance in youth development and targeting of youth with microfinance. Programming recommendations presented at the end of this paper address some of these issues. The rest of these issues will need to be addressed through further studies by other entities.

Specific findings from the Uganda study are discussed below.

THE DEMAND FOR MICROFINANCE AMONG YOUTH

Youth's demand for microfinance includes savings and other financial services: Youth value savings and other financial services more than credit. While some youth have access to credit, a huge unmet demand for savings and other financial services remains.

Demand for capital: Youth did not consider the lack of capital as one of the top constraints holding them back from starting and maintaining successful businesses. However, youth do need to acquire lump-sums of money to start a business.

Capital accumulation for starting a business: Youth emphasized the importance of earning money in small amounts until it accumulated to a useful lump sum. The most common method of raising capital for businesses is earning cash through selling labor or a wage-paying job.

Demand for loans: The conventional wisdom that young people come to MFIs "empty-handed" needs re-thinking. When young people access loans from MFIs, it is generally to top-up not start-up activities, and/or to diversify into another type of business.

Youth "readiness" for loans: Youth understand the need to go through a number of experiences (including businesses that fail), build up key social and financial assets, and develop essential personal qualities (bold heart, innovation, planning, self discipline) before they are "ready" to make effective use of traditional microfinance services.

Importance of adults for social networks and mentorship: Young people interviewed for the study are helped by adults in their communities as they to develop the assets and capabilities to become self-employed. The relationship between adult business people and aspiring youth allows them to gain entry to social networks. Youth also consider the role of adults important in the process of "learning from others" and "apprenticeship" in the pathway to successful self-employment.

SUPPLY OF MICROFINANCE

Youth as higher risk client is only a perception: Only few suppliers considered youth as a higher risk client compared to adults. However, no substantial evidence was provided to support the statement. It was stated "youth are high risk because we have less knowledge about how to serve them."

Age versus life cycle: The perception of a young person as a serious microfinance client is determined more by life cycle events such as marriage and child birth than specific chronological age.

Youth access to microfinance: There are a number of factors that affects youth access to microfinance services, such as legal limitations on the age at which lending is permitted (18 years) and solidarity groups that exclude young people because group members feel they are not "ready."

Adaptations to products and services for youth: No specific adaptations to existing microfinance products are reported to serve youth since youth are not targeted by any supplier.

Youth as a potential market segment: Youth are not seen as a distinct market that could, or should, be developed intentionally. From a strategic management perspective, the MFIs do not currently see the need to change their market strategy to be successful. While most MFIs already have youth clients, they assume that the costs of specifically reaching this clientele are too high.

CONCLUSION

The challenge for USAID missions and other donors is to play the role of the healthy skeptic when reviewing proposals and/or designing programs for combining microfinance and youth interventions. There is much value in donor support for innovative livelihood pathways for youth, but also in asking hard questions and setting high standards for work in this area – including, most importantly, the need for effective market research on youth before new projects are conceived and implemented. Donors also need to be careful of MFIs' own pathway – to financial sustainability – and should not impose conditions on MFIs that will impede this.

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I. INTRODUCTION

BACKGROUND OF THE RESEARCH

This case study on Microfinance, Youth and Conflict in central Uganda is part of the Microfinance, Youth and Conflict research initiative under the USAID-funded Accelerated Microenterprise Advancement Program (AMAP) Financial Services Knowledge Generation Task Order #1 and the USAID-funded EQUIP3 (Education Quality Improvement Program) mechanism. This research initiative is a partnership between Chemonics, Education Development Center, Inc., and USAID's Offices of Microenterprise Development and Education, and represents an important collaboration between youth and microfinance specialists. The primary objective of the research initiative is to collect information on current practices and opportunities for enterprise development, specifically microfinance, with youth in conflict-affected areas. The results are intended to provide guidance to donors and practitioners for making sound decisions for youth and microfinance programming in conflict-affected areas. The intended audience for this case study is: (i) USAID field missions; (ii) USAID/USG offices; and (iii) development practitioners, such as staff of microfinance institutions (MFIs), relief organizations, and youth-serving organizations (YSOs).

The *Microfinance, Youth and Conflict* research began in March 2004. Accomplishments to date include:

- A literature review of available material on the intersection of microfinance, youth and conflicts and a concept paper based on this review;

- The first virtual conference held on the new www.microLINKS.org Web site and a summary of the findings;

- An electronic survey of microfinance institutions serving youth and of youth service organizations, looking at the range of issues involved in serving youth with enterprise development and microfinance activities in conflict and non-conflict environments, and;

- Two case studies, in central Uganda and in the West Bank of the Palestinian Occupied Territories.

Creating and/or expanding microfinance programs for youth, without examining underlying assumptions and their perceived requirements, can be harmful for youth as well as for microfinance institutions (MFIs). Using MFIs as partners in these activities carries the possibilities of undermining their sustainability, increasing their risk, distorting their markets, and overwhelming their capacities. This research therefore attempts to provide insights for the potential of and limitations to microfinance as a programming tool for providing youth with economic alternatives to conflict.

This case study is organized as follows: Section I provides an introduction to the case study and describes the methodology and tools used. Section II discusses the contextual background of both the microfinance and youth-serving sectors in Uganda. Section III highlights the key findings from the study. Section IV summarizes the key programming recommendations for interested donors and practitioners.

OBJECTIVES OF THE STUDY

The first country case study was conducted in Central Uganda from March 4 - 21, 2005. The primary objective was to learn from both the supply and demand side participants (current and potential microfinance providers and clients, respectively) about the challenges and opportunities in serving youth with microfinance.

The secondary objective was to pilot test and further develop qualitative tools, since research methods and tools that effectively address both youth and microfinance had not been well-developed, rigorously tested or documented. While the Microfinance, Youth and Conflict research initiative focuses on conflict-affected countries, pilot testing and field development of qualitative tools required greater flexibility than most conflict-affected areas could offer. The Kampala area of Uganda, in addition to not being a conflict zone, had a strong, competitive microfinance industry, a large population of young people and a number of organizations that work with youth. Professionals with experience in the MicroSave qualitative tools were also available to assist with the research. For these reasons, Kampala was chosen as the initial site to test and further develop the research tools

This research uses the United Nations definition of youth as people from the age of 15 to 24 years. The term will be used interchangeably with "young people" in this document.

THE UGANDAN CONTEXT

Sixty-five percent of Uganda's population of 25 million is below 24 years old. While the literacy rate for youth has increased from 70% in 1990 to 79% in 2001, surpassing the current adult literacy rate, the youth employment rate has remained significantly low compared to adults nationwide.[2] Uganda emerged from a major civil conflict in 1986, and post-conflict reconstruction and development efforts led to marked economic improvements beginning in the mid-1990s. Two reconstruction efforts began; one involved support for the development of the microfinance sector and, the other, support for the establishment and growth of YSOs and youth-oriented programs housed in community development institutions with a more holistic approach. A focus on the intersection of microfinance and youth was due in part to the fact that the people most affected by the conflicts were women, young adults and children.

The government of Uganda recently launched two initiatives to improve self-employment opportunities for youth; the first, the community Polytechnic Institute-based "Local Skills Development" initiative, offers easily accessible, flexible income generation-oriented modular courses, and the second, the "Promotion of Employment-Oriented Vocational and Technical Training" initiative, emphasizes equitable funding mechanisms for poor students. The question remains, however, whether young people will be able to transfer the new skills resulting from these initiatives into viable self-employment/employment, and whether financial and non-financial services play a part. As a result, the theme of access to financial and non-financial services for youth has appeared on the agendas of the government of Uganda, several donors, and non-governmental stakeholders.

[2] Human Development Report. UNDP, 2004.

