

Programme Document **BUILDING YOUTH INCLUSIVE FINANCIAL SECTORS IN SUB-SAHARAN** **AFRICA 2010 – 2014 (YouthStart)**

Region: Sub-Saharan Africa

Global Programme Outcome:

Contribute to the achievement of the Millennium Development Goals (MDGs) particularly the specific goal of poverty reduction in half by 2015, by supporting the building of youth inclusive financial sectors in Least Developed Countries (LDCs) in sub-Saharan Africa. The outcome by the end of the programme (2014) will be:

- Increased sustainable access to appropriate demand driven financial and non-financial products and services, to more than 200,000 poor and low income youth (age 12-24) in Least Developed Countries (LDCs) in sub-Saharan Africa.

Programme Outputs:

- Output 1: To expand low income youth access to financial and non financial services by supporting financial service providers (FSPs) and their partner Youth Serving Organizations (YSOs) to conduct youth inclusive market research, develop and deliver comprehensive services to youth.
- Output 2: To build institutional capacity of FSPs, YSOs, policy makers, donors and other stakeholders (including UNCDF's internal capacity) to provide comprehensive youth services; and,
- Output 3: To expand access to and mobilize knowledge related to youth financial services, by acting as a convener and facilitator among stakeholders (e.g., governments, national and regional microfinance associations, banking industry experts, regulators).

Programme Duration: <u>54 months</u>	Total estimated budget: <u>\$11,895,876.63</u>
Anticipated start/end dates: <u>1 July 2010- 31 December 2014</u>	Out of which:
Execution Modality: <u>DEX</u>	1. Funded Budget: <u>\$11,895,876.63</u>
	Initiation Phase *: <u>\$ 970,000.00</u>
	Second Phase: <u>\$10,925,876.63</u>
	2. Unfunded budget: <u>\$</u>
	*Budget for Initiation Phase was received in June 2010. A ProDoc for the Initiation Phase was approved by the PAC on June 26, 2010.

Sources of funded budget:

- Government _____
- UN Org.... _____
- MasterCard Foundation \$11,895,876.63
- Donor ... _____
- NGO... _____

UN organizations	National Coordinating Authorities
 David Morrison, Executive Secretary Signature _____ United Nations Capital Development Fund (UNCDF) Date & Seal _____	Son Excellence Monsieur Abdoulaye Diop, Ministre d'Etat Ministre de l'Economie et des Finances Signature _____ Nom du pays _____ Date et sceau _____
Peggy Woo, CFO Signature _____ The MasterCard Foundation Date & Seal _____ December 8, 2010	Replace with: _____ Name of LDC country representative Signature _____ Name of Country _____ Date & Seal _____
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Programme Document

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David Morrison, Executive Secretary <i>Signature</i> United Nations Capital Development Fund (UNCDF) <i>Date & Seal</i>	<i>Replace with:</i> <i>Name of LDC country representative</i> <i>Signature</i> <i>Name of Country</i> <i>Date & Seal</i>
Reeta Roy, President and CEO <i>Signature</i> <i>The MasterCard Foundation</i> <i>Date & Seal</i>	<i>Replace with:</i> <i>Name of LDC country representative</i> <i>Signature</i> <i>Name of Country</i> <i>Date & Seal</i>
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Acronyms

BIFSA	Building Inclusive Financial Sectors in Africa programme
CAR	Central African Republic
CCA	Common Country Assessment
CPAP	Country Programme Action Plan
CTA	Chief Technical Advisor
DFID	United Kingdom's Department for International Development
DRC	Democratic Republic of the Congo
FIPA	Financial Inclusion Practice Area, UNCDF
FSP	Financial Service Provider
IC	Investment Committee at UNCDF FIPA
LDC	Least Developed Country
MDGs	Millennium Development Goals
NBFI	Non-bank Financial Institution
PAR	Portfolio-at-risk
PBA	Performance-based Agreement
RFA	Request for Application
ROA	Return on Assets
RTA	Regional Technical Advisor
SSA	Sub-Saharan Africa
TRY	Tap and Reposition Youth
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDAF	United Nations Development Assistance Framework
UNDESA	United Nations Department of Economic and Social Affairs
USAID	United States Agency for International Development
YFS	Youth Financial Services
YPM	Youth Programme Manager
YSO	Youth-serving Organization

Executive Summary

1. Sub-Saharan Africa is home to over 200 million young people between the ages of 12 and 24, and the number of young people in this age bracket will peak in the next 20 years.¹ Half of Africa's youth are illiterate and over 20 percent in sub-Saharan Africa are unemployed, most with none to few skills². The formal job market is limited, leaving low-paying and dangerous work for youth. This picture is particularly grave for young women, often subject to violence and exploitation, with limited rights and opportunities to build personal assets that can help them improve their social and economic standing. This situation further reinforces the existing tendency for women to be excluded from decision making in their households, which in turn has devastating consequences for their reproductive health, nutrition, ability to complete school and overcome poverty.
2. In response to this reality, palliative approaches that support vulnerable youth with charity and reactive social services are giving way to approaches that focus more proactively on realizing youth's economic potential. In this context, access to sustainable and appropriate financial services offered in tandem with non-financial services, can provide youth the tools to protect, diversify and increase their sources of income and to make their own economic decisions for the path out of poverty. UNCDF proposes this project to support entrepreneurship, women's empowerment and education among others.
3. YouthStart is a 54-month, US\$12 million programme, funded by The MasterCard Foundation, to support the building of youth inclusive financial sectors in Least Developed Countries (LDCs) in Sub-Saharan Africa. The outcome of YouthStart by the end of the programme (2014) will be:
 - Increased sustainable access to appropriate demand driven financial and non-financial products and services, to more than 200,000 poor and low income youth (age 12-24) in Least Developed Countries (LDCs) in sub-Saharan Africa
4. The specific outputs that the programme aims to achieve are:
 - To expand low income youth access to financial and non financial services by supporting financial service providers (FSPs) and their partner Youth Serving Organizations (YSOs) to conduct youth inclusive market research, develop and deliver comprehensive services³ to youth.
 - To build institutional capacity of FSPs, YSOs, policy makers, donors and other stakeholders (including UNCDF's internal capacity) to provide comprehensive youth services; and,
 - To expand access to and mobilize knowledge related to youth financial services, by acting as a convener and facilitator among stakeholders (e.g., governments, national and regional microfinance associations, banking industry experts, regulators).
5. By the end 2014, the programme will have achieved the following minimum results:
 - 200,000 additional youth who access financial and non-financial services;
 - 80% of new youth products and services brought to scale;
 - 50 representatives of financial institutions, youth support organizations, stakeholders, and UNCDF staff members will be trained in youth microfinance;
 - 12 documents extracting and comparing lessons learned will be broadly disseminated to industry stakeholders.

¹ See World Bank "World Development Report, 2007."

² OECD Development Centre (2008), Investing in Africa's Youth, Policy Insights #62, April 2008, France

³ Comprehensive financial services are defined as a package of demand driven financial and non-financial services for youth

6. UNCDF is in a strong position to develop an active policy dialogue with national authorities on the importance of YFS as a means to promote long-term financial inclusion. Based on the experience gained through The MasterCard Foundation's support, UNCDF will be in a stronger position to promote the youth microfinance agenda through its sector-based programmes on inclusive finance at the country level. YouthStart will provide UNCDF with the necessary tools and expertise to promote the youth microfinance agenda in its investment strategy at the retail MFI level, through the Investment Committees (ICs) that are set up in each sector-based programme and fund a large range of retail institutions.

I. Situation Analysis

7. Sub-Saharan Africa is home to over 200 million young people between the ages of 12 and 24, and the number of young people in this age bracket will peak in the next 20 years. This represents the largest cohort of this age ever. Young people in general experience some degree of difficulty or uncertainty as they transition into adulthood. However, the situation that youth in Sub-Saharan Africa faces is one of the most difficult in many respects and poverty remains a major constraint to the achievement of their full potential. 48 percent of Sub-Saharan Africa's youth lives with less than \$1 per day (78 percent if measured at less than \$2 per day). 50 percent are illiterate and over 20 percent are unemployed. The formal job market is limited, leaving low-paying and dangerous work for youth. It has the lowest primary enrolment rates of all regions⁴.

This picture is particularly grave for young women, often subject to violence and exploitation, with limited rights and opportunities to build personal assets that can help them improve their social and economic standing. Poverty is foremost among the reasons for poor educational attainment among young women. For instance, in Uganda and Mali, more than 40 percent of young women did not complete primary school because they were unable to pay education costs or needed to contribute to the household income⁵. Women in the region marry very young. In Malawi and Uganda, for example, close to 40 percent of women are married by the time they are 18 years old. With marriage, young women are suddenly faced with the responsibility of caring for a household, and for children often soon thereafter. Since many of these young women stop schooling at an early age, they become increasingly isolated as their social networks rapidly shrink.

This situation further reinforces the existing tendency for young women to be excluded from decision-making in their households. The UN World's Youth Report points out that in Mali only 9.9 percent of women between 15–19 years of age have independent or joint final say in a decision involving the making of large purchases. In Burkina Faso, this percentage decreases to 7.9 percent. This inability to make important decisions within the household is especially detrimental because exclusion from financial decisions in the household can result in a weakened ability of young women to engage in financial strategies, such as building assets, which is key to economic development of poor households⁶.

8. In response to this reality, palliative approaches that support vulnerable youth with charity and reactive social services are giving way to approaches that focus more proactively on realizing youth's economic potential. In this context, access to financial assets and resources is gaining attention as a key contributing factor to help youth make their own economic

⁴ UN Millennium Project. 2005. Investing in Development: A Practical Plan to Achieve the Millennium Development Goals. New York

⁵ *World Youth Report*. (2007) United Nations. <http://www.un.org/esa/socdev/unyin/documents/wyr07_complete.pdf> (July 22, 2009).

⁶ Sherraden Michael. *Assets and the Poor: A New American Welfare Policy*. Armonk, NY: M.E. Sharpe, 1991

decisions to escape out of poverty. This access might start out small. Often, very young adolescents need only a relatively minor amount of money to pay for basic necessities, such as supplies for those attending school, sanitary napkins for girls, and clothes and shoes as they grow out of their old clothing. But depending on the household dynamics, youth might also be called upon to contribute to basic household expenditures, such as food and medicines. In both instances, access to small amounts of savings might be all they need. However, in the process of learning about saving and applying that knowledge, young people begin to establish a foundation of sound financial decisions. Experience in the microfinance industry has demonstrated that savings is an essential building-block for increasing the capacity of youth to access a wide range of financial services⁷. As youth grow up, access to credit becomes critical for youth wanting to become economically independent, or needing suddenly to manage a household, as when a parent dies.

Emerging best practices suggest that youth benefit most from financial services, when offered in tandem with non-financial services such as the ones described in Box 1⁸. A Harvard University study found a significant increase in the probability of using financial services for people with *low* initial levels of financial literacy and *low* levels of education who participate in a financial education program⁹. When youth do have access to savings and credit, they need to know how to leverage them appropriately.

Box 1: Youth Livelihood Development Needs

In addition to access to investment capital, to support livelihood development, youth need a variety of non-financial services, including:

- **Life skills development:** building self-confidence, working in teams, interpersonal skills, coaching;
- **Entrepreneurial skill building:** training and technical assistance related to business development, including market research, product development, networking, etc.
- **Financial literacy education:** personal financial management, importance of savings, how to calculate returns on investment, etc.

Source: "Youth Microenterprise and Livelihoods: State of the Field," Making Cents International, 2008.

9. By supporting the development of sustainable and appropriate financial services for youth, as well as linkages to non-financial services, UNCDF proposes this project as an important step toward addressing the following needs:
 - Support entrepreneurship: The World Bank referred to the situation for youth as "an unprecedented opportunity to accelerate growth and reduce poverty," but warns that if youths' need for employment is not addressed, they could destabilize countries and "be a drain on the economy."¹⁰ Given the reality that there will not be enough formal sector jobs to employ all youth, many will need to generate their own income through entrepreneurial livelihoods. Even though, some of the older youth may use credit to achieve the goal of starting a business, various programs have observed that the youth that they serve, especially those who are

⁷ State of the Field in Youth Enterprise, Employment, and Livelihoods Development. (2009) Making Cents International. <<http://www.imaginationations.org/documents/MakingCentsInternational2008StateoftheFieldPublicationvPrint.pdf>> (July 23, 2009)).

⁸ Ibid.

