Entry Finance:

Building the Livelihood Assets and Capabilities of Youth

Building on the Success of Women's Microfinance

The primary, and enormously successful, goal of traditional microfinance has been to address the longstanding mismatch between the demand of poor adults (mostly women) for financial services and products, and the capacity of mainstream financial service organizations to supply such products. The goal of ***entry finance*** is to fully realize the potential of microfinance by helping to build a more intentional bridge between youth 13-24 and traditional microfinance providers. [1]

Readiness and Access

Entry finance achieves this goal by increasing the **readiness** of older children and youth to make use of microfinance services (including both savings and credit products), and by introducing new mechanisms and products that make microfinance providers more **accessible** to a younger clientele. *Entry finance* is not meant to be a segregated, parallel, set of services, rather it is designed to overlap and integrate within existing structures, and to "graduate" as many young people as possible, as early as possible, into mainstream adult serving programs.

Building New Relationships, Assets and Capabilities

Readiness on the part of older children and youth 13-24 involves the building of trusting relationships, the cultivation of core livelihood skills and capabilities, the demonstration of credit-worthiness, the acquisition of assets, and the creation of safe accompanied spaces in which to explore new livelihood pathways. Accessibility on the part of micro-finance providers, involves the development of mechanisms and products that reduce barriers to entry, allow for easy first steps, provide more accurate ways to assess and manage risk, meet unmet demand for savings and credit products, and provide tailored business development services to young people, their families and youth friendly employers in the community.[2]

A Four Step Process

Entry finance is built around a **four step** process that begins, and is progressed through according to an individual young person (or cohort of peers) own unique circumstances.

- **Engagement** (including outreach services, relationship building work and appreciate inquiry into existing activities);
- **Investment** (including capacity building, enterprise practicums, livelihood pathways exploration, intensive coaching by peers and supportive adults);
- **Mobilization** (including linkages to ongoing *entry finance* services (savings, group credit), connection to a range of *livelihood pathways*, formation of peer support groups, and ongoing work with a *livelihood coach*)
- **Graduation** including introduction to adult micro-enterprise providers, follow-up livelihood coaching, and an opportunity to serve as a *Livelihood Mentor/Coach* for younger members in the community.

Social Investments to Commercially Viable Products

An entry finance approach understands the need for an intentional continuum of programming that begins with traditional social investment driven supports (basic education, skills development) continues through matched investments (by institutions youth and their households) on to commercially viable and financially sustainable services and products.[3]

---

[1] The concept of Entry Finance was initially developed by Street Kids International and its lead international technical partners, and the text for this one pager is drawn from the soon to be published report on the USAID and OSI funded "Realizing the Potential of Tajik Youth" project (see streetkids.org or Akkord.kz)

[2] See the work of MEDA (at MEDA.org) for more information on microfinance products for child and youth friendly employers

[3] For more on the work of EQUIP3 in the area of Youth Livelihoods contact David James-Wilson at djames-wilson@edc.org and see EQUIP123.net