METHODOLOGY

The methodology of the study mandated investigating both the supply and demand sides of microfinance and youth. The researchers tested the working hypotheses developed for the study in the field. The hypotheses were intended to help assess the status of demand for microfinance from youth and identify gaps between supply and demand for the microfinance services for youth. The hypotheses tested are listed in Box 1.

The research team consisted of five microfinance specialists, all of whom were certified in the MicroSave qualitative tools, and one youth livelihood development specialist, who had significant experience in the use of other qualitative tools. On the supply side, the researchers interviewed microfinance providers and representatives of youth-serving organizations in Kampala to learn about the coverage, challenges, opportunities, and assumptions about youth and the mechanics of providing microfinance to youth. On the demand side, the researchers interviewed youth and adults to determine youths' requirements for microfinance. Youth and adults were interviewed using qualitative tools designed for this study based on MicroSave's focus group discussion (FGD) formats. The adaptation of the MicroSave tools for our study is explained in detail in the microREPORT *Microfinance, Youth and Conflict: Guidelines for Field Research Using Qualitative Tools.*[3]

The team conducted nineteen focus groups discussions with a total of 161 participants. Results from the focus groups were triangulated with information from other sources, including ministry representatives and relevant publications.

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[3] Available on www.microLINKS.org.

II. OVERVIEW OF UGANDA'S MICROFINANCE & YOUTH-SERVING SECTORS

This section presents a brief overview of Uganda's microfinance and youth-serving sectors.

THE UGANDAN MICROFINANCE SECTOR

The Uganda microfinance market has evolved significantly since the early 1990s. In the early stages, MFI staff spent at least as much time recovering late loans as they did learning the operations of professional microfinance. Microcredit "plus" programs also were common, which attempted to link microcredit with other objectives, such as making credit available to people with HIV/AIDS.

Due to increasing competition, international and local MFIs realized that they would have to quickly and strongly become professional. "Delinquency management" became a buzzword as MFI country managers, riding on the backs of mopeds ("boda-bodas"[4]) drove from home to home, knocking on tin doors, wooden doors and curtained doorframes in search of past-due payments. The microcredit "plus" programs rapidly dissolved, due to both bad payment and, in the case of the programs for HIV/AIDS victims, the reluctance to join such a stigmatized program. The concept of "microcredit" gave way to "microfinance." The increasingly professional competition created more attention for understanding and addressing client demands, such as improved and diversified products and services.

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[4] "Boda Boda" refers to the bicycles and motorbikes that boys and young men use to provide taxi services in Uganda. The name originates from the practice of bringing people, goods and information from the border of Kenya to the border of Uganda on bicycles.

Today, Uganda boasts one of the most developed microfinance markets in Africa. The top tier MFIs serve over 300,000 clients with loans, and serve many more clients with savings services. Clients have graduated from group loans to individual loans offered by specialized and profitable MFIs in NGO form, as well as the recently created structure, "microfinance depository institution" (MDI). MFIs, MDIs, and commercial banks such as Stanbic and the Post Bank, have started offering savings services. Many MFIs offer insurance products for loans, life, and health. Remittance services are also offered at several MFIs through partnerships with Western Union.[5]

UGANDAN YOUTH AND YOUTH-SERVING ORGANIZATIONS

Since the late 1990s, Uganda has earned a well-deserved reputation on the international stage for its proactive response to two significant national development challenges affecting its younger citizens. First, through a rigorous, dynamic and sustained public health campaign, Uganda became one of the first African countries to successfully tackle the HIV/AIDS pandemic – and did so primarily by mobilizing young people and professionals working with youth country-wide. Second, with the introduction of Universal Primary Education (UPE) in 1996, the national government extended access to basic education to a historically broad range of children across the country and raised expectations of a generation of young learners and their families.

Success in both of these areas has produced new public policy challenges as Uganda and its youth enter the new millennium. Financial hardships prevent children from completing high school. Young people encounter a scarcity of formal sector jobs for even the most qualified school leavers. The rate of formal sector employment for youth ages 15-24 is low, and there is increasing concern about the rapid rise in the number of rural youth migrating to urban areas in search of jobs in the informal economy.[6] The government is beginning to recognize that the formal sector is having difficulty absorbing youth, and is therefore changing its focus to preparing young people for employment/self-employment in the informal sector. For YSOs, the implications of this change is significant, since it raises the question of how young people might be supported, or "accompanied," in their efforts to develop the livelihood assets and capabilities required to obtain employment in the informal sector.

Uganda has a diversity of YSOs that support a wide range of livelihood development initiatives and have experimented with vocational training, enterprise development, income generation and business start-up programming. YSOs in Uganda include a variety of large and small, indigenous and internationally supported, and government and non-government institutions and organizations. Many of these groups belong to the National Youth Council, which serves as a networking

[5] More information can be found at www.cgap.org/docs/clear_uganda_report.pdf, at www.mfoutreachplan.or.ug and www.amfiu.or.ug.
[6] Uganda Ministry of Gender, Labor and Social Development.

body for youth-led and youth-focused community-based organizations, while others are affiliated through funding or oversight mechanisms with the Ministry of Education and Sports (MoES) or the Ministry of Gender, Labor and Social Development (MoGLSD). Faith-based organizations play a significant role in the delivery of programming to youth, as do programs associated with local governments and international relief organizations. Many of these groups came to prominence as part of Uganda's efforts to address the HIV/AIDS pandemic, and their employees understand the critical challenge of livelihood development for Ugandan youth. These organizations focus on establishing channels through which economic and social amenities can reach youth. Some YSOs have explored offering business start-up grants or targeted microfinance services to youth. Most of the targeted microfinance services to youth have been informal and unsustainable by microfinance industry standards.

III. RESEARCH FINDINGS

This section presents the information collected during the field research, including the results of the focus groups, individual interviews, and information obtained from written sources.

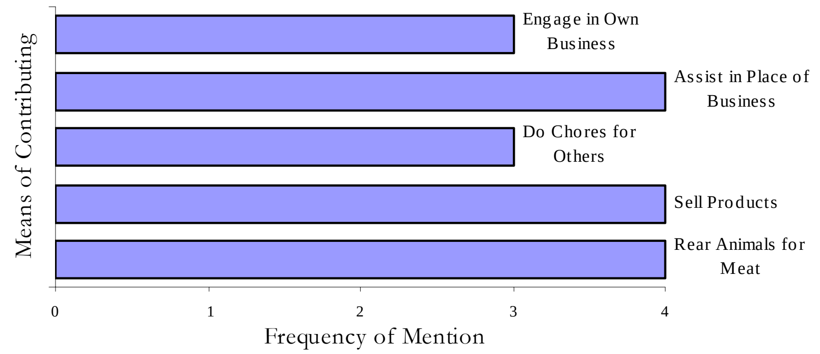
CURRENT YOUTH SELF-EMPLOYMENT STRATEGIES

The first series of FGDs were conducted to examine the demand side, using a semi-structured guide with a Financial Service Matrix PRA tool (see microREPORT 7 on Methodology for details on this and other PRA tools). The discussions first centered on how young people contribute to household income and how they get started in business. These FGDs were held separately with both young people and adults, both male and female. The FGDs helped address the hypotheses found in Box 1.

The results of the FGDs indicate that young people make a significant economic contribution to the household starting at a very young age (see Figure 1 on next page). Children and youth contribute to their households in various ways. They fetch water, sweep, watch livestock, and work in the family garden. A child may take care of household chores for her or his parents first and then later earn money by doing chores for neighbors (fetching water being the most common). As children get older, their responsibilities increase, as does the complexity of the economic activities in which they engage. Family members may guide youth into business. For example, a teenaged school-boy explained that parents often give children chicks and tell them: "This is yours now to rear. When it lays eggs, you can sell them to buy more chicks.