⁹ Cole, Shawn, Thomas Sampson and Bilal Zia (2009). Financial Literacy, Financial Decisions, and the Demand for Financial Services: Evidence from India and Indonesia. Boston, MA : Harvard Business School. <<http://www.hbs.edu/research/pdf/09-117.pdf>> (July 22, 2009)

¹⁰ P.2, World Development Report 2007., World Bank

younger, value savings services over loans and older youth note that starting a new business using savings is safer than starting with a loan¹¹.

- Support women's empowerment: An initiative of the Population Council in Kenya, for example, couples the savings programme with training on sexual and reproductive health and entrepreneurship. The programme has shown positive behavior change, more empower gender attitudes (e.g. marriage is not the only option for an unschooled girl) and increase knowledge of reproductive health.¹²
- Support engagement in public life: Youth often feel unheard and disaffected from public life. Inclusion in financial services provides a way for youth to become vested in the life of the community. At Hatton National Bank, services for youth are run by youth, providing them with a sense of inclusion and control. YFS are viewed as a way to improve the overall community.¹³
- Support educational attainment: Depending on the household dynamics, some youth may drop out school because of lack of resources to pay for school fees or supplies. In most cases, the first ones in the family to be forced to drop out school are girls. A study of USAID points out, a growing number of youth would like start saving to pay for their education¹⁴ but they lack the safe places to do so.

10. In spite all the tangible benefits of serving youth, the number of FSPs that consider youth as an important new market, which needs specific products, is limited. Youth represent the FSPs next wave of new clients. Yet, very few FSPs understand the nuances and peculiarities of serving this market and know even less about youth-serving organizations (YSOs) with whom they might partner in order to understand how to reach out to and design products for youth. For this project, YSOs not only include organizations that focus specifically on youth development, but also include organizations that offer life skills development, business training and technical assistance, financial education, networking and mentoring to youth.

An increasing number of African MFIs are now mobilizing deposits, which has been fuelled in part by the recent global financial crisis. The outreach measured in the number of microsavings clients for Sub-Saharan Africa has increased from 250,000 in 2006 to over 1.3 Million in 2008¹⁵. In fact, the region had the largest growth in depositors of any region in 2008, at 40 percent¹⁶. Based on UNCDF's and others' research conducted to date, many FSPs that offer savings express an interest in serving youth, but few are equipped to do so. Reasons for this include a general bias against youth as productive recipients of financial services, assumptions that existing products and services are sufficient to attract youth, and client groups that exclude youth based on perceptions that youth cannot save or productively manage credit. In addition, many FSPs cite legal and regulatory constraints on serving youth (i.e., age restrictions).

11. Most youth remain outside the formal financial system; UNCDF's vision is to change that – to ensure that financial sectors include youth. Although not all youth are 'economically' active, they do have financial services needs, for example saving for school fees. YouthStart will support in-school and out-of-school youth, many of whom engage in income generating activities or contribute to family businesses, but are not employed in the formal sector. In addition, youth can use savings to build financial history with FSPs and demonstrate their income flows to FSPs for consideration for future loans. Savings mobilization allows FSPs to build their client base, lower their cost of funds and increase profit margins over the long

¹¹ Donahue, Jill, David James-Wilson, and Evelyn Stark. 2006. "Microfinance, Youth and Conflict: Central Uganda Case Study." microREPORT #38. Washington, DC: USAID.

¹² Tap and Reposition Youth (TRY): Providing social support, savings and microcredit opportunities for young women in areas with high HIV prevalence. (2006). Population Council. <<http://www.popcouncil.org/pdfs/seeds/seeds23.pdf>> (July 22, 2009).

¹³ "Are Youth Savings Really That Different?" AZJM Presentation, 2010

¹⁴ HIRSCHLAND, Madeline, "Youth Savings Accounts: A Financial Service Perspective". USAID, May 2009.

¹⁵ Microfinance Benchmarks" for 2006, 2007 and 2008, Mix Market.

¹⁶ "Microfinance Analysis and Benchmarking Report" for Sub-Saharan Africa, 2009, Mix Market.

term, which will counterbalance the initial costs of reaching this clientele. The programme will focus on FSPs that are able to mobilize savings, since according to UNCDF's and many FSPs' research to date, youth have stated that savings is more important to them than credit. By working with FSPs that have a history of offering savings accounts to low income people, YouthStart will work with FSPs that offer savings services to low-income populations, defined as having¹⁷:

- an average savings balance < 20% GDP/capita; or
- a minimum opening balance < \$15

12. The programme acknowledges that the targeted youth are not a homogeneous group. Since life cycle changes occur rapidly during youth, product design may ideally be driven by youths' frequently changing needs. For example, savings services to accumulate assets as well as basic life skills training may be required at earlier youth stages than credit. Market research is crucial in determining the needs of this heterogeneous group based on factors, such as age, gender and level of education. YouthStart will support selected FSPs to better understand youths' needs and design products/services, marketing and delivery approaches that are youth appropriate. Youth, regardless of age, can save (e.g., with a parent co-signing for an account), but do not always have access to credit since most countries have legal limits for those who can execute contracts. The market research will also help FSPs to fully understand the legal framework in their own countries and how their products need to be adapted or designed in order to address these legal barriers.

13. Based on the growing youth population and the desire to promote long-term microfinance sustainability, UNCDF is fully committed to promote youth as a viable market. This is demonstrated via our 2010-2013

Corporate Management Plan, for which the 2010 Action Plan includes an initial action item, "Actively Promote Youth Microfinance." Several governments and donors, including USAID and DFID, have also identified the need

Box 2: UN Member States Support World Programme of Action for Youth.

Its 15 priority areas fit within the following three clusters:

1. **Youth in the global economy:** including hunger and poverty, education, employment and globalization;
2. **Youth and their well being:** including health, drug abuse, girls & young women, delinquency, conflict, and HIV& AIDS;
3. **Youth in civil society:** including ICT, environment, leisure,

to support youth's holistic development, including their access to finance and sustainable livelihoods. In 2009, the African Union declared this the decade for youth development in Africa.¹⁸ In addition, the United Nations' Member States have made a firm commitment to youth development, as described in Box 2. In partnership with the European Commission and the Council of Europe, the UN has designated August 2010-August 2011 as the International Year of Youth, which will focus on promoting dialogue and mutual understanding (see <http://social.un.org/youthyear/>). YouthStart will leverage UNCDF's ability to connect with these development partners and other UN agencies to promote YFS.

14. The project will use the UN platform on youth and its strong influence with LDC governments to raise awareness of youth's need for appropriate financial services and to ensure broad exposure to issues surrounding youth access and uptake of relevant financial services. When appropriate, the program will build linkages with non-financial services for youth such as entrepreneurship, training and youth business development by working with a variety of stakeholders that are important to youths' access to financial services, including FSPs, YSOs, technical assistance consultants, donors and government policy makers, among others.

¹⁷ Peachey, Stephen. "Savings Banks and the Double Bottom Million-Line. World Savings Banks Institute for the World Bank, 2006

¹⁸ Press Release 57, www.africa-union.org, 2009.

II. Strategy and Description of the Proposed Programme

Background/context

15. YouthStart targets low-income youth between 12 and 24 years of age in LDCs in Sub-Saharan Africa. Special focus will be given to countries where total youth population exceeds 40%, the percentage of youth living on less than US\$2 per day is more than 50% and the percentage of youth consuming less than the dietary minimum is more than 15%¹⁹. The initial 14 countries where YouthStart will focus are highlighted in table 1 which represents 14 out of the 33 total African countries identified as LDCs (see Annex B for a list of all African LDCs).

Table 1: YouthStart Target Countries

1. Burkina Faso	5. Malawi	9. Rwanda	13. Togo
2. DRC	6. Mali	10. Senegal	14. Uganda
3. Ethiopia	7. Mozambique	11. Sierra Leone	
4. Liberia	8. Niger	12. Tanzania	

16. In preparation for this project, UNCDF researched the microfinance markets in each of these countries and identified over 125 FSPs which were one of the following: a partner in one of UNCDF's Inclusive Finance programmes, a MicroLead²⁰ grantee, or a MIX Market microfinance institution (MFI) with data quality of 3-5 diamonds.

Lessons Learned

17. YouthStart will build on UNCDF's internal strengths in the areas of managing competitive and transparent grant funds, strengthening microfinance providers and influencing government policies. These strengths have been demonstrated in several UNCDF programmes, including MicroStart²¹ and MicroLead, among others.

18. In addition, YouthStart will benefit, as highlighted in the final report for the Smart Aid Donors review for 2008, from the following UNCDF's internal strengths:

- Strategy for Building Inclusive Financial Sectors consistent with good practices: Developed with the participation of a broad range of staff, UNCDF's strategy is user-friendly and lays out the agency's approach to promote inclusive financial sectors.
- Responsiveness to evaluations and reviews: The refinement and evolution of UNCDF's strategy over the years demonstrates an exceptional willingness and proven ability to change based on feedback.

¹⁹ See Overcoming the barriers of poverty: Challenges for Youth participation in Sub-Saharan Africa at http://www.un.org/esa/socdev/nyin/documents/wyr07_chapter_3.pdf

²⁰ MicroLead is a global funding facility implemented by UNCDF which provides grants and loans to global microfinance market leaders to enter LDCs with programming. See programme document at www.uncdf.org/english/microfinance/uploads/project/2008-10-27_21%20October_08_Savings_Led_Market_Leaders_LDC_FIF.pdf.

²¹ See CGAP's review of the UNDP microfinance portfolio finding that MicroStart was the successful model, at: www.uncdf.org/english/microfinance/uploads/evaluations/UNDPMicrofinancePortfolioReview.pdf

- Strong technical staff with mandate to review and approve all microfinance programs: The PPOM unequivocally states that the advice of financial specialists is binding for all UNCDF programming related to inclusive finance.
- Size and experience of focal point matches portfolio: UNCDF enjoys an enviable staff-to-portfolio ratio with its 10-person strong in-house focal point. Placing experienced focal point specialists in the field is consistent with UNCDF's strategy.
- Policy and tools for mandatory performance monitoring and transparency in place: The requirement for regular (mostly quarterly) reporting is highlighted in the strategy and PPOM.
- Flexible grant funding aligned with strategy. UNCDF's primary instrument, grant funding, is well suited to its risk-taking approach and focus on retail institutions in LDCs. UNCDF works through direct implementation rather than national implementation through government, which is appropriate for the private sector focus the Fund seeks to foster. The ability to reassign funds among programs in the inclusive finance practice area reduces potential disbursement pressure.

Proposed Programme:

Development Outcome

19. YouthStart will contribute to the achievement of the Millennium Development Goals (MDGs) particularly the specific goal of poverty reduction in half by 2015, by increasing the sustainable access to financial service by low-income youth in Sub-Saharan Africa.

Outcome and Outputs:

20. YouthStart will aim at contributing to the following outcome:

- Increased sustainable access to appropriate demand driven financial and non-financial products and services, to more than 200,000 poor and low income youth (age 12-24) in Least Developed Countries (LDCs) in sub-Saharan Africa

21. Supported by a strong technical infrastructure, professional staff at regional and national levels, and a roster of experienced consultants), the programme's specific outputs are:

- To expand low income youth access to financial and non financial services by supporting financial service providers (FSPs) and their partner Youth Serving Organizations (YSOs) to conduct youth inclusive market research, develop and deliver comprehensive services to youth.
- To build institutional capacity of FSPs, YSOs, policy makers, donors and other stakeholders (including UNCDF's internal capacity) to provide comprehensive youth services; and,
- To expand access to and mobilize knowledge related to youth financial services, by acting as a convener and facilitator among stakeholders (e.g., governments, national and regional microfinance associations, banking industry experts, regulators).

Output 1: To expand low income youth access to financial and non financial services by supporting financial service providers (FSPs) and their partner Youth Serving Organizations (YSOs) to conduct youth inclusive market research, develop and deliver comprehensive services to youth.

22. YouthStart was designed to employ a two-stage targeted, transparent Request for Application (RFA) process for MFIs and other FSPs. On 15 June 2010, The MasterCard Foundation approved \$970,000 in order to fund the initiation of YouthStart (June 2010- June 2011). Under the Initiation Plan, UNCDF programmed the awarded \$970,000 to conduct all activities of Stage 1 and initiate the activities of Stage 2. The Programme Document for the Initiation Plan was approved by the Programme Appraisal Committee (PAC) on June 25th 2010 ([Annex 1](#) presents the ProDoc of the Initiation Plan).

23. The initiation phase included the design of a Request for Applications (RFA) that was disseminated via the Internet and targeted email and phone communications to pre-screened FSPs that met the following criteria:

- greater than 15,000 depositors;
- profitable (ROA positive);
- solid portfolio quality; and
- legally offer low-balance savings accounts.

In August 2010, a thorough review of Stage 1 applications was conducted including the initial scoring of applications. The criteria was reviewed and endorsed by UNCDF field staff and The MasterCard Foundation prior to reviewing the proposals. ([Annex 2](#) presents summary of selected and non-selected applicants).

24. UNCDF signed a Performance Based Agreement (PBA) with the selected FSPs and awarded 19 matching grants of \$20,000 each to be used to (a) participate in the Global Youth Enterprise Conference and a 3-day youth market research workshop (in English in Washington D.C. following the conference or in French in Dakar), (b) conduct market research of youths' financial needs and preferences, and (c) submission of market research findings and develop a business plan of youth services identified in response to the Stage 2 RFA.

25. The main 2 deliverables of Stage 1 grants will be market research reports and a business plan (expected in January 2011). These reports will include not only copies of the surveys employed, and quantitative and qualitative results of the surveys, but information on what number and percent of the FSPs' active clientele is currently youth (i.e. baseline data), what YFS products are offered by competitors and other FSPs, what the legal environment is for YFS, and whether an internal champion of YFS in senior management has been identified. FSPs that submit credible market research reports and compelling business plans will be invited to participate in the Stage 2 RFA.

26. After obtaining government endorsement, the Stage 2 RFA process will start in February 2011 and will result in three-year grants to FSPs to design, pilot, roll-out new and/or improved comprehensive youth products and services. The Stage 2 RFA will contain a standard format, to be developed by UNCDF, so as to ensure comparability of applications. Stage 2 applications will include a description of the FSPs' proposed product development (or adaptation) process, building upon their market research findings.

As noted by MicroSave, the product development process includes market research (conducted under the Stage 1 grant), plus concept development, costing and pricing, risk analysis and process mapping, refining the concept into a prototype, prototype testing, pilot testing (which in itself contains ten steps), product marketing and rollout. In addition, UNCDF will ensure some of the Stage 2 grant funds are allocated to the FSPs' own documentation of the development process.

27. Stage 2 applications will also contain details about the proposed business model to deliver non-financial services to youth. There are three common business models²² for integrating financial services with non financial services:

- **Linked:** An FSP partners with another independent organization. In the case, the independent organization is a YSO that offers training, non-formal education and/or mentoring while the FSP focus in the financial service part of the equation. A good example of this business model XacBank in Mongolia. In this model, XacBank partners with schools. The school integrates financial education to its curriculum and XacBank visits the school to open savings accounts.
- **Unified:** The same staff of the same organization offers both financial and non-financial services. In this case, the staff of the FSP will reach out the youth to offer both, financial services and non-financial services. FSPs known for using this business model with adults are CRECER in Bolivia, RCPB in Burkina Faso and FUCEC in Togo. Freedom from Hunger is now starting to experiment using this model with youth in West Africa.
- **Parallel:** the FSP has a separate education department and uses it to offering education to its clients. FSPs known for using this approach are ADOPEM in the Dominican Republic and Promujer in Bolivia.

UNCDF will not require that FSPs partner with YSOs (linked model), as some environments might lack a solid YSO and some FSPs will prefer to offer such non-financial services directly (using the parallel or unified). Nonetheless, such linkages will be strongly encouraged and 30 percent of the ranking for Stage 2 proposals will be determined based on the FSP's ability to offer youth holistic services (i.e. financial and non-financial services). UNCDF is open to exploring a variety of approaches to providing youth with holistic services, including through: i) partnerships with YSOs; ii) direct contracting of expert consultants; iii) developing in-house capacity to offer non-financial services or iv) a combination of these approaches. Ideally, holistic services would include training and mentoring on life skills development, entrepreneurship and financial literacy, as well as financial services and networking opportunities.

28. A rigorous selection process will be carried out and UNCDF will endeavor to include multiple countries, institutional types, and product and outreach methodologies. [Annex 3](#) highlights potential selection criteria and weighting that could be used to balance the project's desire to reach scale, emphasize a holistic approach to youth development, as well as maximize the learning agenda.

UNCDF staff and at least three external technical experts in inclusive finance and youth microfinance will review and rank the applications according to the according to the Stage 2 selection criteria. Regional and Country Technical Advisors will also ensure that selected FSPs are on track with other UNCDF commitments when applicable. The key criteria for scoring and selecting Stage 2 proposals will be reviewed and endorsed by The MasterCard Foundation prior to reviewing the proposals. The external experts' written reviews will inform the award decisions to be made by UNCDF's FIPA Investment Committee. A MasterCard Foundation staff member will participate in the decision process ex-officio, as a way to stay informed of the project's progress. In light of potential future additional investments, the proposals will be placed into 3 categories:

²² DUNFORD, Christopher. "Building Better Lives: Sustainable integration of Microfinance with Education". Chapter Two in Sam Daley-Harris, ed., *Pathways Out of Poverty: Innovations in Microfinance for the Poorest Families*, 75–131. (2002). Bloomfield, CT: Kumarian Press.

Category 1: Investable and funded from current resources

Category 2: Investable

Category 3: Not investable. Rejected

29. As in Stage 1, UNCDF's standard PBA will be used with Stage 2 grant recipients. PBAs will include key process milestones (e.g. new product developed and pilot tested), as well as key performance targets for Stage 2 (youth outreach, percent female; number of products developed, rolled out, scaled up, YSO linkages, other services offered or facilitated, e.g., financial education). Some PBAs will include sub-grants to YSOs. Funds will be released in tranches over the three year Stage 2 grant period by UNCDF headquarters based on the FSPs' meeting targets and disbursement conditions in the PBAs. In this way, UNCDF will be able to hold grantees accountable for results and to minimize investments in grantees who do not manage to yield success results with their initial grant funds.

Output 2: To build institutional capacity of FSPs, YSOs, policy makers, donors and other stakeholders (including UNCDF's internal capacity) to provide comprehensive youth services

30. At the end of September 2010, 17 staff from Stage 1 grantees and 3 UNCDF staff attended the Making Cents Global Youth Enterprise Conference. In addition, all Stage 1 grantees and 10 UNCDF staff attended a 3-day market research workshop offered by Making Cents International (in English in Washington D.C. or in French in Dakar). ([Annex 4](#) presents an attendance record to both trainings and the Global Youth Conference).

31. During Stage 1, UNCDF staff along with expert consultants will provide direct technical assistance in the following areas:

- Market research to ensure that FSPs are appraised of market research tools, such as MicroSave's numerous online tools, and that additional short-term YFS market research and analysis expertise is accessible to the FSPs;
- Product design and market segmentation;
- Identification of appropriate training in youth microfinance;
- Advice on the contracting of expert consultants, as necessary; and
- Advice on options for partnering with YSOs to help participating youth gain the financial literacy and other skills they need to optimally use the financial services they receive.

32. Youth development specialists would be available to assist FSPs with understanding youth's development constraints and forging creative linkages with YSOs that result in appropriate YFS. Through its communications and technical support, YouthStart will reinforce the importance of involving youth in the design and delivery of products and services such as:

- Assessing and responding to youth's needs;
- Monitoring youth satisfaction with products and services;
- Contracting and hiring young adults to advise marketing and branding; and,
- Providing venues for youth to offer input on how to improve products and services.

33. During Stage 2, YouthStart will continue to organize YFS trainings for its technical staff at the country and regional levels to ensure that at least seven country-level and regional technical staff possess the necessary skills and qualifications to be able to provide comprehensive technical assistance to FSPs and policymakers on YFS, as well as to inform and prepare for UNCDF's expanded efforts in YFS in the future. It will accomplish this by sending staff to at least one training, workshop or seminar annually.

34. YouthStart will also organize and facilitate regional trainings in English or French for Stage 2 grantees on youth product design and delivery, which will include peer learning exchanges and visits to an MFI that offers a successful financial service to youth. FSP travel and participation costs will be factored into their grant agreements. Possible sites include visits to Population Council and K-Rep Bank's Tap and Reposition Youth (TRY) programme in Kenya for English speakers and to Freedom from Hunger's programme with the MFI, Nesigiso, in Mali for French speakers. Both programmes offer unique insights into how FSPs can partner with YSOs to support youth's holistic development, including demand-driven financial and non-financial services, with an emphasis on female youth. Organized and guided by Youth Microfinance Specialists, these activities will ensure that Stage 2 FSPs have considered all aspects of product development to ensure success, similar to the approach used by Procasur (see Box 3). To maximize learning, all trainings will employ participatory adult-learning methodologies, which encourage participants to extract and share their own knowledge and experiences. In cases where two competing FSPs are participating in the same training, group discussions will be organized in such a way so as to avoid conflicts.

Box 3: Approach to Peer Exchanges. To ensure success, UNCDF will apply a proven approach to managing peer exchanges. In particular, the YFS Specialists will:

- contact all participants ahead of time to customize the learning objectives to FSP needs and questions;
- communicate these needs with the programme hosts to prepare sessions and responses to questions;
- coordinate all logistics to ensure participants can focus on the learning agenda;
- integrate a combination of knowledge demonstration, discussions of processes, trouble shooting and question/answer session in each session;
- end each day with a wrap up discussion to synthesize key lessons learned;
- after exchange, follow up with participants to ensure learning is being adapted and applied;
- draft case study, summarizing approach and lessons learned from the exchange.

35. In addition to the aforementioned trainings, during Stage 2, UNCDF will provide and/or facilitate appropriate technical assistance and training on an ongoing basis to the FSPs, which will include:

- Project design and pilot-testing
- IT solutions to expand outreach
- Adjusting management information systems
- Internal control and risk management
- YSO linkage and relationship building
- Youth development, monitoring and impact assessment

36. Technical assistance and training will also be offered to YSOs, as needed. After each training or technical assistance activity, the participants will be asked to complete an evaluation form to assess the extent to which their capacity was developed and their level of satisfaction with the consultant(s), technical content covered and approach used. UNCDF's Regional Technical Advisors (RTAs) and Country Technical Advisors (CTAs) will regularly visit the partner FSPs and YSOs (at least twice per year) to provide technical assistance and oversight, as well as to collect and verify qualitative and quantitative results data. This information will be used to monitor progress and to improve future capacity building activities, as well as to capture important lessons learned for the knowledge management component, described below.

Output 3: To expand access to and mobilize knowledge related to youth financial services, by acting as a convener and facilitator among stakeholders (e.g., FSP, YSOs, governments, national and regional microfinance associations, banking industry experts, regulators).

37. In particular, YouthStart will contribute to the growing body of knowledge on YFS by facilitating practitioner knowledge sharing and learning, encouraging and forging linkages between stakeholders, and by extracting, documenting and disseminating lessons, and encouraging their application in other environments.
38. As with its other programmes, UNCDF envisages that YouthStart will create important market demonstration effects, which will compound results and attract additional donor resources, so that it expands and continues beyond this initial programme. Long-term indications of such multiplier effects will include:
- Non-grant recipient FSPs will begin offering YFS and forging linkages with YSOs;
 - Donors and consultants will show increased interest and investment in improving their YFS knowledge;
 - Government agencies will place a higher priority on removing obstacles to YFS;
 - YFS will be considered at the National Investment Committee for other FIPA countries
39. Based on the experience gained through The MasterCard Foundation's support, UNCDF will be in a stronger position to promote the youth microfinance agenda through its sector-based programmes on inclusive finance at the country level. UNCDF is in a strong position to develop an active policy dialogue with national authorities on the importance of YFS as a means to promote long-term financial inclusion. UNCDF will also be able to integrate this agenda in its work with national microfinance associations, helping them to develop targeted training and advocacy programmes to their MFI members on this theme. Finally, UNCDF will promote the youth microfinance agenda in its investment strategy at the retail MFI level, through the Investment Committees (ICs) that are set up in each sector-based programme and fund a large range of retail institutions. Considering those ICs are composed of several other donors (e.g., KfW, World Bank, Cordaid, CIDA, European Commission) that typically bring a substantially higher combined volume of funding than UNCDF's own resources (sometimes by a factor of 1 to 10), UNCDF anticipates these ICs will be a powerful platform to (i) sensitize other donors to the potential offered by youth microfinance, and (ii) leverage UNCDF's own funding capacity to support the programme's expansion.
40. UNCDF will build on the findings of the YouthSave research and apply a systematic process to extract and share YFS knowledge to facilitate regional and global learning and encourage its application in multiple countries and environments, so as to maximize the value of this programme. By partnering with some YSOs, the programme also offers the opportunity to compare and contrast the value added by YFS with and without non-financial services for youth. Therefore, this programme offers The MasterCard Foundation and UNCDF the unique opportunity to learn exactly how and the extent to which its microfinance and youth education objectives can intersect and mutually reinforce each other.
41. UNCDF will integrate a learning component into all major activities, extracting YFS best practice knowledge related to market research, product design and adaptation, product delivery and marketing, pilot testing, and grant management. All the reports from Stage 1 and Stage 2 grantees (market research reports, business plans, pilot test reports, etc) will strengthen FIPA knowledge of the YFS markets in various African LDCs and offer an indication of the seriousness and potential of these FSPs to provide appropriate, demand-driven YFS. They will also play a critical role to promote YFS in those countries where legal barriers are preventing the industry to emerge.