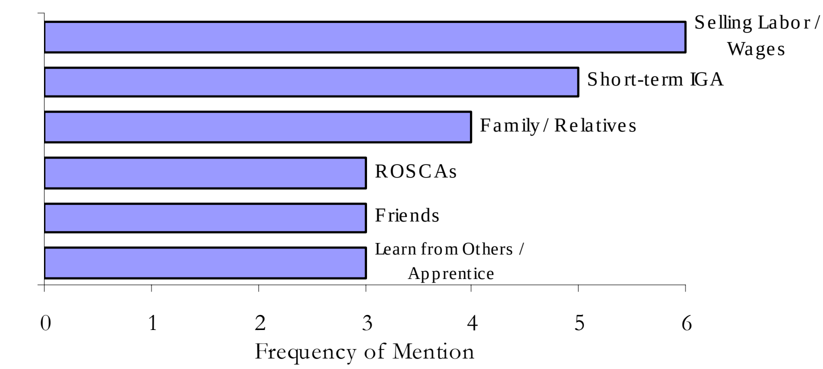
“Girls like to associate, so they get in RoSCAs easily.”

Figure 1: How Young People Contribute to Household Income



Young people engage in diverse short-term activities to make money. The most commonly cited method for raising capital was earning cash through wage labor. The types of activities depend on age and on gender. Manual labor is more common among boys than girls. Girls tend to be house girls or work for a restaurant or a supermarket, although they might carry produce (tomatoes, for example) to the market for a vendor. Boys engage in day labor at construction sites, fetch water, carry heavy loads or work in other people’s gardens. In addition to manual labor, participants mentioned gambling, diverting money that parents had intended to be used for education, tricking girlfriends into giving them money, or even outright theft from strangers. These activities were primarily the domain of boys. Youth also raise funds from friends and relatives, join rotating savings and credit associations (RoSCAs) and apprentice themselves to others to start their business, as seen in Figure 2.[7]

Figure 2: How Young People Get Started in Business



Youth use their small earnings to invest in short-term, income-generating activities (IGAs). Typical examples of such activities include making bricks and selling them (boys); selling produce from gardens or chickens and goats (both boys and girls), selling small bags of water

[7] RoSCAs are traditional and informal community systems for pooling savings and rotating the resulting useful lump sums of cash to each member of the association in turn.

(girls) and washing/ironing clothes (girls). Along this pathway, young people save to accumulate a lump sum. FGD participants described how boys often use their lump sum from a loan or savings to buy second-hand shoes/clothes, while others use their accumulated money to go into the boda boda business. Girls may set up a small shop, a salon or a place from which to sell prepared food. Sometimes they leverage the earnings with money from parents or relatives, friends, joining a RoSCA or investing in a more lucrative short-term IGA. These lump sums are invested in new business ventures, the expansion of existing activities, or used for school fees.

Participants did not view working and going to school as mutually exclusive. Indeed, participants spoke about using their self-employment earnings to support their own education expenses as well as their siblings' expenses (including younger and orphaned relatives). Many youth combined income-generating activities with school education or vocational training courses. Some had left school and returned later, and others had been continuously involved in some kind of educational program.

SOURCES OF CAPITAL FOR YOUTH

Youth have a variety of sources for start-up and expansion capital (see Figure 2 above). From the previously mentioned FGDs, the team understood that a typical pathway to self-employment for young people begins at home, moves to earning money doing chores for others, then to wage labor and/or short term income-generating activities, which can include stealing or prostitution.

The team conducted three focus groups with youth using the PRA tool Sources of Capital. In the three youth groups, the participants were asked to identify boys' and girls' sources of capital, and then rank them. The results of the these FGDs (when comparing boys and girls) show that, for girls, the most important sources are RoSCAs and parents, followed by boyfriends, prostitution, their own savings, and piece work/wage labor in equal importance. For boys, the four most important sources are piece work/wage labor, RoSCAs, parents, and stealing (see Figure 3).[8] Microfinance institutions are less important than RoSCAS as a source of capital for both boys and girls.

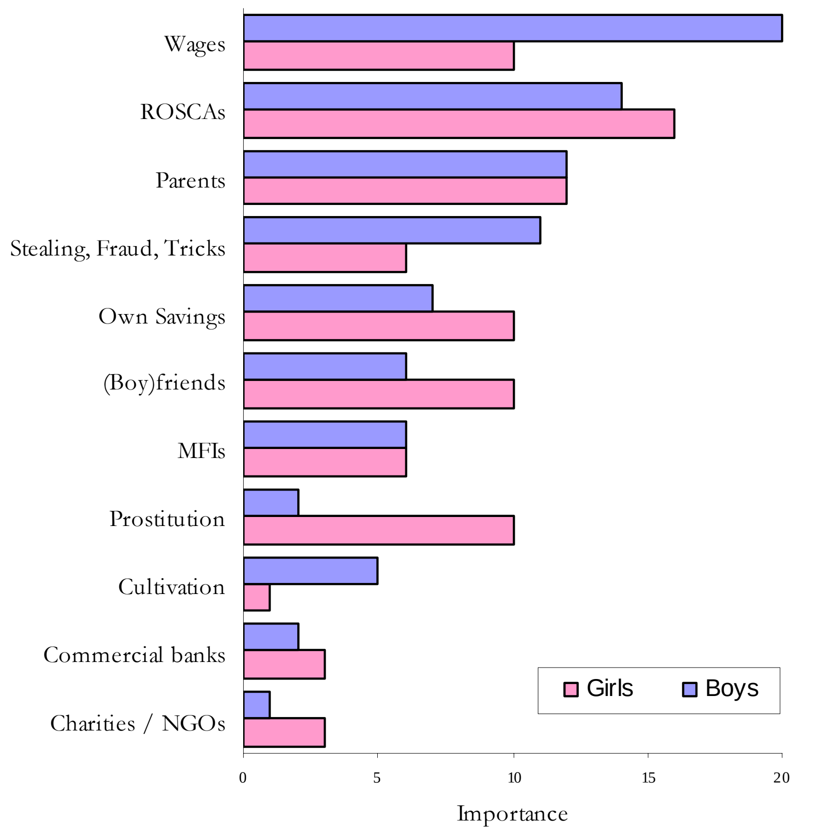
For adult females, both MFIs and RoSCAs were equally important, while MFIs were more important than RoSCAs for men. The team also conducted three focus groups using the PRA tool Sources of Capital with adults. The participants were asked to identify and rank men's and women's sources of capital as well. The three groups that identified and compared men's and women's sources showed that, by the time girls become adults, microfinance institutions had become as important as RoSCAs, with charities and NGOs following in importance, while

[8] Young people were able to get funds from friends. In addition, young girls are able to get money from boyfriends. The two categories are difficult to disaggregate, which is why they are included together.

prostitution and piece work had dropped off the list. For men, MFIs become more important than RoSCAs (see Figure 4). Saving in a RoSCA was mentioned in all groups. In addition to being a way to access capital, the groups also have social benefits.

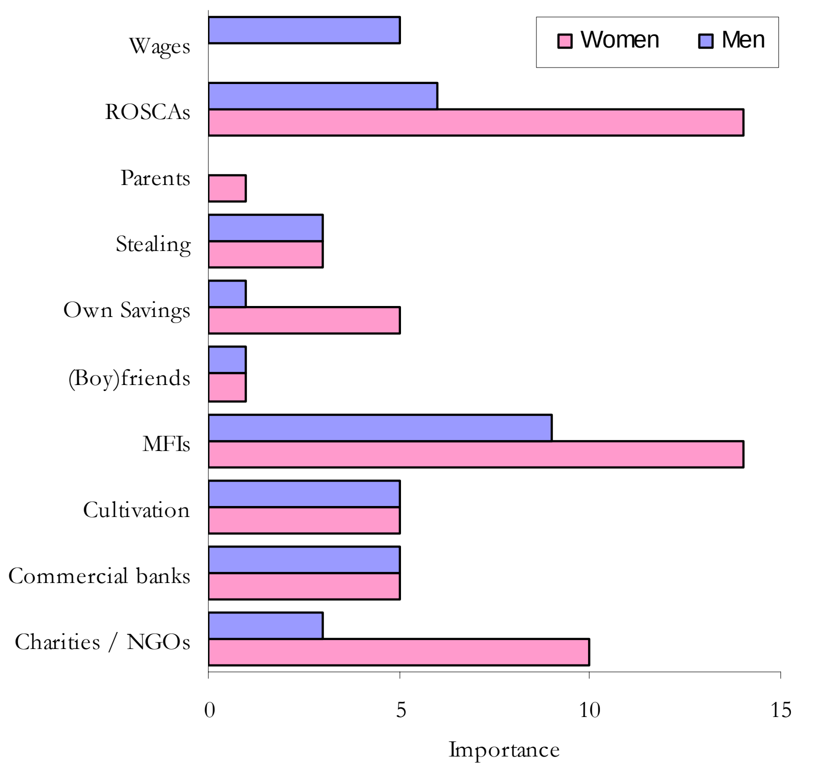
This results of the focus groups show that youth understand the need to go through a number of experiences, including a failing business, building up key social and financial assets, and developing essential personal qualities (bold heart, innovation, planning, self-discipline) before they are ready to make effective use of traditional microfinance services. This is referred to in youth work as the "*readiness and access continuum*."

Figure 3: How Young People Get Started in Business



> **Innovation vs. good ideas:**
>
> "Having a good idea is most important but then you must innovate so that the business won't stagnate. For example, if a business wants to increase customers or capital, then you must innovate to see which things turn over quickly, then you plan to make sure you stock more of those things that move quickly."
>
> *YOUTH FGD PARTICIPANT, KAMPALA*

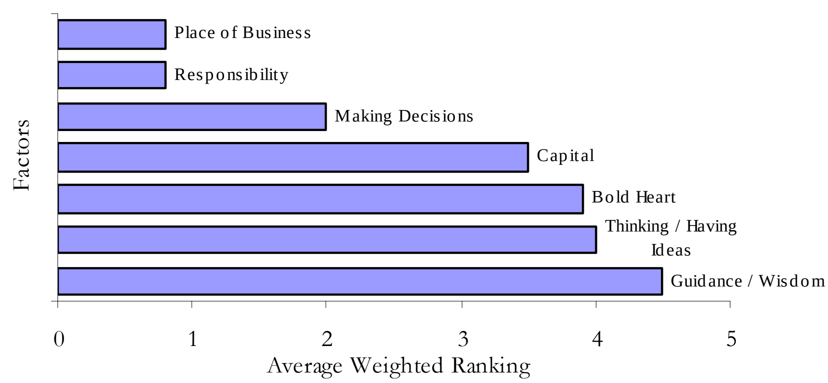
Figure 4: Sources of Capital (Adults)



THE DEFINITION OF SUCCESS FOR YOUTH

To gain a deeper appreciation of youth's perception of the factors needed to be a successful entrepreneur, the team used a PRA tool to capture young people's perception of success in self-employment. Four focus groups were conducted using the PRA tool Success Ranking. Using this tool, youth were asked what characteristics were necessary for having a business, and were then asked to rank the importance of these characteristics in creating a successful business (see Figure 5).

Figure 5: Factors of Success in Self-Employment



"Having guidance/wisdom" was ranked most important to business success. The information young people gain – whether from their own experiences or from friends and trusted adults - and the connections they make, were reported to save them from a lot of painful lessons. One young focus group participant defined wisdom as "*common sense knowledge as opposed to that which you get from school.*" This knowledge is gained through listening to advisors and through experience. This consensus further confirms findings from earlier FGDs about the role of adult connections to young people in the pathway to successful self-employment.

BOX 2: IT'S ALL ABOUT THE CAPITAL!... ISN'T IT?

In an FGD with young, self-employed boys, an argument developed about two factors of success. Is capital more important? Or is thinking a lot / having good ideas? In the end, the boys agreed that thinking a lot / having good ideas was more important because "if you have capital, but no ideas, then you will just spend the money on drinking and girlfriends. But if you have ideas and no capital, then you just think a lot, get ideas and plan on how to get the capital." In other words, the idea motivates you to find the capital.

Participants described how young people seek out others, usually adults, who engage in the business they would like to start. There are often informal arrangements between the adults and youth to purchase capital equipment in exchange for working at the place of business. In the case of moped transport, a boy will hire the bicycle from the owner, save his earnings and buy a new bicycle when he has saved enough. Another very important condition for success noted by the young people and adults (in their own words) is the relationship built between adult business people and aspiring youth that allows them to gain entry to social networks. This serves to bolster youth's credibility and introduces them to customers, sources of raw materials, finance and additional advice. In several FGDs with adult microfinance clients, the women said young people can gain access to MFI groups "*if the mother vouches for the youth and the other group members know the mother to be a good re-payer.*"

"Thinking a lot" and "having ideas" mean examining the market and making market-savvy decisions independently. "Thinking a lot" or "having ideas" follows closely on the heels of "guidance" in importance, although in one group the participants felt that ideas were more important than advisors because, in their words, "if you don't have your own idea first, what are you asking them [advisors] to guide you on?" In one FGD discussion, a view was expressed that while young people might have advisors, the responsibility to weigh the options and make a decision clearly rested upon their own shoulders. In addition, there was agreement that one could have too many advisors and get confused. Another reason why thinking a lot about your ideas was critical is because "*there are too many jobs [IGAs, wage labor], so if you think a lot to see which the best one is, you can avoid having to try all of them before you get to the one that is successful.*"

A "bold heart" also means having determination. This was ranked after "guidance" and "ideas" in importance. As one FGD participant observed, a bold heart "*keeps you going once your idea is in place; especially if the idea doesn't work out as planned.*" A bold heart gives young people

Adult connections matter:

"You need someone who knows the business and the people involved in it. This person (advisor) has an influence on whether you will engage in the business or not. This person helps you to identify someone who owns a bicycle and recommends you to the owner." In the words of one young self-employed boy, "advisors can help you avoid making mistakes and can give you information on best places to get customers/supplies. Also, they can introduce you to other people where you can get money or supplies."

courage to put an idea into action. However, the youth were also aware that a bold heart without ideas or advice does not lead to success.

Financial capital is not considered the most important factor for success in business, and ranks fourth among the seven factors listed for success in business. In young people's view, lack of capital does put limits on a business. However, none of the FGD participants ranked capital as first in importance. In their view, a person's character (determination), the advice s/he got, and the ability to examine the market and make market-savvy decisions were more important (see Box 3).

One attribute that ranked highly in two of the groups was "having someone to look up or aspire to." This seemed very close to having advisors, but where an advisor guided you with information, "looking up to someone" was a motivating force that could drive a young person to work harder so that s/he could be like that person. Having a "*picture of who you want to be like*" fueled a young person's desire to succeed.

Youth understand they need ideas, guidance, mentoring, work experience and self-confidence before they can become successful entrepreneurs. When youth have already gone through a series of experiences that have allowed them to learn at their own pace, overcoming their own missteps and outright business failures, they have a better chance of achieving enduring success at self-employment. In the discussion of, for example, "guidance and wisdom", the youth demonstrated their understanding of needing social capital and learning from others about operating in local markets. Issues of "start-up capital" came up in virtually all FGDs, but ranked relatively low on the scale of importance.