42. The knowledge management component will accelerate global learning related to YFS, as the project will endeavor to include multiple countries, institutional types, and product and outreach methodologies, which will allow for interesting comparisons and learning in different communities of practice. The programme will encourage and facilitate the replication of successful new products and approaches in other FSPs and countries. Knowledge management (KM) deliverables will each be adapted for the specific purpose and audiences (i.e. stakeholders) they intend to serve to ensure that key messages convey in a way that will reinforce learning and are used by multiple FSPs in a variety of countries and environments to maximize their impact. Table 2 presents the main elements of the YouthStart programme's knowledge management agenda. In addition, UNCDF will take the lead role in creating a unified community of practice in youth microfinance and will assist the FSPs and other stakeholders to actively participate online and other forums (workshops, conferences etc.).

Table 2: Knowledge Management Purpose, Audiences and Approaches

Knowledge Management Purpose	Audiences	Approaches
1. To identify and share knowledge of how FSPs conducted market research, designed products and delivery mechanisms and overcame obstacles.	Other FSPs – in and out of programme; in other countries; in other regions. Other technical assistance providers – including finance specialists, youth development specialists, etc.	Extract lessons learned and encourage replication through relevant case studies, briefs, and presentations at conferences, etc.
2. To convince other FSPs that youth represent an important and viable market.	Other FSPs – not in programme; in other countries; in other regions, etc.	Highlight market outreach and profit potential from case studies and evaluation reports, presentations, etc.
3. To inform donors and governments how they can best support youth's ability to access financial services.	For UNCDF, The MasterCard Foundation, other potential donors, other youth initiatives within the UN system, government agencies, etc.	Offer suggestions and guidance through donor reports, presentations at conferences policy briefs, etc.

43. Through its partnerships with Ministries of Finance and Central Banks, FSPs, private sector, Development Partners, UN agencies, civil society and academia, UNCDF is positioned to support multi-stakeholder, participatory processes and engage them on the benefit of YFS. UNCDF will use its institutional clout to address policy issues on this programme. It will use its close connections with LDC governments and donors to clarify obstacles to YFS and identify potential solutions for overcoming them. In addition, we will organize national and regional meetings with industry stakeholders and policymakers to present cases and industry knowledge and facilitate discussion on how lessons learned can be applied to ensure an enabling environment for YFS. Success in this area will be demonstrated by policy makers and donors beginning to apply emerging best practices and lessons learned related to supporting youth's holistic development.

Workplan

44. Annex 2 presents a summary workplan, which highlights the core activities across the project's timeline.

Cross Cutting Issues

45. **Gender:** YouthStart will mainstream the gender issue through product development, and outreach in specific niches. The program has set an objective of targeting a majority of young women/girls and aims at encouraging at least 50% of young women/girls beneficiaries within the FSPs.

III. Results Framework²³

Table 3²⁴: Results and Resources Framework (RRF) of the YouthStart Programme

Development Outcome: Contribute to the achievement of the Millennium Development Goals (MDGs) particularly the specific goal of poverty reduction by a half by 2015, by increasing the sustainable access to financial services by low income populations and for small and micro enterprises in SSA Intended Outcome of Programme: Increase sustainable access to appropriate demand driven financial and non-financial products and services, to more than 200,000 poor and low income youth (age 12-24) in Least Developed Countries (LDCs) in sub-Saharan Africa								
Programme Outputs	Executing Agency	Indicative activities for each output	Resource Allocation and Indicative Timeframe					Total USD
			Y1	Y2	Y3	Y4	Y5	
Output 1. To expand low income youth access to financial and non financial services by supporting financial service providers (FSPs) and their partner Youth Serving Organizations (YSOs) to conduct youth inclusive market research, develop and deliver comprehensive services to youth. - 8 to 12 Stage 2 grants issued to FSPs - 200,000 increase in YFS clients by June 2014 (50% of whom are female) -90% of grantees have improved YFS -80% of new YFS are brought to scale (i.e. available at multiple branches) -50% of FSPs forged YSO partnerships to offer youth non-financial services	UNCDF	Stage 2 grantees begin implementation, report as required by PBAs, and receive tranches as conditions are met	0	2,010,725	4,021,450	1,018,950	1 018,350	8,069,465
Subtotal Output 1			0	2,010,725	4,021,450	1,018,950	1,018,350	8,069,465
Output 2. To build institutional capacity of FSPs, YSOs, policy makers, donors and other stakeholders (including UNCDF's internal capacity) to provide comprehensive youth services. -# of YFS market research studies	UNCDF	Relevant stakeholders attend YFS product design and delivery trainings, including visit to successful YFS	0	42,400	76,800	29,400	54,930	203,530

²³ Guidelines on measuring the result-based indicators and yearly targets will be developed in collaboration with The MasterCard Foundation

²⁴ Initiation Plan is not included in this Result and Resources Framework. Refer to Annex 1 for the Result Framework of Initiation Plan

Development Outcome: Contribute to the achievement of the Millennium Development Goals (MDGs) particularly the specific goal of poverty reduction by a half by 2015, by increasing the sustainable access to financial services by low income populations and for small and micro enterprises in SSA Intended Outcome of Programme: Increase sustainable access to appropriate demand driven financial and non-financial products and services, to more than 200,000 poor and low income youth (age 12-24) in Least Developed Countries (LDCs) in sub-Saharan Africa								
Programme Outputs	Executing	Indicative activities for each	Resource Allocation and Indicative Timeframe					Total
conducted; # of YFS products developed, piloted, rolled out. -Stakeholders are better informed about the type of products, marketing, strategies, services, delivery channels and legal frameworks that lead to youth inclusion -Institutions are better informed about the type of non-financial products services and delivery channels that lead to improvements in youth economic outcomes	UNCDF	Provide ongoing T.A to support development and delivery of financial products	0	75,691	147,364	87,250	0	310,305
	UNCDF	Provide ongoing T.A and training to support YSO partnership and understand youth constraints	0	37,036	26,900	39,033	0	102,970
Subtotal Output 2			0	155,127	251,064	155,683	54,930	616,804
Output 3. To expand access to and mobilize knowledge related to youth financial services, by acting as a convener and facilitator among stakeholders -Lessons have been disseminated to a critical mass of relevant stakeholders about key characteristics of client segments and potential products -YouthStart lessons have been disseminated by UNCDF FIPA staff and/or Stage 2 grantees to a critical mass of organizations -All Stage 2 grantees report performance data publicly - Increase awareness for the potential for scale with youth inclusion in financial systems and to create more youth enabling financial systems	UNCDF	Case studies, and policy or programme briefs are researched and disseminated	0	34,411	80,000	79,411	94,284	288,105
	UNCDF	Youth Programme Manager convenes national and regional meetings to improve YFS environment	0	18,850	33,800	16,450	23,900	93,000
	UNCDF	YFS lessons learned summaries written and presentations made in national and international fora	0	8,500	30,250	11,900	13,900	64,550
Subtotal Output 3			0	61,761	144,050	107,761	132,084	445,655

Development Outcome: Contribute to the achievement of the Millennium Development Goals (MDGs) particularly the specific goal of poverty reduction by a half by 2015, by increasing the sustainable access to financial services by low income populations and for small and micro enterprises in SSA Intended Outcome of Programme: Increase sustainable access to appropriate demand driven financial and non-financial products and services, to more than 200,000 poor and low income youth (age 12-24) in Least Developed Countries (LDCs) in sub-Saharan Africa								
Programme Outputs	Executing	Indicative activities for each	Resource Allocation and Indicative Timeframe					Total
Output 4. Programme Management, monitoring and evaluation are conducted efficiently -The conduct of Programme operations are performed efficiently -Mid-term and final evaluations are conducted	UNCDF	YPM coordinates all programmes operations and ensure targets are met or exceeded	0	94,377	197,093	220,478	229,499	741,448
	UNCDF	Programme evaluation is conducted	0	57,900	59,000	11,900	158,884	287,684
	UNCDF	Administration and Facility (7%)	0	179, 132	351,705	114,015	119,959	764,811
Subtotal Output 4			0	331,409	607,799	346,393	508,292	1,793,943
Total			0	2,559,022	5,024,363	1,628,787	1,713,705	10,925,876

IV. Management and Coordination Arrangements

46. Host countries interested to participate in this programme will be asked for government endorsement in order to facilitate entry of the selected FSPs and/or expansion of financial services to include YFS. Where constraints emerge to the expansion of services, the host country will also agree to make the best effort to address those constraints. Finally, the host country government agrees to facilitate the appropriate inclusion of this intervention into their CCA/UNDAF/CPAP at the earliest opportunity.

47. UNCDF Financial Inclusion Practice Area (FIPA) has the organizational capacity with which to rollout a major youth initiative. FIPA works directly in 14 African countries with 65 FSPs and is starting new programmes in five countries in 2010²⁵. In each country where an inclusive finance programme is in place, it also works with meso-level associations, audit firms, accounting firms, training institutes, etc as well as at the policy, or macro, level. In its Building Inclusive Financial Sectors in Africa (BIFSA) regional programme, it has created two regional hubs (Dakar and Johannesburg) where regional technical advisors (RTAs) are located. These regional technical advisors are responsible for two to three Chief Technical Advisors (CTAs) each. In addition to overseeing CTAs who are stationed in each country where there is an inclusive finance programme, regional technical staff also provide technical assistance to UNDP in 16 additional Africa countries.²⁶

This programme will be managed by a Youth Programme Manager (YPM) based in Dakar at one of the two regional offices in Africa and will work closely with the CTAs and RTAs to oversee the programme ([Annex 5](#) presents the job description of the YPM). The regional offices in Dakar and Johannesburg have three RTAs each, who are responsible for overseeing 4-5 countries each. Together, they will be responsible for reviewing the Stage 2 RFAs, vetting FSP applications, conducting due diligence and monitoring and evaluating progress against the project objectives. Please see Table 4 for breakdown of responsibilities for the YPM, RTA and CTA.

Table 4: YouthStart Responsibilities for YPM, RTAs and CTAs

YPM Responsibilities	RTA Responsibilities	CTA Responsibilities
Oversee overall YouthStart programme, including: - coordinate communication between CTAs, RTAs, UNCDF Headquarters and programme partners (FSPs, YSOs, government and donor agents) - manage RFAs, PBAs and partner selection process - manage all internal & external technical assistance and training - manage and monitor programme resources and budget - monitor results against all targets, reports progress and	Provide strategic support to YouthStart programme at regional level, including: - facilitate host-country government endorsements - oversee work of CTAs and oversee countries without inclusive finance programmes - provide technical, strategic and policy advice - act as primary contact with government agencies & donors - coordinate YouthStart	In close coordination with the RTAs, provide support to YouthStart programme at country level, including: - facilitate and maintain contact with programme partners, including governments, FSPs, other donors - conduct due diligence of FSPs & YSOs - provide and facilitate technical assistance and training to FSPs - collect data and monitor

²⁵ Current countries: Senegal, Togo, Liberia, Sierra Leone, CAR, Comoros, Malawi, Mozambique, Niger, DRC, Burkina Faso, Madagascar, Sudan, Rwanda. 2010 new countries: Mali, Chad, Lesotho, Ethiopia, Tanzania.

²⁶ UNCDF supports UNDP activities in financial inclusion in the following African countries: Benin, Mali, Mauritania, Cote D'Ivoire, Nigeria, Congo Brazzaville, Angola, Ethiopia, Burundi, Ghana, Guinea Bissau, Guinea Conakry, Gabon, Cape Verde, The Gambia, Chad.

issues to UNCDF and donors	programme logistics and implementation with other UNCDF programmes	results
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48. The YPM will be supervised by the Senior Advisor based in Dakar in collaboration with the Senior Advisor based in Johannesburg, who in turn report to the FIPA Director. These staff members have more than 20 years experience overseeing financial services projects in LDCs. The YPM will coordinate with other FIPA Headquarters staff to share experiences and lessons from other UNCDF programmes, such as MicroLead, and to access other technical input, such as on YFS policy from the FIPA Policy Advisor and on microfinance institutional strengthening from the MicroLead Programme Manager. Collectively, the UNCDF staff will together ensure YFS is “on the agenda” of each country’s inclusive financial sector programme and that grants are monitored appropriately.
49. The FIPA Director and Deputy Director will initially dedicate approximately fifteen (15%) and ten (10%) percent of their time, respectively to this programme. In addition, the Senior Advisors in Dakar and Johannesburg will also dedicate 10% of their time to this programme. Other development partners wishing to make use of these arrangements would be able to do so, under cost-sharing arrangements. The YPM will also ensure that policymakers are informed of the current activities in YFS and that linkages are made to regional initiatives, like the Partnership for Making Finance Work for Africa²⁷ and Techmifa.²⁸
50. While the ideal YPM will have youth development experience in addition to strong microfinance and market research background, to ensure adequate youth-related and other expertise, the YPM will also have access to a large pool of technical assistance consultants for short-term advisory services and field-based consulting. The YPM will oversee short-term technical specialists who will provide assistance to the project, as needed. In addition a list of potential candidates will be made available to provide work in the areas of microfinance (including market research, product development and adaptation, policy advising and knowledge management), youth development (to work with the YSOs), management information systems and evaluation. All positions will require a minimum of five years in the area of expertise and a relevant master’s degree (or an additional 3 years experience if they only hold a bachelor’s degree).
51. Given the project’s objective to change behavior amongst a broad range of stakeholders involved in YFS (FSPs, YSOs, government, policy makers and donors), there will be a Steering Committee focusing on YouthStart’s progress to date. The Steering Committee will meet every 6 months.

Visibility and Outreach

52. For all of its knowledge management and promotional materials, the YouthStart programme will include both The MasterCard Foundation and UNCDF logos. To the extent possible, YouthStart will acknowledge the important role The MasterCard Foundation plays in

²⁷ Making Finance Work for Africa draws on a wide range of contributors, including African governments and major partners such as the World Bank, the African Development Bank (AfDB), the German Development Corporation (GTZ), the Consultative Group to Assist the Poor (CGAP), the European Investment Bank (EIB), the Financial Sector Reform and Strengthening Initiative (FIRST), the French Development Agency (AFD), the UK Department for International Development (DFID) and the Swedish International Development Agency (SIDA). The Partnership aims to combine expertise and experience in financial sector development, to increase awareness and knowledge and adapt best practices and policy advice to suit local conditions.

²⁸ US\$ 5 million fund managed by the African Development Bank to support inclusive financial sectors.

supporting this important initiative, while ensuring such branding and attribution remains within compliance with UNCDF branding standards and requirements.

53. UNCDF will use the network of UN Agencies to raise visibility and outreach. It will particularly

V. Fund Management Arrangements

54. The total budget is financed under the contribution of The MasterCard Foundation. UNCDF and The MasterCard Foundation will enter into a Cost-sharing Agreement. UNCDF will programme the funds and manage the activities specified in the RRF in line with its established rules and regulations. Thus direct implementation (DEX) will be the budget management method of UNCDF. [Annex 6](#) provides a detailed programme budget.

55. The YouthStart program has two Stages, both of which include grant components. In response to an initial request for assistance (RFA), in Stage 1, YouthStart will award up to 20 grants of \$20,000 each to selected financial service providers to assist them with their participation in YFS market research and training, as well as to prepare a proposal in response to the Stage 2 RFA. Stage 1 RFAs will require a 1:1 matching contribution (in cash or in kind) from FSP applicants. Based primarily on the success and findings of the Stage 1 market research, 8-12 FSPs will be selected for Stage 2 grant awards. The Stage 2 RFA will encourage cost sharing, as a way for the FSPs to demonstrate their true commitment to serve youth, but will not require a 1:1 match. A total of \$8 million will be available for Stage 2 grants.

Transfer of cash to national Implementing Partners

56. UNCDF's standard PBAs will be used for both Stage 1 and Stage 2 FSP grant recipients. After reference and data checks (including unqualified financial audit reports), Stage 1 cash grants will be transferred to selected FSPs through wire transfers to their bank accounts, only after representatives of all parties have agreed to the nature of the collaboration and the use of the grant funds.

The larger Stage 2 cash grants will require a more thorough due diligence process, including on-site visits to the FSPs under consideration, to verify the allegations made in the proposals related to their YFS market potential, as well as their management and operational abilities to perform according to the anticipated agreement. After clearing the due diligence process and receiving government endorsement, representatives from both parties (UNCDF and the FSP) will sign the Stage 2 PBAs, which will include initial process milestones (new products developed and piloted), as well as key performance targets for Stage 2 (youth outreach, percent female; number of products developed, rolled out, scaled up, YSO linkages when applicable, other services offered or facilitated, e.g., financial education). Funds will be released in tranches over the three year Stage 2 grant period by UNCDF based on the FSPs' meeting targets and disbursement conditions in the PBAs. In addition, PBAs with individual FSPs will ensure that FSPs set aside sufficient resources to ensure internal monitoring of the results of the grant. In this way, UNCDF will be able to hold grantees accountable for results and to minimize investments in grantees who do not manage to yield success results with their initial grant funds.

VI. Monitoring, Evaluation and Reporting

57. Below is a description of how UNCDF will conduct its monitoring and evaluation, including its reporting schedule. Table 6 shows the YouthStart's Monitoring Framework (RRF).

Annual/Regular reviews

58. The programme is subject to an independent mid-term and final evaluation, managed by the independent UNCDF Evaluation Unit. The evaluation is in compliance with the UNCDF mandatory evaluation requirements in the UNDP Evaluation Policy,²⁹ to which UNCDF is party. An evaluation plan will be formulated at the start of project operations and UNCDF will solicit The MasterCard Foundation's input for its development.

Evaluation

59. Participating FSPs will agree to provide necessary data and collaboration for case studies and briefs that will be produced as part of the programme's knowledge management agenda. The exact scope and structure of such studies will be determined after programme start-up. It is expected that the combination of data available from quarterly reporting and monitoring plus case study/brief preparation and dissemination will help advance the YFS field and provide a demonstration effect for other FSPs in the region.

60. The global evaluation will assess the programme's overall performance, the outputs and outcomes produced against its initial targets, the impact it has brought or would likely bring about with a focus on the progress toward providing youth with demand-driven products and services in a sustainable manner, its relevance to assisting UNCDF to achieve the targets of its business plan and management efficiency. The global evaluation will also include a technical assessment of the results from the perspectives of the FSPs and YSOs, and possibly include an evaluation of the impact on youth clients in one or two countries. The results of this evaluation will feed into strategic, thematic and outcome evaluations carried out by UNCDF. In addition, the global evaluation will build on the findings from the knowledge management component of the project, and fill in any gaps needed to highlight programmatic and technical lessons learned for the benefit of YFS and the microfinance industry, as a whole.

61. Monitoring and evaluation will focus on:

- Supporting lessons learned and recommendation to improve programme and technical performance
- Capacity Building of various FSPs and YSOs
- Transfer of skills and continuous learning under the Programme

62. Funding for the evaluations is included in the programme budget. In countries where FSPs funded under this programme coincide with countries where UNCDF is supporting sector development programmes, these country-based evaluations will complement this final evaluation by examining the FSP's contribution to the development of an inclusive financial sector (competitive environment, range of products and services, etc). These evaluations will be managed through a multi-disciplinary, multi-cultural team, led by independent evaluation specialists but with input from field-based staff, including the YPM, RTAs and CTAs. Collectively, the team will visit all grant recipients to perform the evaluation.

Monitoring and Reporting

63. All FSPs supported under this programme will be required to report quarterly to UNCDF, using a standard performance reporting format (adapted from the MicroLead reporting format), including indicators on youth outreach. FSPs will provide audited annual financial

²⁹ See: <http://www.undp.org/ea/documents/Evaluation-Policy.pdf>

statements, and portfolio quality reports directly to the project. In addition, youth-related baseline and quarterly data on number and % (disaggregated by female/male) of youth clients will be collected.

64. The baseline for calculating outreach of the programme will be a starting point of zero (0) youth clients for the up to 12 Stage 2 FSPs supported. As a condition of the grants, MFI FSPs will consent to reporting to the MIX Market and forwarding their data to the Micro Banking Bulletin (MBB) for global and regional benchmarking. Banks and other types of participating FSPs will be asked to collect and share comparable indicators. All FSPs will also provide multi-year business plans to UNCDF. To the extent possible, the project will collect qualitative and quantitative data on the project's impact on youth, in partnership with the FSP and YSO grantees.
65. FSPs and YSOs receiving assistance from the programme will also submit quarterly³⁰ progress reports to the YPM on performance against standard indicators and targets as set in the Grant Agreements. This will include performance data on financials as well as non-financial services provided. Data reported by YSOs will depend on the kinds of services provided to youth. [Annex 6](#) is an example of the kind of data that might be reported by YSOs to the programme.
66. The YPM will compile the reports received into a consolidated semi-annual report for the FIPA Investment Committee. In countries with UNCDF sector development programmes, reports will also be provided to the local investment committee. The YPM will provide reporting on an annual basis to the funders and the Executive Board of UNCDF through its Results Oriented Annual Report, and to the UNDP Resident Representative in the countries with investments.

³⁰ Quarterly reporting would be posted publicly, such as on the MIX Market, should this option become available during the programme.

Table 5: Youthstart Programme Monitoring Framework (PMF)

	Narrative	Indicators (baseline/target and indicative timeframe)	Means of Verification (MoV)	Responsibilities	Risks & assumptions
Specific Objective: Increase sustainable access to appropriate demand driven financial and non-financial products and services, to more than 200,000 poor and low income youth (age 12-24) in Least Developed Countries (LDCs) in sub-Saharan Africa					
Expected Output 1	To expand low income youth access to financial and non financial services by supporting financial service providers (FSPs) and their partner Youth Serving Organizations (YSOs) to conduct youth inclusive market research, develop and deliver comprehensive services to youth.				
	1. Up to 20 FSPs have received matching grants to conduct market research on youth, receive market research training, and, if English-speaking attend youth enterprise conference. 2. 8 to 12 FSPs have received grants to develop YFS, many³¹ in partnership with YSOs. 3. All FSPs have youth-specific products, which are marketed by staff specifically trained on how to reach youth.	Baseline: # and % female of existing youth clients at FSPs receiving Stage 1 or 2 grants # of YSOs in locality able to partner with FSP Targets Year 1 -Up to 20 matching grants issued to FSPs Targets Year 2 - Up to 12 grants issued to FSPs -5,000 increase in # of YFS clients by end of 2011 Targets Year 3 -50,000 increase in # of YFS clients by end of 2012 (minimum of 50,000 new YFS clients, 50% of whom are female) Targets Year 4 -100,000 increase in # of YFS clients by end of 2013 Targets Year 5 -200,000 increase in YFS clients by June 2014 (50% of whom are female)	Responses to RFAs # of agreements Quarterly reports, as well as conduct on-site visits to FSPs for Stage 2 grantees Quarterly reports and mid-term evaluation Quarterly reports Quarterly reports and final evaluation	UNCDF External consultants to review Stage 1 and 2 applications UNCDF & FSPs UNCDF & FSPs UNCDF & FSPs UNCDF & FSPs UNCDF & FSPs & YSOs	Risk of low response to RFAs Assume FSPs will see value in investing in YFS Assume youth interest in YFS Assume sufficient YSOs exist for partnering with FSPs

³¹ The number of YSOs partners will depend on the availability of these institutions in the target geographical areas of FSPs and on the business model (unified, linked or parallel) that the FSPs select to provide non-financial services. For more information on different business models, please refer to "Building Better Lives: Sustainable integration of Microfinance with Education", Dunford, Christopher. Chapter Two in Sam Daley-Harris, ed., Pathways Out of Poverty: Innovations in Microfinance for the Poorest Families, 75–131. (2002). Bloomfield, CT: Kumarian Press.