LIFE CYCLE EVENTS AND THEIR EFFECT ON YOUTH SELF-EMPLOYMENT

As the team learned about the perspective of young people and the adults who accompany them in their livelihood development pathways, conflicting views emerged about the perceived seriousness of girls and boys with respect to self-employment. Some participants said that girls are more serious, can form stronger social networks and save more than boys. Other participants or groups said the opposite; boys work harder, find it easier to form and run associations (particularly boda boda associations) and are more reliable than girls. The team perceived that conflicting views depended upon the age range a group had in mind during the FGD, or the life stage they were in, especially whether or not the gender referred were caring for children. For example, women MFIs clients in one group insisted that young people were not serious until age 27. When the moderator of the FGD pointed out that two women in their group were only 20, they changed their mind and said that the two are serious now because they have children.

It is also possible that the responses depended on the type of workplace and the prevalence of gender-bound economic activities. Many boys' associations were oriented towards boda boda, which is partially

Life cycle events determine maturity:

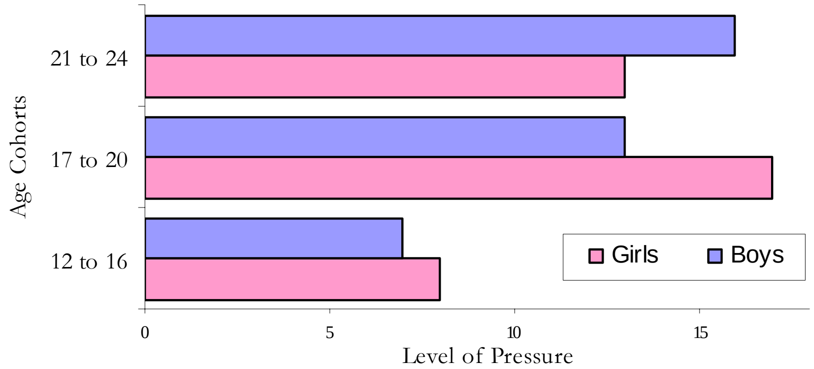
"It's when a girl has a baby that she becomes serious – even at 13 years old she can have a baby and be serious. With boys, they can have a baby and still not be serious. If a young girl is married, has children but her husband is doing nothing, you can accept her into the [MFI] group. You can see that she has responsibilities which will make her a good client."

mandated by law and custom, and focus groups with members from these associations had unique views about boys' and girls' experiences.

The team adapted MicroSave's Life Cycle PRA tool to help sift through distinctions made according to age. The team used this tool to determine the level of pressure on boys and girls to earn money at three age group ranges: 12 – 16 years; 17 – 20 years; and 21 – 24 years old. However, because time allowed for only two FGDs on this subject, the results should be considered preliminary.

Figure 6 illustrates the amount of pressure that young people feel to earn money at different ages in their lives. Unfortunately the ranking tool was not able to capture the complexity of the discussion, which dealt in detail with life cycle events such as marriage, pregnancy, school leaving and/or the death of a parent.

Figure 6: Pressure to Earn Money



According to FGD participants, girls are often under more pressure to earn money than boys from 12 to 16 years old, partly because they are more likely to be pulled out of school. In addition, when parents die, it is often up to the girl in the household to become "mother" to the other children. Thus, she feels pressure to earn money to meet the needs that the mother is expected by the society to fulfill.

BOX 3: LIFE STAGE VS. AGE COHORT

When looking at pressure on youth between the ages of 12 to 24 years to earn money, preliminary results seem to suggest that it is the occurrence of key life stage events (death of parents, pregnancy, removal from school by parents) rather than age cohort that generate the greatest pressure to earn money.

From ages 17 to 20, there is more pressure on this group to earn money than there is on younger girls. There is also more pressure on girls than on boys of the same age group. According to some FGD participants, there is pressure to find a boyfriend, who in the long run may be a source of money himself, during this age period. Many girls want to earn money to buy "*fancy things, cosmetics, clothes and hair styles to be attractive to a potential husband*." This behavior sometimes leads MFI clients to reject girls of this age, assuming they will spend loan money on increasing their chances of finding a boyfriend/husband. This concern may also make girls reluctant to engage in work that might negatively affect their appearance. For example, girls may not want to carry head loads that will damage an expensive hairstyle or be seen in the marketplace doing "common" tasks. Consequently, this unwillingness earns her the reputation for "being lazy" and not a viable credit risk - or not even a steady savings client.

BOX 4: SOLID YOUTH CLIENTS

A woman of 29 years in Makindye worked in her mother's brick-making business, supervising hired brickmakers, and also worked in a piggery with her mother, a former MFI borrower. She had been borrowing for about 5 years (starting as a "youth" borrower) and now acted as the sole borrower for the business. She was due to give birth to her second child and thereafter would go to University.

A secondary school girl and her widowed father both borrowed for their chapatti/donut business – with the full acceptance of the group and the MFI (which granted her a gift of school books and pencils to reward her hard work).

A second principal source of pressure for girls from ages 17 - 20 to earn money relates to having a baby. During this same age range, if a girl becomes pregnant before she's married, the father of the baby may deny responsibility, and she is left to shoulder the burden on her own. Sometimes the girl is "*chased from home and forced to work to survive*." In either case, the young mother may be seen as "serious" or "mature," and other MFI members (and loan officers) are thus more likely to assess her as a good client.

From ages 21 - 24, girls face relatively less pressure to earn money than those of ages 17 - 20. This is in part because many girls marry at this age and set up a shared household. Some girls return to school at this age, especially those who had suspended education to have a baby during the ages between 17 and 20, and this can cause more pressure to earn more money. However, overall pressures tend to decrease.

In contrast, FGD participants felt that the pressure on boys to earn money generally grows steadily over time. At ages 12 - 15, boys want to earn money to buy food, attend football games or socialize with friends. From ages 17 - 20, boys face pressure to keep up with peers and need to earn money to give to girlfriends. Many must begin to cover their educational expenses and some are already caring for younger siblings. This is a time in a young person's life when the family must often make the hard decision about paying the primary school fees of younger siblings, thereby forcing older children to meet more of their own needs.[9]

By ages 21-24, boys face strong pressure to set up their own households and meet their own needs, saying: "*parents relieve themselves of pressure to*

[9] For even with UPE there are numerous expenses such as uniforms, "donations" of school supplies to principals, transportation costs, etc. that must be borne by families of all students.

care for boys at this age". Like many girls from ages 21-24, boys at this age may begin to take over the duties of their parents and care for their young sisters/brothers and "*many boys must care for orphaned brothers and sisters*".

The discussions illustrated that life cycle events influence adults' perceptions of the seriousness and maturity of a youth, whether boy or girl. This perception, in turn, affects the perception of the youth as a risky/non-risky borrower. The life stage influences how serious the youth is about paying back a loan.

BOX 5: INITIATING YOUTH TO MICROFINANCE

Young people (daughters) borrow because their mothers want to teach them the value of a dollar. Mom teaches them to work by making them borrow from FINCA. "Some mothers want children to borrow if they have dropped out of school – she wants to teach them how to work". Respondents also emphasized that mothers did not want to loan the money to their children directly, based on the belief that if they allowed the girl to borrow from the mother, she wouldn't work so hard and might not repay – but if it was FINCA, they would have to pay.

-Extract from FGD notes Kampala

RISKINESS OF YOUTH AS MICROFINANCE CLIENTS

Logistical constraints limited the collection of data on youth recipients of microfinance since the Ugandan MFIs do not systematically disaggregate information by client age.[10] Moreover, the one YSO that was purported to be doing microfinance was actually running small IGAs.