		-90% of grantees have improved YFS -80% of new YFS are brought to scale (i.e. available at multiple branches) -50% of FSPs forged YSO partnerships to offer youth non-financial services			
Expected Output 2	To build institutional capacity of FSPs, YSOs, policy makers, donors and other stakeholders (including UNCDF's internal capacity) to provide comprehensive youth services				
	1. Up to 20 FSPs have improved capacity to conduct youth inclusive market research 2. 8 to 12 FSPs have improved capacity to develop and adapt YFS 3. Youth microfinance established as core competency within UNCDF.	Baseline: # FSP staff trained (percentage of female staff trained), 0 FIPA staff trained in YFS Targets by Year 1: - Up to 20 FSPs (Stage 1 grantees) receive 1 YFS related training -Up to 20 FSPs (Stage 1 grantees) receive on-going Technical Assistance on YFS market research - 7 UNCDF staff received at least 1 YFS related trainings - All FIPA technical staff introduced to YFS Targets by Year 2: - 8 to 12 FSPs (Stage 2 grantees) and 50% of their YSO partners received 2 YFS related trainings -8 to 12 FSPs (Stage 2 grantees) and 50% of their YSO partners received on-going Technical Assistance on YFS market research and product design - 7 UNCDF staff participate in 2 YFS related training, workshop or seminar -YouthStart Programme on agenda of FIPA Global Annual Retreat Targets by Year 5: - 8 to 12 FSPs (Stage 2 grantees) and 50% of their YSO partners received 4 YFS related trainings	Quality of responses to Stage 2 RFA Quarterly reports, as well as on-site visits to FSPs for Stage 2 grantees Quarterly reports, mid-term & final evaluations	UNCDF & FSPs Making Cents (market research training) External technical consultants	Assume that training and technical assistance will be effective in building capacity

		-8 to 12 FSPs (Stage 2 grantees) received on-going Technical Assistance on YFS market research, product design and delivery - 7 UNCDF staff attend 5 YFS related training, workshop or seminar - 8 to 12 FSPs and 50% of their partner YSOs and local governments receive YFS-related institutional strengthening training & TA			
Expected Output 3	To expand access to and mobilize knowledge related to youth financial services, by acting as a convener and facilitator among stakeholders				
	1. Relevant YFS knowledge is collected, documented, and disseminated	Baseline: 0 FIPA conferences, presentations made, and briefs produced on YFS. 1 background paper on YFS. -YPM and at least 2 FIPA staff members attends Global Youth Conference every year. -YPM presents on YouthStart lessons learned every year at least 1 youth-centered conference. -YouthStart Programme on agenda of FIPA Global Annual Retreat Targets (by Year 3): - 3 YFS case studies policy or program briefs - 4 presentations by Stage 2 grantees at trainings or conferences - All Stage 2 grantees report performance data on the MIX Market - 2 national or regional meetings convened to improve YFS enabling environment	Deliverables collected, reviewed and disseminated Feedback from stakeholders on the value and utility of the deliverables from quarterly reports and the final evaluation	UNCDF & FSPs External technical consultants	Assume that FSPs create results and have interesting lessons to share. Assume that external consultants are effective in extracting knowledge and lessons

		Targets (by Year 5): - 6 YFS case studies - 6 policy or program briefs - 8 presentations by Stage 2 grantees at trainings or conferences - 4 meetings convened to improve YFS environment, including final global meeting linked to FIPA annual meeting to extract lessons and evaluate results			
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VII. Legal Context

67. UNCDF will obtain a minimum of three LDC government signatures to this programme document that will make this programme effective by government buy-in, which will also facilitate the project's ability to encourage policy changes in favor of youth and their access to appropriate and sustainable financial services. In countries where Stage 2 FSP applications are approved by FIPA Investment Committee, host governments will be asked to agree to the support by signing a letter of endorsement. Where constraints emerge to the expansion of services, the host country also agrees to make a best effort to address those constraints. Finally, the host country government agrees to facilitate the appropriate inclusion of the country specific intervention in their CCA/UNDAF/CPAP at the earliest available opportunity.
68. The programme will conform to the Standard Basic Assistance Agreement (SBAA) between the host governments and UNCDF. UNCDF will act as the executing agency for the funds received for this programme while also acting as the implementing agency for the activities, as specified in the RRF. The administration of this programme shall be governed by UNCDF's rules and procedures.
69. UNCDF Financial Inclusion Practice Area (FIPA) will serve as executing agent for the programme funds. The YPM will provide support to the UNCDF FIPA regional advisors and manage the programme on a daily basis. Other development partners wishing to make use of these arrangements would be able to do so, under cost-sharing arrangements. Development partners will be able to participate in key decision points in the process based on time, technical capacity and interest.

VIII. Budget and Workplan

Activities	Description	Resource Allocation				Total
		Y2	Y3	Y4	Y5	
Output 1: Stage 2 support						
Activity 1.1. Stage 2 grantees begin implementation, report as required by PBAs, and receive tranches as conditions are met	Travel	9 175	18 350	18 350	18 350	64 225
	Translations	1 250	2 500	-	-	3 750
	Supplies	300	600	600	-	1 500
	Grants	2 000 000	4 000 000	1 000 000	1 000 000	8 000 000
Subtotal Output 1		2 010 725	4 021 450	1 018 950	1 018 350	8 069 475
Output 2: Capacity Building						
Activity 2.1. Relevant stakeholders attend YFS product design and delivery trainings, including visit to successful YFS	Travel	30 250	54 500	10 900	38 700	134 350
	Translations	2 500	5 000	5 000	5 000	17 500
	Supplies	500	1 000	1 000	1 000	3 500
	Training, Workshops and Confer	9 150	16 300	12 500	10 230	48 180
Subtotal Activity 2.1		42 400	76 800	29 400	54 930	203 530
Activity 2.2. Provide ongoing T.A to support development and delivery of financial products	Consultants	51 891	95 764	55 000	-	202 655
	Travel	23 800	51 600	32 250	-	107 650
Subtotal Activity 2.2		75 691	147 364	87 250	-	310 305
Activity 2.3. Provide ongoing T.A and training to support YSO partnership and understand youth constraints	Consultants	13 236	14 000	13 233	-	40 470
	Travel	23 800	12 900	25 800	-	62 500
Subtotal Activity 2.3		37 036	26 900	39 033	-	102 970
Subtotal Output 2		155 127	251 064	155 683	54 930	616 804
Output 3: Knowledge Management						
Activity 3.1. Case studies, and policy or programme briefs are researched and disseminated	Consultants	29 411	75 000	74 411	89 284	268 105
	Translations	5 000	5 000	5 000	5 000	20 000
Subtotal Activity 3.1		34 411	80 000	79 411	94 284	288 105
Activity 3.2. Youth Programme Manager convenes national and regional meetings to improve YFS environment	Travel	8 850	23 800	6 450	13 900	53 000
	Training, Workshops and Confer	10 000	10 000	10 000	10 000	40 000
Subtotal Activity 3.2		18 850	33 800	16 450	23 900	93 000

Activities	Description	Resource Allocation				Total
		Y2	Y3	Y4	Y5	
Activity 3.3. YFS lessons learned summaries written and presentations made in national and international fora	Travel	8 500	30 250	11 900	13 900	64 364
Subtotal Activity 3.3		8 500	30 250	11 900	13 900	64 364
Subtotal Output 3		61 716	144 050	107 761	132 084	445 655
Output 4: Project Management						
Activity 4.1. YPM coordinates all programmes operations and ensure targets are met or exceeded		94 377	197 093	220 478	229 449	741 448
Subtotal Activity 4.1		94 377	197 093	220 478	229 449	741 448
Activity 4.2. Programme evaluation is conducted	Consultants	45 000	59 000	-	89 284	193 284
	Travel	12 900	-	11 900	41 600	70 036
	Translations	-	-	-	28 000	28 000
Subtotal Activity 4.2		57 900	59 000	11 900	156 069	291 320
Administration and Facility (7%)	Admin& Facility Overhead (7%)	179 132	351 705	114 015	119 959	764 811
Subtotal Output 4		331 409	607 799	346 393	508 342	1 793 943
TOTAL		2 559 022	5 024 363	1 628 787	1 713 705	10 925 877

Year 2-5

Major Activities	Quarters for Project Years 2-5												
	Q1, Y2	Q2, Y2	Q3, Y2	Q4, Y2	Q1, Y3	Q2, Y3	Q3, Y3	Q4, Y3	Q1, Y4	Q2, Y4	Q3, Y4	Q4, Y4	Q1, Y5
Hire and orient Youth Program Manager													
Develop and circulate RFA for Stage 1 grants													
Train reviewers on how to assess grant applications													
Identify and prepare Investment Committee members													
Review grant applications; select Phase 1 grantees													
Inform and award grantees, prepare visas for US based market research training													
Conduct 3 day market research training on YFS in English and French													
Technical assistance to support market research													
Review market research findings to prepare Phase 2 RFA													
Develop and circulate RFA for Stage 2 grants													
Review grant applications; select Phase 2 grantees													
Communicate with host-country governments to ensure endorsement of UNCDF's support													
Conduct due diligence of Phase 2 grantees, check audited financials, MIS, human & operational capacity													
Inform and award Stage 2 grantees													
Facilitate peer learning via visit to FSPs of YFS													
Conduct regional workshops on youth product development and delivery													
Technical assistance to support product development													

Major Activities	Quarters for Project Years 2-5												
	Q1, Y2	Q2, Y2	Q3, Y2	Q4, Y2	Q1, Y3	Q2, Y3	Q3, Y3	Q4, Y3	Q1, Y4	Q2, Y4	Q3, Y4	Q4, Y4	Q1, Y5
Other institutional strengthening technical assistance													
Participate in trainings and conferences related to YFS, to share and gain knowledge													
Hold meetings with host-country governments, donors and others to overcome obstacles to YFS													
Knowledge management communications, to extract and share lessons learned with stakeholders													
Organize and hold Investment Committee meetings, as needed													
Study successful FSPs and YSOs to extract lessons learned in providing youth holistic services													
Plan and hold global meeting linked to FIPA's annual conference to extract lessons and evaluate program													
Independent evaluations conducted at mid-term and end of project													
Monitor FSPs and project at country level													
Provide support to regional consultants on YFS													
Project Management and Supervision													

ANNEX 1: YouthStart Initiation Plan ProDoc

Countries: Burkina Faso, DRC, Ethiopia, Liberia, Malawi, Mali, Mozambique, Niger, Rwanda, Senegal, Sierra Leone, Tanzania, Togo, Uganda

Initiation Plan

Project Title: Youth Start

Initiation Plan Start Date: 1 July 2010

Initiation Plan End Date: 30 June 2011

Implementing Partner: UNCDF

Brief Description

MasterCard Foundation has approved a \$1,000,000 grant to UNCDF (with \$30,000 of this held back to pay a consultant) in order to initiate the YouthStart programme in up to 14 sub-Saharan African countries. The YouthStart programme in total will span 54 months with the initial 12 months funded under this Initiation Plan. The total programme budget for 54 months is \$11.9 million. The YouthStart programme will bring high quality and commercially sustainable financial services, especially savings, to more than 200,000 youth, age 12-24, by December 2014 and will build permanent technical capacity in youth financial services in sub-Saharan Africa. Under this Initiation Plan, a Youth Programme Manager will be hired, a Stage 1 RFA will be completed and a Stage 2 RFA will be initiated, and FSP and UNCDF capacity regarding youth and their financial service needs will be increased via market research and trainings. The Stage 1 RFA will result in up to \$400,000 in matching grants to up to 20 FSPs to be used to attend market research trainings, attend a global youth conference, conduct market research on youth financial services needs and prepare reports on the research, and prepare applications to the Stage 2 RFA. UNCDF will prepare a final programme document for the remaining \$10.9 million programme for Project Appraisal Committee review prior to December 2010.

Programme Period: 1/7/10 to 30/6/11

Atlas Award ID: _____

PAC Meeting Date 25/6/10

Total resources required	\$970,000
Total allocated resources:	\$970,000
• Regular	_____
• Other:	_____
○ MasterCard Foundation	\$970,000
○ Donor	_____
○ Donor	_____
○ Government	_____
Unfunded budget:	_____
In-kind Contributions	_____

Purpose

UNCDF has proposed an \$11.9 million 54 month programme to be funded by The MasterCard Foundation. On 15 June 2010, the Foundation approved \$1 million of the \$12 million in order to initiate the first stage of the programme (with \$30,000 of the \$1 million held back to pay a consultant). The Foundation will make a funding decision on the remaining \$10.9 million before the end of 2010.

Under the Initiation Plan, UNCDF will programme the awarded \$970,000 and conduct all activities as set out in Section VI, Timeline.