Interviews with some YSO officers and MFI staff on their perceptions of the possible risk of youth as clients helped provide information to test the study's hypotheses. In interviews with loan officers and management, MFI staff generally felt that young people are more risky and more likely to fall behind on payments or default altogether than adult clients. However, they also estimate that about 15–20% of their clients are between 18 to 24 years of age and concede that, since they do not disaggregate information, they can't be sure that youth clients are riskier. Indeed, with a portfolio-at-risk (PAR) ratio well below 5% in most institutions, it is unlikely that the entire PAR could be attributed to young people.[11] Finally, one institution suffering a high PAR ratio attributed it to their strategic move to a "less poor" client group, almost none of whom are likely to be youth.

In one FGD, FINCA loan officers argued the merits of having young people in their loan groups. While one female loan officer bemoaned the high mobility of youth and the difficulty of chasing after them for payment (which would increase costs), another praised youth as making

[10] This, in itself, leads to an interesting topic for further examination.
[11] Portfolio-at-risk ratio is the total value of loans with any payment over 30 days past due, divided by the total amount of the loan portfolio. It is a common indicator for measuring the quality of a portfolio.

meetings go significantly faster since they are often more comfortable than adults with using a calculator and adding up accounts. Also, "*they challenge me to explain policies*" to them, the same officer said. This meant that by the end of a meeting, everyone understood a new rule or policy. By contrast, the older women wouldn't ask and would spend a week discussing, spreading misinformation, and the following meeting would be spent clarifying the issue.

BOX 6: STUDY HYPOTHESES

Youth require a holistic approach, i.e. more than just credit.

Microfinance with youth is prevalent and possible.

Microfinance institutions and youth-serving programs can serve youth with microfinance.

Age and gender cohorts matter in providing effective microfinance (credit) to youth. However, savings services are age- and gender-neutral.

The loan officers' differing viewpoints could depend in part on whether they operate in rural or urban settings. The loan officer who disliked working with youth operated in urban Kampala, where youth tend to be more mobile. When asked how she would lend to youth if she had to, she replied, "I just wouldn't." In contrast, the woman with a positive view of youth clients worked in a peri-urban/rural area near Kampala, where, in general, clients were easier to track and serve. All agreed that rural youth were less likely to move about from house to house or business to business, which may influence their effectiveness as MF clients.

FACTORS THAT EXCLUDE YOUTH FROM MICROFINANCE

Legal, institutional and design factors exclude youth from access to microfinance. First, the minimum legal age for signing contracts is 18 years. A second factor is institutional policies created in response to the perceived credit risk of lending to young people. Another factor seems to be related to the group guarantee. Credit groups chose their own members in order for the group guarantee to function, and adult members often see youth as risky. MFI adult clients explained that they exclude young people because group members feel they are not "ready." Some of the perceived risk is associated with their relative mobility, their apparent willingness to take more risks, their perceived desire to spend money on material things (in part to impress their peers), in sum, "immaturity" and "not being serious".

It was difficult to conclude from the findings whether youth are excluded more by the institution or by the group clients. Further research is needed to distinguish between institutional (i.e. loan officer or policy) influences on the adult clients in a group, versus the adults' own opinions.[12] Changing the perception of youth as risky clients may be addressed, if not remedied, by further research, including developing

[12] An interesting study would be to compare the percentage of the portfolio to youth of MFIs using individual credit products with those using group credit products.

and piloting products that are appropriate for youth.[13] More objective data, as opposed to limited findings and untested assumptions, are needed.

By and large, loan officers and clients agreed that the initiation of a young person to the group by a trusted adult is considered an adequate "balance" to the perceived risk of their age. The mother (or other introducer such as an aunt) could be counted on as an additional source of guarantee. The mother's performance is considered a factor as well. Indeed, clients and loan officers understood that many daughters were taking the loans on behalf of their mother's businesses. While one loan officer countered that that made little sense if the loan amount was truly supposed to be determined by the business size, other loan officers and clients recognized that loans would be repaid by a variety of income-generating activities, in addition to the primary business.

FINDINGS IN RELATION TO THE HYPOTHESES

The reader will recall the hypotheses that were to be tested in the field research, repeated here in Box 6. It is clear that from the findings that youth require a holistic approach. Credit alone is insufficient for supporting youth in their employment pathway, and microfinance institutions are less important as a source of capital for youth than families or RoSCAs. While microfinance institutions do serve youth with microfinance, youth-serving programs do not. For MFIs, the perception, however inaccurate, is that youth are risky. The research found that age and gender cohorts matter in youth enterprise development, but life cycle experiences are more likely to determine a youth's seriousness in business than a youth's age. Finally, researchers showed that one cannot speak of "youth" as a homogeneous group. This study drew out differences by gender, age, life cycle stage, place of residence (rural/urban), and school status.

[13] It wasn't so long ago that Professor Yunus made his first $43 loan to a group of women who were not perceived to be good credit risks.

IV. PROGRAMMING RECOMMENDATIONS

This section offers programming recommendations based on the findings, tempered by some caveats. Given the team's short time in the field and Since part of this study focused on "getting the tools right," it is difficult to draw concrete conclusions. Despite these cautions, the findings do have implications for microfinance and youth-serving organizations in Uganda and in other regions, as well as for donor programming.

Program planners and donors can consider the significant differences among youth when determining appropriate programming options. They should take the time to disaggregate market research data on youth by a range of key features, such as age, gender, marital and parental status, household makeup, level of poverty, degree of social inclusion/exclusion, and role in economic life of extended family, among others. These cohorts will influence the products and services developed by MFIs and YSOs.

Donors can support the use of an Accompanied Livelihood Development framework by YSOs. This framework addresses the opportunities for supporting young peoples' pursuit of income through self-employment, and the roles that adults play in this process.[14] It could be adopted by YSOs to enhance and underpin this essential readiness work, thereby preparing youth for employment and perhaps building a future market for MFIs. This would be a useful way for YSOs to conceptualize their role. It would also promote a more holistic approach to developing youth's skills for entering the market.

[14] Chigunta, Francis, Jamie Schnurr, David James-Wilson and Veronica Torres. Being "Real" about Youth Entrepreneurship in Eastern and Southern Africa Implications for Adults, Institutions and Sector Structures. (In draft). ILO publication. 2005.

The solution to youth unemployment is much more complex and nuanced than simply providing credit to youth. Unfortunately, programming for youth to date has not followed the findings of this study, and so the impact has been limited. One common approach, used by YSOs and non-best practice microcredit institutions, has provided training to young people in vocational businesses that require significant skills and (relatively) costly equipment such as carpentry and tailoring. These training and vocational programs are often conducted without a market study to determine if there is adequate demand for those jobs. Even when there is a market, the youth has learned the technical skill but not the business management or marketing skills. This approach can set the youth up for failure, and denies young people the chance to learn by doing, to connect with influential adults, to improve skills (production and management) incrementally and in doses that allow them to fail, recover, try again, succeed, and move on to a more sophisticated business, in a spiral, not linear, pathway (see Box 7).

BOX 7: STAIRWAY TO A SUCCESSFUL BUSINESS

Sometimes the stairway to a successful business doesn't go straight up. In the United States it's often said that a successful entrepreneur has had two failed businesses. It's the failure that often steals the resolve of the entrepreneur and provides the lessons learned that allow the "third" business to be a success. Of course, if two business failures is an average, there are surely some who have had more – and less – failures.

A step forward for a young person in Kampala might be buying second hand shoes at Owino – a large market –at a well-bargained price. The young person might then sell them in Makindye's smaller market for a higher price (forward again).

However, the young person might have mistaken the types of shoes his clients wanted, or the "black leather shoes" might reveal their extensive coating of shoe polish during the rain. The lessons in market knowledge, bargaining (versus getting the lowest price) and quality are what make the next business more successful!