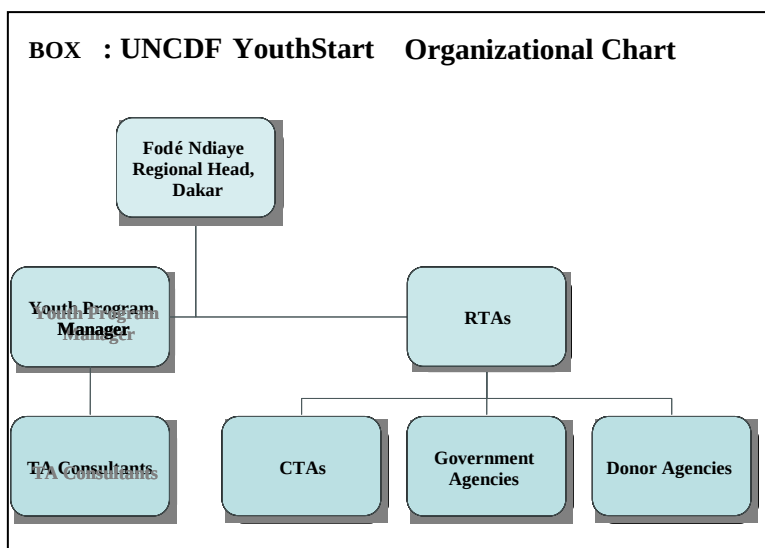
Expected Output

The expected output of the Initiation Plan is to raise awareness and build substantial momentum for increasing youths' access to appropriate, demand-driven financial products in sub-Saharan Africa. Via a request for application process, FSPs (maximum of 20) in up to 14 sub-Saharan African countries will have increased knowledge of and interest in offering youth financial services. In addition, UNCDF staff capacity will have increased in order to support FSPs on youth financial services work.

Activities include: Stage 1 RFA issued and grants awarded and funded, Stage 1 grantees attend Global Youth Enterprise Conference and market research training on youth financial services, Stage 1 grantees conduct market research on youth financial services and submit report to UNCDF, and Stage 2 RFA initiated. UNCDF will prepare a final programme document for the remaining \$11 million programme for Project Appraisal Committee review prior to December 2010.

Management Arrangements

As highlighted in the organizational chart in Box 1, this programme will be managed by a Youth Programme Manager (YPM) (currently being recruited), who will be based in UNCDF's Dakar regional office. S/he will work closely with the CTAs and RTAs to oversee the project. UNCDF and a consultant will be responsible for reviewing and vetting FSP applications for Stage 1, and making awards. The YPM will be responsible for providing training and technical



assistance to support market research, reviewing the market research findings, and developing and circulating the Stage 2 RFAs. S/he will be responsible for reporting to the donor on Stage 1 grant selection, capturing lessons learned on building YFS market research capacity, preparing case studies on YFS market research and providing a summary report on YFS market research findings.

The YPM will be supervised by the Regional Head of Office in Dakar, Fode Ndiaye, who in turn reports to Henri Dommel, FIPA Director. Both of these staff members have more than 20 years experience overseeing financial services projects in LDCs. The YPM will coordinate with other FIPA Headquarters staff to share experiences and lessons from other UNCDF programmes, such as MicroLead, and to access other technical input, such as on YFS policy from Ms. Beth Porter and on microfinance institutional strengthening from Ms. Pamela Eser. Collectively, the UNCDF staff will together ensure YFS is "on the agenda" of each country's inclusive financial sector programme and that grants are monitored appropriately.

The FIPA Director and Deputy Director will initially dedicate approximately fifteen (15%) and ten (10%) percent of their time, respectively to this programme. In addition, the head of the UNCDF Regional Office [Dakar] will also dedicate 10% of his time to this programme. The YPM will also ensure that policymakers are informed of

the current activities in YouthStart and that linkages are made to regional initiatives, like the Partnership for Making Finance Work for Africa³² and Techmifa.³³

Monitoring

Monitoring of the Initiation plan will consist of semi-annual and final (annual) progress reports, which include financial reporting. The reports will provide updates as to activities undertaken and their outcomes, lessons learned, budget expenditures and variances. The semi-annual progress report is due 31 January 2011 and the annual progress report is due 31 July 2011. UNCDF will have the opportunity to adjust financial reports, if necessary, within 60 days after their due date and will provide explanations for any adjustments made.

³² Making Finance Work for Africa draws on a wide range of contributors, including African governments and major partners such as the World Bank, the African Development Bank (AfDB), the German Development Corporation (GTZ), the Consultative Group to Assist the Poor (CGAP), the European Investment Bank (EIB), the Financial Sector Reform and Strengthening Initiative (FIRST), the French Development Agency (AFD), the UK Department for International Development (DFID) and the Swedish International Development Agency (SIDA). The Partnership aims to combine expertise and experience in financial sector development, to increase awareness and knowledge and adapt best practices and policy advice to suit local conditions.

³³ US\$5 million fund managed by the African Development Bank to support inclusive financial sectors.

ANNUAL WORK PLAN

Initiation Plan Outcome: To raise awareness and build substantial momentum for increasing youths' access to appropriate, demand-driven financial products in SSA.									
2010 Initiation Plan Outputs	Organization	Activities	TIME FRAME				Implementing Partner	Planned Budget	
			Q1	Q2	Q3	Q4		Sources of funds	Amount
Output 1 FSPs understanding of and willingness to engage in YFS increased									
1.1 Stage 1 RFA issued, grants awarded	UNCDF	Employ Youth Programme Manager	X	X	X	X	UNCDF	The MasterCard Foundation	205,458
		Conduct Stage 1 RFA review-consultant	X						7,500
		Travel and per diem for YPM	X						27,525
1.2 Stage 1 grantees conduct YFS market research		Conduct Stage 2 RFA review-consultant			X	X			22,500
Translation		X	X	X	X	3,750			
Office supplies		X				900			
1.3 Stage 2 RFA initiated		Stage 1 grants to FSPs			X	X			400,000
Output 2 External and internal YFS capacity increased									
2.1 FSPs and UNCDF FIPA staff increase knowledge of YFS	UNCDF	Market research trainings	X	X			UNCDF	The MasterCard Foundation	31,700
		Travel and per diem for YPM and trainers	X	X	X	X			126,450
		Office supplies and communication	X	X	X	X			1,500
2.2 Case studies, lessons learned, and summary report on market research findings produced		Translation	X	X	X	X			2,500
Microfinance consultant				X	X	32,109			
Conferences, meetings, seminars, trainings, workshops		X	X	X	X	44,650			
Output 3 Project management									
3.1 UNCDF overhead	UNCDF	Overhead	X	X	X	X	UNCDF	The MasterCard Foundation	63,457.94
Total Budget									970,000
Total The MasterCard Foundation									970,000

ANNEX 2: Stage 1 Applicants

1. Selected FSPs	
FSP (Country)	Recent YFS Experience
ACEP (Senegal)	MFI cooperative estimates that 3% of their savers are youth (ages 12-24)
ACSI (Ethiopia)	Microfinance non-bank financial institution (NBFI) will work with youth cooperative associations to improve inclusion of youth in financial services.
CMS (Senegal)	MFI cooperative interested in targeting youth ages 12-18 with financial literacy education.
FCPB (Burkina)	MFI cooperative, which has a loan program for young artisans, is interested in conducting market research to determine other ways to serve youth
Finance Trust (Uganda)	Microfinance Deposit-taking Finance Institution (MDFI), which has partnered with Population Council and MicroSave to serve girls ages 10 – 18 under its Girl's choice savings account. Project includes financial literacy education, entrepreneurial and life skills to the young girls in groups. Has served over 600 girls to date and would like to be able to offer to boys too.
FINCA (DRC)	MDFI interested in focusing on savings products for youth aged 12-24; have already begun some market research.
FINCA (Uganda)	Village banking MDFI, interested in serving broader market segment than is currently being currently reached by its youth savings program.
FUCEC (Togo)	MFI cooperative, offers broad range of financial services, including microinsurance; 20% of its current members are youth, without specific targeting. Has identified YSO partners. Will work with youth groups, universities and training centers to reach large numbers of youth.
Kitgum SACCO (Uganda)	MFI cooperative interested in designing a YFS campaign for youth ages 12-18 in Primary, Secondary and vocational schools, including installment of mobile money kiosks at schools to help students' access funds for scholastics materials.
MECREBU (DRC)	MFI cooperative; worked with AZMJ on Youth and Enterprise Development program; offer youth savings with low fees and minimum balances.
Nesigiso (Mali)	MFI cooperative, working on YFS with Freedom from Hunger through savings groups and education; interested in expanding to more youth ages 18-24 with gender balance.
OIBM (Malawi)	Microfinance bank that offers youth savings and loan products. Interested in developing a youth savings product for school going children with the support of their parents or guardians, to build up savings to pay for education expenses such as school fees and other education related expenditures.
PAMECAS (Senegal)	MFI cooperative with program to help young artisans from 18-35 years start businesses, with loans and business training, will partner artisans with YSOs.
PEACE (Ethiopia)	Regulated NBFI; 5-year plan (2009-2013) includes targeting youth savers with financial education, directed at two age groups (12-18 and 18-24). Already identified one YSO for partnership and intend to identify additional YSOs. Plans to work with Women's World Banking (WWB) in developing YFS.
Post Bank (Uganda)	Government-owned bank interested in scaling up existing youth accounts: Early -Start for up to age 18, student accounts for 13-24. Working with Uganda National Youth Council and Uganda National Student Association.
SFPI (Ethiopia)	Microfinance NBFI interested in expanding program currently serving about 50 youth with loans of over USD 20,000 and with a zero portfolio at risk.
Stanbic (Uganda)	Bank has already begun market research and youth targeting, looking at IT solutions for youth. Target audience is 0-24 years, 50:50 split between males and females, 70:30 split

1. Selected FSPs	
FSP (Country)	Recent YFS Experience
	of rural to urban. Plan to develop training to improve bank staff skills for working with youth. Will also identify YSOs for partnering.
UIMCEC (Senegal)	MFI cooperative, has program targeting youth from 12-24 years, most youth served over 18 due to legal requirements
UCU (Rwanda)	MFI cooperative that offers broad range of financial services (including microinsurance). Interested in targeting young people, especially advocating for policy changes for those under age 16 to be able to open savings accounts. UCU works heavily in rural areas, mostly with women and orphans.

2. Non-selected FSPs		
FSP (Country)	Recent YFS Experience	Reason Not Selected
ASUSU (Niger)	Microfinance NBFI with broad outreach.	Very poor portfolio quality (PAR30=15.3%) and current ratio of just 12.7%, indicating excessive risk to savers
BRAC (Tanzania)	In two regions in Tanzania, microfinance NGO assessed need and developed business model for youth financial services.	Not authorized to intermediate savings
BRAC (Uganda)	Microfinance NGO assessed the current financial services available to Ugandan youth, including market demand and supply to gain understanding of their strategies and develop business model for youth.	Not authorized to intermediate savings
Kondo Jigima (Mali)	MFI cooperative, focuses on artisans and will expand outreach to young artisans ages 12-24.	Currently experiencing losses with AROA=-1%; current ratio less than 1.0; too much risk for savers.
LEAP (Liberia)	Non profit MFI	Not authorized to intermediate savings
MRFC (Malawi)	Government owned NBFI with experience lending to youth, experienced high default rates due to mobility of youth	Currently experiencing losses with AROA=-3%; current ratio less than 1.0, too much risk for savers
SOCREMO (Mozambique)	Transforming from a government run training and credit program into a commercial microfinance bank.	Currently experiencing losses with AROA=-4.2%; current ratio less than 1.0, too much risk for savers
WAGES (Togo)	Microfinance NGO	Poor portfolio quality (PAR30=11.8%); experiencing losses with AROA=-1.59%; current ratio less than 1.0, too much risk for savers

ANNEX 3: Stage 2 RFA Proposed Selection Criteria and Weighting

Criterion	Indicator/Score	Scoring Weight
Ability to reach scale	Projected # of youth clients	0-40 points (40%)
Holistic approach to youth development	FSP proposes YSO linkage or other innovative approach to support youth's holistic development.	0-30 points (30%)
Potential for new product or methodology learning	Added points for innovations and learning related to:	0-30 points (30%)
TOTAL		0-100 points (100%)

ANNEX 4: Attendance Records to Market Research Trainings and Global Youth Conference

1. FSPs that Attended Making Cents Trainings (In bold those that also attended the Global Youth Conference)			
FINANCIAL SERVICE PROVIDER	COUNTRY	FSPs YOUTH CHAMPIONS	
		Name	Last Name
ACSI	Ethiopia	Mekonnen	Yelewomwessen
PEACE	Ethiopia	TezeraKebede	Bekele
		TeshomeTadesse	Maru
SFPI	Ethiopia	Solomon	Woldegiorgis
		Worknesh	Berhanu
OIBM	Malawi	Webster	Mbekeani
		Steve	Mgwadira
UCU	Rwanda	Ndahayo Jules	Theoneste
Finance Trust	Uganda	AnnetMulindwa	Nakawunde
		Leah	Namugosa
Finca	Uganda	AnnetSsebuggwawo	Nakigudde
		Robert	MagalaLule
Kitgum SACCO	Uganda	Margaret Ocitti	Atek
Post Bank	Uganda	William Kenyi	Alemi
		Olive	Namutebi
Stanbic	Uganda	Fiona	Mulema
		Jackie Namara	Rukare
ACSI	Ethiopia	Gashaw	Workneh
UCU	Rwanda	Marcel	Ruhurambuga
Kitgum SACCO	Uganda	Odong	James
FCBP	Burkina Faso	Saidou	Ouedraogo
		Yvonne M. L.	Sawadoga
MECREBU	Democratic Republic of congo	Justin Ntaboba	Bomboko
		Benjamin Nakäa	Bashige
FINCA	Democratic Republic of Congo	Rose	Okoto
		Guy	Mambueni
KONDO JIGIMA	Mali	Dédé	Coulibaly

1. FSPs that Attended Making Cents Trainings (In bold those that also attended the Global Youth Conference)			
FINANCIAL SERVICE PROVIDER	COUNTRY	FSPs YOUTH CHAMPIONS	
		Name	Last Name
		Alou Nourou	Barry
NYESIGISO	Mali	GuindoAoua	Fofana
		Modibo	Dembélé
CMS	Senegal	Mour	Ndoye
		BayeDjiga	Diagne
PAMECAS	Senegal	Moussa	Gassama
		Hariatou Marie	Faye
U-IMCEC	Senegal	MouhamadouAbdalahi	Camara
		Mohamadou	Kandé
FUCEC	Togo	Adjodo	Kossi
		Akoda	Ohoussourou

2. UNCDF staff that Attended Making Cents Training (In bold those that also attended the Global Youth Conference)		
First Name	Last Name	Job title
Issa	Barro	Regional Technical Advisor Joburgh
Eric	Dietz	JPO
Mbaye	Diouf	Country Technical Advisor Burkina Faso
Comlanvi Fofo	Houenou	Country Technical Advisor Comoros
Mally	Koffi	Programme Officer Togo
CheikSadibou	Ly	Country Technical Advisor, Senegal
Maria	Perdomo	YouthStart Programme Manager
Mathieu	Soglonou	Country Technical Advisor - CAR
Hanadi	Toutonji	Knowledge Management, Programme Manager
Oumou	Vanhoorebeke Sidibe	Country Technical Advisor Mozambique
Beth	Porter	Policy Advisor (only attended the Global Youth Conference)

ANNEX 5 Job Description - LDC Youth Programme manager (YPM)



UNITED NATIONS DEVELOPMENT PROGRAMME JOB DESCRIPTION

I. Post Information

Post Title: LDC Youth Programme Manager for Africa Post Number: Organizational Unit: UNCDF Supervisor/ Grade: Head of Regional Office, UNCDF Post Status: Non-rotational Source of Funding: Project	Current Grade: Proposed Grade: FTA-4 Approved Grade: Post Classified by: Classification Approved by:
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II. Organizational Context

The United Nations Capital Development Fund (UNCDF) was founded as an independent organization within the UN system in 1966, with a mission “*to assist developing countries in the development of their economies by supplementing existing sources of capital assistance by means of grants and loans*”. Its creation was part of a larger effort to complement technical assistance and pre-investment activities of the UN Development Programme (UNDP), as well as those of larger partners such as the World Bank. In 1973 UNCDF’s mandate was narrowed to focus “*first and foremost*” on the least developed countries (LDCs). UNCDF today remains a capital investment organization for the LDCs. Its work is designed to help reduce poverty and achieve the objectives of the Brussels Program of Action for the LDCs, as well as the Millennium Development Goals (MDGs). It has special expertise in 1) microfinance / inclusive finance; and 2) decentralization and local development.

UNCDF’s Financial Inclusion Practice (FIPA) area operates programmes in 25 LDCs, mainly in sub-Saharan Africa. In addition, UNCDF / FIPA provides technical assistance to UNDP inclusive finance programmes around the world, and partners with other UN organizations on issue-specific aspects of the larger financial inclusion agenda (e.g. ILO on micro-insurance; IFAD on remittances).

An inclusive financial sector is defined as a financial sector that offers a range of financial services to the entire active population of a country. An inclusive financial sector is characterized by competition among financial service providers, a diverse range of financial service providers, sustainability with respect to the permanence of access to financial services, and legal and regulatory environments that ensure the integrity of the financial sector and access to financial services.

Although microfinance has been making great strides in terms of outreach and creation of sustainable organizations, the number of these organizations which consider youth as a potential new market that needs specific products is limited.

And yet, youth between 12 and 24 years of age number 1.5 billion with that number growing by another one billion over the next decade. This potential market is a huge opportunity for institutions providing financial services, particularly in sub-Saharan Africa where the youth bulge will occur in the next 10-20 years³⁴. It represents their next wave of new clients. Yet, very few FSPs understand the nuances of serving this market and know even less about youth-serving organizations with whom they might partner in order to understand how to reach out to and design products for youth.

Based on the research conducted to date, many FSPs express an interest in serving youth but are not equipped to do so. Reasons for this include staff that is biased against youth as productive recipients of financial services, FSP assumptions that existing products and services are sufficient to attract youth, and client groups that exclude youth based on perceptions that youth cannot save or productively manage credit. In addition, many FSPs cite legal and regulatory constraints on serving youth (i.e., age restrictions).

Against this background, UNCDF will be implementing an "Access to Youth Financial Services in Africa" programme over the next four years. This programme will seek to further the nascent youth financial services (YFS) field by building internal capacity, awarding grants to FSPs for market research, training, new product development and roll-out of products targeted at youth, facilitating linkages and knowledge dissemination, and capturing lessons learned. The LDC Youth Programme Manager for Africa will be hired to manage this programme. S/he will be based in one of the two UNCDF regional offices (Dakar or Johannesburg) and will report to the Head of Regional Office.

III. Functions / Key Results Expected

The key function is to successfully implement the "Access to Youth Financial Services in Africa" programme. The key results expected are (a) increased access by youth age 12 to 24 of appropriate, demand-driven financial services and (b) increased internal (FIPA) capacity and knowledge to support FSPs and governments interested in YFS. The LDC Youth Programme Manager for Africa (YPM) will pursue these key results by allocating 60% of her/his time to programmatic quality assurance and portfolio management, 25% to knowledge management, and 15% to resource mobilization and corporate support.

Programmatic Quality Assurance and Portfolio Management

The YPM will:

- Issue Requests for Applications to targeted FSPs, work with outside consultant(s) to prepare initial scoring of applications (qualitative and quantitative), prepare recommendations for financing to the FIPA Investment Committee;
- Work with FSP applicants and FIPA country and/or regional advisors to refine, clarify applications; missions to applicants as needed;
- Draft performance-based agreements with disbursement conditions and targets and negotiate with applicants on final agreements;
- Manage the FSP agreement executions and ensure disbursements are made on time if/when conditions are met;

³⁴ See World Bank "World Development Report, 2007."

- Review quarterly and annual performance reports, analyze performance and work with FIPA network of country and/or regional advisors to ensure timely intervention to keep investments on track;
- Provide direct technical assistance, in addition to developing a cadre of consultants who can work with individual FSPs on particular issues related to research, development and roll out of youth appropriate (savings) services;
- Manage donor budget and ensure targets are met or exceeded; prepare quarterly and annual donor reports.

Knowledge Management

The YPM will:

- Ensure learning opportunities are disseminated amongst FIPA staff; coordinate/organize trainings for FIPA staff;
- Liaise with training institutes and consultants on youth financial services and disseminate learning throughout FIPA;
- Facilitate access to best practices to FSP grantees on linkages to youth-serving organizations;
- Organize internal and negotiate space in external information exchange events nationally, regionally and/or globally. Contribute to knowledge-sharing networks on youth financial services;
- Engage in policy dialogue on youth financial services at governmental level, with national microfinance associations, AFI, MFW4A, research institutes, networks of commercial banks, and interface with UNCDF Policy Coordinators;
- Document lessons learned, organize preparation of case studies;
- Ensure key documentation is available on the UNCDF Intranet to facilitate UNCDF staff access to programme information.

Resource Mobilization and Corporate Support

The YPM will:

- Support the efforts of the FIPA Director and Deputy Director, UNCDF Partnerships and Communications Unit, and Heads of Regional Offices to mobilize additional resources for the programme. Liaise with Regional Advisors/Managers to ensure that funding gaps are identified;
- Develop strategies to mobilize additional resources based on programme resource requirements and new opportunities. Record and manage commitments, disbursements and programming of fund contributions;
- Provide input to support annual and cumulative UNCDF results analyses and substantive inputs into Unit work plan and UNCDF Business Plan;
- Support to the development of UNCDF programme and business strategies and to annual reviews;
- Provide advice to UNCDF senior management on technical issues and business development opportunities, including inputs into corporate presentations and reports.

IV. Impact of Results

Results of the work of the YPM will have a major impact on (a) African youth in LDCs, asset building and poverty alleviation, (b) the nascent field of youth financial services and (c) FIPA. By implementing this programme, FIPA will strive to continue to be a leader in the microfinance sector, tackling frontier issues in difficult markets. By virtue of the organizational reach of FIPA in African LDCs, youth financial services will be addressed not only at the retail (FSP) level but also at the meso and macro levels. The knowledge management component will ensure lessons are learned, shared and documented. FIPA will leverage its on-the-ground capacity to advocate for youth-appropriate services.

V. Competencies

- Demonstrates integrity and fairness by modeling UN values and ethical standards.
- Serves and promotes the vision, mission, values and strategic goals of UNCDF.
- Displays cultural and gender sensitivity and adaptability.
- Treats all people fairly and without favoritism.
- Shows strong commitment to the UN and to inclusive finance.
- Demonstrated strong technical and practical leadership and knowledge in issues relating to introducing savings services, market research, and new product development and roll-out, preferably including youth.
- Ability to manage multi-partner, multi-country projects in complex environments that use state of the art innovation and practice.
- Ability to design promotional and knowledge building and knowledge sharing programs. Experience in organizing and coordination of a wide variety of meetings, conferences, events and other activities in professional context.
- Plans and produces quality results to meet established goals. Generates innovative, practical solutions to challenging situations.
- Participates effectively in a team-based information-sharing environment, collaborating and cooperating with others.
- Establishes clear performance goals, standards, and responsibilities; manages them accordingly.
- Promotes a learning environment; facilitates the development of individual and team competencies.
- Comprehensive understanding managing for results.
- Seeks and applies knowledge, information, and best practices from within and outside UNCDF.
- Strong networking capabilities and ability to associate him/herself with a range of actors with a view to building relations and facilitating linkages.
- Conceptualizes and analyses problems to identify key issues, underlying problems and how they relate.
- Contributes creative, practical ideas and demonstrates sense of entrepreneurial initiative to deal with challenging situations.
- Strives for quality client-centered services (internal/external) when making decisions and taking actions.
- Strong communication and negotiation skills.
- Excellent presentation skills.
- Uses ICT and web-based management systems effectively as a tool and resource
- Is motivated and demonstrates a capacity to pursue personal development and learn.

VI. Recruitment Qualifications

Education:	Masters degree in economics, finance, business or public administration or related field.
Experience:	• A minimum of 7 years experience in microfinance, inclusive finance, or related fields of finance, development, research.

	• Experiences with similar assignments in developing countries, including LDCs and Africa. • Experience with new product development, testing, roll-out. • Experience with savings product development, with youth inclusion a plus. • Experience undertaking market research. • Resource mobilization experience and record of success in reporting to and managing donor grants and reporting mechanisms. • Strong programme management experience with emphasis on monitoring, evaluation and incorporating lessons learned into inclusive finance projects and programmes.
Language Requirements:	Fluency in English and French with effective written and oral communication skills.

ANNEX 6: Sample of data to be collected on YSO services provided to youth

Financial Education for the Poor Project Quarterly Report on Financial Education Training		
Must be submitted at the end of every quarter (1st April / 1st July / 1st October / 2nd January)		
Report prepared by: Name and Title	Date: (day/month/year)	
Name of YSO:		
Location: Address (city/country)		
Reporting Period:	Starting Date (day/month/year)	Ending Date (day/month/year)
Write the number of sessions for each module: <u>Financial Education modules presented during this period</u> Budgeting Number of sessions: _____ Savings Number of sessions: _____ Debt Management Number of sessions: _____ Financial Negotiations Number of sessions: _____ Bank Services Number of sessions: _____ Other topic (please describe below) Number of sessions: _____ Brief description of financial education course: _____ Total Number of Sessions: 0		
Duration of each training (number of minutes of each training): _____		
Total amount of FE training time during this period (number of hours/minutes): _____		
Total number of people participating in a Financial Education training during this period: _____ Number of girls/ young women: _____ Number of boys/ young men: _____		
Description of participants (Age, MFI clients/SHG members/Coop members, other)		
Please describe additional delivery channels of FE curriculum other than classroom training (or stand and deliver method).		