Donors can encourage savings services to youth by MFIs. Youth do need financial services, but at the beginning of an employment pathway, the services need to be about saving. Youth need a lump sum of money with which to kick off their income-generating activity. The advantage of savings for youth is that it provides over time the lump sum that youth need to invest in their income-generating activity, without the risk of failing at repaying a loan, with its consequences of delinquency collections and ruined credit history. If a business is started with savings and fails – as many youth in this study expected their first businesses would — it will not have as negative an impact on a young person (and his/her family) as those started with credit.[15]

[15] Street Kids International, a Canadian NGO working with street children, calls these "enterprise immersion" activities and suggests that young people need to have the

Youth is an untapped market for those MFIs that can accept savings deposits. Promoting savings accounts to youth can raise youth's awareness of other products that MFIs offer, and can lead to youth accessing credit products at a later point in time. Savings accounts allow youth to start their own businesses and provide collateral for loans.

To promote savings among youth, donors can encourage the formation of youth RoSCAs by YSOs and MFIs. RoSCAs are a traditional way to save in many countries for both boys and girls. If MFIs are not able to accept savings deposits, youth RoSCAs could be linked to commercial deposit-taking organizations like banks or credit and savings cooperatives. Another product might be a contract savings account, where a youth saver agrees to deposit (and not withdraw) a fixed amount on a fixed schedule. This would prove a youth's reliability for a loan, as well as provide savings that would guarantee the future loan. A contract savings account could even be made a prerequisite for youth to borrow.[16]

BOX 8: FINCA – TARGETTING SERVICES TO CHILDREN OF CLIENTS

One microfinance provider, FINCA, has begun to look critically at the need for what they are calling "second generation microfinance services" - in other words, those that target the children of existing MFI clients. It is assumed that these children are generally better educated because MFI clients use their earnings to pay for their school fees, as well as more open to positive risk taking because of their life cycle stage (having no children of their own and being often more socially mobile). They might have also learned from their parents' membership in village banks or as individual borrowers. For this reason, they are potentially better clients for business development services than their parents, and might ultimately be able to take on bigger loans than their parents did. These assumptions need testing, but it is worth noting that at least some microfinance practitioners are seeing youth as a potential market.

Hatch, John. Expanding Microcredit Services to Young Adults: Research Findings, Ratlonale, Blind Spots, and Recommendations. Sept. 2004.

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opportunity to fail 3-4 times as a necessary part of any effective entrepreneurship skills development/business start-up program.

[16] *The Poor and Their Money* by Stuart Rutherford offers compelling arguments about the similarities of "saving up" and "saving down" (i.e. borrowing) which may be especially useful for programs looking at how to meet the financial needs of young people.

To develop further links between savings and youth, donors may stress savings components in learning projects, food-for-work or work-for-training activities. Such savings programs could also be used to create incentives for youth to stay in or return to school. One key caveat bears mentioning: if a country's economic reality (e.g., post conflict/post disaster) leads to donors using grant-type funding, it is better that this is distributed via "artificial" jobs (i.e., non-market-produced) that link with real savings products, to support the accumulation of a lump sum for real self-employment businesses, rather than "artificial" loans (i.e., loans that are given without repayment expectation) that link with non-market oriented businesses and end up distorting natural market mechanisms for business (see Box 9).

BOX 9: CARPENTRY SCHOOL FOR BOYS… SEWING FOR GIRLS… AND A LOAN FOR THE EQUIPMENT!

Carpentry/sewing training is very common for YSOs, relief organizations and others in their quest to get young people into the mainstream economy. In fact, many proposals are made – and accepted – that prescribe this AND follow the training with a loan for the sewing machine, or the carpentry tools.

However, is there a market for seamstresses? Carpenters? Are there not whole streets lined with under-employed carpenters of varying quality? Aren't seamstresses ubiquitous; seen sitting on concrete aprons under shop awnings on dozy streets in many a city or town? What if, even after the training, it turns out you are an uninspired tailor or carpenter? How will these (now dispirited) young people repay these loans?

The "fetching water to making bricks to re-selling second-hand shoes to selling tomatoes to running a shop" continuum that young people are familiar with brings them into much more contact with market needs and more accurately suits their skills – and desires. And, they don't even look for a loan until they are able!

Practitioners, supported by donors, may experiment with methodological adjustments to group lending. One methodological characteristic of credit groups – the group meeting - could be adjusted to encourage the entry of youth. Allowing a specifically designated young person to attend such meetings in place of an adult client could serve as a way to teach credit and financial education to the young person and also improve client satisfaction with existing clients. In fact, this seems consistent with previous findings that young people are accustomed to doing chores for their family and that many young people do indeed already join MFIs as part of a parents' business or in their stead. MFIs could also develop "youth" or "associate" accounts for young people, allowing them to attend loan meetings, contribute to savings and possibly take smaller loans. Finally, MFIs could allow, under rigorous conditions, the use of group internal accounts for youth loans, always with the approval of the credit group.

Donors and microfinance practitioners need more information analysis on current youth clients. MFIs can deepen the knowledge on the extent of microfinance to youth by analyzing information that they are currently monitoring. Indicators such as percentage of active loans to youth, percentage of the portfolio to youth, average size of loans to youth, repayment and delinquency rates, and number and size of savings accounts owned by youth, can be calculated and monitored for change.

Microfinance practitioners can design youth-friendly products. Once they have concrete information on youth performance with credit, and armed with demand studies using youth-friendly qualitative tools such as the ones used in this research, MFI managers can design credit products that are appropriate to youth. Youth-friendly microfinance products could encompass small, short-term consumption loans, educational loans, and/or loans with flexible repayment periods. As noted in this study, "youth" is a diverse group, and demand studies should be carefully designed to highlight this diversity. What is appropriate to one age/gender/geographic group of youth will not be appropriate for another. Donors are encouraged to support these demand studies, and to ask the pertinent questions when reviewing proposals based on these studies.

What is the overarching role of donors in these scenarios? The challenge for USAID missions and other donors is to play the role of the healthy skeptic when reviewing proposals and/or designing programs for combining microfinance and youth interventions. There is much value in donor support for innovative livelihood pathways for youth, but also in asking hard questions and setting high standards for work in this area – including, most importantly, the need for effective market research on youth before new projects are conceived and implemented. Donors also need to be careful of MFIs' own pathway – to financial sustainability – and should not impose conditions on MFIs that will impede this.

V. ANNEXES

ANNEX 1: RESEARCH TOOLS

This annex provides brief descriptions of the research tools used during the Uganda Case Study.

Focus Groups: The focus group (FG) session is a group discussion that uses a written guideline with general questions based on the research hypotheses. General focus groups are useful tools to use at the beginning of a study in a new context, because they help researchers clarify research terms for that culture, check assumptions, refine the research questions and hypotheses, and gather background information.

Focus Groups plus PRA Tools: Focus groups were also combined with PRA tools. The following adapted PRA tools were used during this case study

Sources of Capital Matrix (modification of Financial Services Matrix): This adapted PRA tool was used to focus the discussion on how young people get started in business. During the warm up questions the participants provided the capital sources for their businesses. After the sources were identified, the participants were asked to rank these sources in order of preference (a ranking exercise) and additionally to rank them in order of preference by gender and by age category (adult/youth), thereby forming the matrix.

Success Ranking: The Success Ranking tool was developed for this research by the research team, although it was inspired by the MicroSave ranking PRA tools. The team used this tool to identify the factors participants feel are necessary for youth to be successful in self-employment. The Success Ranking tool was created using a cartoon-style body. Participants were asked to identify factors that are needed to start up and run a business, symbolized by the (i) head, (ii) heart and (ii) hands/feet (represented together). The factors were written down by the moderator on pieces of cardboard and the participants placed them next to those areas of the drawing to which they corresponded. Once all the factors linked to the three categories were identified, FGD participants were asked to add any other important items to those listed. This allowed participants to share ideas outside of the head, heart, hands/feet framework. The participants were then asked to consider what it takes to run a successful business and to rank the items listed in order of importance from most important to running a successful business to least important to running a successful business.

Life Cycle Events: The Life Cycle tool is a MicroSave PRA tool adapted to the research objective. The purpose of the tool is to determine the level of pressure on boys and girls to earn money at three age ranges: 12 – 16 years, 17 – 20 years, and 21 – 24 years. An additional adaptation was made to include a gender perspective.

Mobility-Activity Mapping: Mobility-Activity Mapping is a modified MicroSave tool that was used to gain insight on where youth routinely go and the roles played by various people, organizations, institutions and places in their lives. It was also used to capture information from the demand side of the microfinance/youth issue and relates to Hypothesis 1 (youth require a holistic approach). The "map" drawn reflects the perception of how youth interrelate with their surroundings and vice versa.

ANNEX 2: DETAILED INFORMATION ON CONTACTED ORGANIZATIONS AND INDIVIDUALS

The following tables provide basic information on the organizations that participated in this case study.

TABLE 1: LIST OF MICROFINANCE INSTITUTIONS AND ORGANIZATIONS

NAME OF ORGANIZATION	DESCRIPTION	MANNER OF PARTICIPATION IN STUDY
Feed the Children/Uganda (FTCU)	Large MFI with 14 offices providing group loans and basic business training.	Questionnaire
FINCA	FINCA's first African program and was also among its first pilot transformation programs. Completed its transformation in late 2004. Offers broad range of financial services, including savings products.	1 loan officer focus group and 2 client FGDs
Microenterprise Development Network (MED-NET)	Large MFI providing primarily group loans, but also some individual loans and savings products. Has established linkages with business and basic life skills training providers. Provides health awareness and counseling services.	Questionnaire
Kwampe II Savings and Credit Cooperative Society (Plan Uganda)	Savings and credit coop supported by Plan Uganda. Provides individual loans to broad range of clients as well as business training.	Questionnaire
Plan International - SACCO Offices	Plan seeks to provide basic affordable financial services to the communities, for example, providing a way for people to increase their family's income by providing affordable and reasonable means for them to start their own business.	2 client FGDs at Bwaise and Kwempe
PRIDE	One of Uganda's largest microfinance providers, supporting a network of 20 offices and more than 40,000 clients. Provides group loans, compulsory deposit services, and basic business training.	2 client FGDs
Ugandan Youth Anti-AIDS Association (UYAAS)	not available	2 FGDs
Uganda Microfinance Union (UMU)	Large MFI offering financial services to micro-entrepreneurs and low-income clients. Provides a range of credit services, savings products and remittance services.	Questionnaire

TABLE 2: LIST OF YOUTH SERVING ORGANIZATIONS		
NAME OF ORGANIZATION	**DESCRIPTION**	**MANNER OF PARTICIPATION IN STUDY**
Iganga Royal College	Day and boarding school for students aged 13-21. School started originally for orphans but now has a mix of orphan and non-orphan children. Provides a range of basic non-financial services to youth.	Questionnaire/interview
Jamii Ya Kaputanisha (JYAK)	YSO promoting a culture of non-violence and reconciliation among the youth and their communities through training and education advocacy and psycho-social support services. Provides basic business skills training but does not provide microfinance.	Questionnaire
Kawempe Youth Center (KYC)	YSO whose mission is to build a literate community through education facilities/programs. Established and maintains a library facility with a seating capacity of 40 that houses primary, secondary, and higher education institution books. Also includes a computer training facility.	Questionnaire/interview
Mengo Youth Development Association (MYDA)	Operating in Kampala, MYDA seeks to empower the less privileged communities, school dropouts, youth and women with practical managerial and marketable skills, valuable information which enhances their ability to influence changes in the community and determine a new course of development through self-help projects and participatory methodologies aimed at alleviating poverty.	FGD
Mengo Youth Development Link (MYDEL)	YSO running projects to empower youth, orphans, and women in the Mengo community (a slum). For youth, MYDEL runs a gift program in which they select a household and provide them with basic necessities. Also provides vocational training and health awareness education.	Questionnaire/interview

TABLE 2: LIST OF YOUTH SERVING ORGANIZATIONS (CONTINUED)		
NAME OF ORGANIZATION	**DESCRIPTION**	**MANNER OF PARTICIPATION IN STUDY**
Nakalamases School	Day school for 250 students aged mostly 13 to 20 years. Organizes youth activities, such as an anti-AIDS association that performs dramatizations and gardening projects to raise funds for school materials.	Questionnaire/interview
Namugongo Youth Allied Projects Ltd.	Provides job placement services for youth for short-term and permanent employment, primarily to raise funds for school fees. The bulk of the work lies in the following areas: construction, washing bays, collection/tenders, and construction.	Questionnaire/interview; 2 FGDs
Sharing Youth Center (Tiger Club)	Sharing Youth Center, located in Kampala, operates sponsorship and youth programs for unemployed urban youth.	FGD
Swammah Technical Engineering and Construction Company Ltd (STECCL)	YSO whose objective is to empower youth through involvement in technical/construction/engineering activities. STECCL works with local councils to organize youth into "youth job groups." Provides technical training and job placement services in sectors such as bricklaying, sewing, and plumbing.	Questionnaire/interview
Uganda YMCA	The Uganda YMCA, founded in 1959, now has five active branches with over 50 clubs. Its objectives are: 1) to help persons develop a Christian character and build a Christian society, 2) to help transcend all divisions and barriers of sex, class, race, nationality, religious and political opinion, 3) to work and cooperate with other organizations whose aims and objectives conform with basic Christian principles. Through regular staff and volunteers, the Y offers a number of activities, among which are: vocational training courses, nursery school education, adult education, rural development projects, community development programs, recreational activities, spiritual/religious programs etc.	FGDs

ANNEX 3: STATISTICS ON PARTICIPATING ORGANIZATIONS AND INDIVIDUALS

TABLE 3: SUMMARY TABLE OF ORGANIZATIONS COMPLETING QUESTIONNAIRES

TYPE OF ORGANIZATION	MFIs INCLUDING YOUTH	MFIs NOT INCLUDING YOUTH	YSOs WITH LIVELIHOOD SUPPORT	YSOs NOT PROVIDING LIVELIHOOD SUPPORT
% of total	100% (2/2)	0%	56% (5/9)	44% (4/9)
Name of Organization	UMU		Ministry of Gender, Labor and Social Development	Ipanga Royal College (UYAAS)
	Bwaise SACCO (Plan Uganda)		Youth Allied Services	N. School (UYAAS)
	Med Net and Feed the Children		JYAK	NUDIPU
			STECCL	KYC
			Youth AID Uganda	

TABLE 4: NUMBERS OF FGDs / PARTICIPANTS PER TOOL[17]

TOOL	TARGET GROUP	# OF FGDs	PARTICIPANTS			
			GIRLS	BOYS	WOMEN	MEN
Discussion Guide FGD	MFI Loan officers	1	0	0	3	5
	Self employed youth not linked to YSO	1	0	7	0	0
	MFI adult clients	1	0	0	7	3
Financial Services Matrix	MFI/SACCO clients	4	1	2	5	23
	YSO clients	2	8	8	0	0
Success Ranking	SACCO clients	1	0	2	5	2
	YSO clients	1	2	13	0	0
	Self employed youth not linked to YSO	3	3	19	0	0
Mobility Map	YSO clients	1	6	6	0	0
Life Cycle Analysis	YSO client	4	13	9	3	6
Totals		19 FGDs	33 (20%)	66 (41%)	39 (24%)	23 (14%)
Total number of participants in all FGDs: 161						

[17] All tools are provided in Annex A

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