Final Evaluation of the YouthStart Program

Final Evaluation Report
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microfinanza

in partnership with

MicroFinanza Rating

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Unlocking Public and Private Finance for the Poor

and

The MasterCard Foundation

Final Evaluation: YouthStart – Burkina Faso, Democratic Republic of Congo, Ethiopia, Malawi, Rwanda, Senegal, Togo, and Uganda

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Abbreviations and Acronyms

ACSI	Amhara Credit and Savings Institution (Ethiopia)
AFMIN	Africa Microfinance Network
AIM Youth	Advancing Integrated Microfinance for Youth
AP	Advisory panel
ATM	Automatic teller machine
BCEAO	*Banque Centrale des Etats de l'Afrique de l'Ouest*
BDF	Business Development Fund (Rwanda)
BDS	Business development service
CGAP	Consultative Group to Assist the Poor
CMS	*Crédit Mutuel du Sénégal*
CTA	Country Technical Advisor
CYFI	Child and Youth Finance International
DAC	Development Assistance Committee
DAPP	Development Aid from People to People (Malawi)
DOT	Digital Opportunity Trust (Ethiopia and Rwanda)
DRC	Democratic Republic of Congo
EDC	Education Development Center (Rwanda)
EQ	Evaluation question
EU	Evaluation Unit
FCPB	*Faîtière des Caisses Populaires du Burkina*
FGD	Focus group discussion
FINCA	Foundation for International Community Assistance (DRC and Uganda)
FSP	Financial service provider
FTB	Finance Trust Bank (Uganda)
FUCEC	*Faîtière des Unités Coopératives d'Epargne et de Crédit* (Togo)
GDP	Gross domestic product
HDI	Human Development Index
HPP	Humana People to People (DRC)
HQ	Headquarters
IFTA	Inclusive Finance Technical Advisor
ITC	Information technology and communication
LDC	Least developed country
LNRA	Learning needs and resource assessment
LQAS	Lot Quality Assurance Sampling
MCF	MasterCard Foundation
MFI	Microfinance institution
MIS	Management information system
MM4P	Mobile Money for the Poor
MWK	Malawian kwacha
NBE	National Bank of Ethiopia
NGO	Non-governmental organization

OECD	Organization for Economic Cooperation and Development
OIBM	Opportunity International Bank of Malawi
OSS	Operational self-sufficiency
PAMECAS	*Partenariat pour la Mobilisation de l'Epargne et le Crédit Au Sénégal*
PBA	Performance based agreement
PEACE	Poverty Eradication and Community Empowerment (Ethiopia)
PEDN	Private Education Development Network (Uganda)
PI	Program indicator
PM	Program manager
POS	Point of service
ProDoc	Program document
RCT	Randomized controlled trial
RTA	Regional Technical Advisor
RWF	Rwandan franc
SACCO	Savings and credit cooperative
SEEP	Small Enterprise Education and Promotion
SMS	Short message system
SPTF	Social Performance Taskforce
SPM	Social performance management
SSA	Sub-saharan Africa
STF	Straight Talk Foundation (Uganda)
SWOT	Strengths, weaknesses, opportunities and threats
TA	Technical assistance
TEVETA	Technical, Entrepreneurial and Vocational Education and Training Authority (Malawi)
ToR	Terms of reference
VTC	Vocational training center
UFC	*Umutanguha* Finance Company (Rwanda)
UN	United Nations
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Program
USAID	United States Agency for International Development
USD	United States dollar
WWB	Women's World Banking
XOF	West African franc
YFS	Youth financial services
YS	YouthStart
YSO	Youth-serving organization

EXECUTIVE SUMMARY

YouthStart is a program implemented by UNCDF, aimed at fostering financial inclusion among young people (aged 12-24) in eight Sub- Saharan countries, namely Burkina Faso, Democratic Republic of Congo, Ethiopia, Malawi, Rwanda, Senegal, Togo, Uganda. The program run from July 2010 to December 2014, with an extension up to December 2015 for two countries (Malawi and Togo). YouthStart resources amount at 11.9 million USD, provided by the MasterCard Foundation.

The final evaluation of the program has been conducted by Microfinanza srl, partnering with Microfinanza Rating, engaging a team of 7 experts from January to July 2015. The Consultant analyzed project documents, the interim evaluation report and other specific studies, and visited 6 out of 8 countries (all but Senegal and Togo) and 8 out of 10 FSPs, evaluating activities and results from the begin of the program up to December 31st, 2014.

YouthStart proposed a specific pilot approach, starting from the assumption that, with a significant increase in the offer of financial (mainly savings) and non-financial (mainly financial education) services particularly targeted to young people, the financial inclusion of this specific segment of the population would increase. The problem of access to financial services is thus overcome, in the logic of the project, by addressing lack of offer of dedicated services.

In order to achieve the prospected results, 10 Financial Service Providers, in the 8 countries, have been supported with grants and technical assistance in order to implement specific strategies to reach out young people. The program has been largely successful in reaching out the foreseen number of people, with 515,000 active clients up the 31st of December 2014, which is more than the double of the overall target of 200,000.

On top of increasing the outreach to young clients, the program proved that such a strategy can be sustainable for FSPs in the medium term. Youth products of 2 out of 10 FSPs are financially sustainable at the end of their 3 years pilot intervention, while for 9 out of 10 the investment in youth products has become a permanent strategy of the FSP and will be financed with internal resources at the end of the project. FSPs therefore perceive, after the intervention, that targeting young people is a valuable investment.

With regard to the clients' side, the Consultant remarks a perceived appreciation of the services dedicated to youth. Appreciation is due both to the need of otherwise unavailable services, and also to the actual fact that products target young people, thus increasing self-esteem and independence. Financial education is an important service, highly valued by the beneficiaries.

Women and young girls have been a key target of the intervention. FSPs put great effort in increasing their outreach to women, and even if they managed to increase it, most of them found it hard to comply with program (ambitious) targets, and no clear best practice on how to reach out young women can be identified.

The program therefore paved the way for a scale up of the intervention following some general lines:

- An increase of the offer on services could and should be accompanied by an intervention to analyze and foster the demand of financial services among young people;
- In order to create a link between financial services and concrete economic opportunities, a more diversified offer of products is advisable, moving from savings to credit ones, and, even more important, market infrastructures as a whole need to be reinforced, with the purpose to allow client have access also to related non financial services, especially business development services, that usually FSPs are not able to provide themselves;
- The issue of financial inclusion of young people, especially the youngest aged 12-24, did not get momentum yet. Based on YouthStart pilot experience, a global effort to raise the issue to create facilitating environments for financial inclusion of young people is a desirable strategy.

1 INTRODUCTION

The final evaluation (hereinafter the 'evaluation' or 'assignment') of the YouthStart (YS) program, funded by the MasterCard Foundation (MCF) and implemented by the United Nations Capital Development Fund (UNCDF), was carried out by Microfinanza Srl and Microfinanza Rating Srl. It engaged a team of seven professionals (including one team leader, three senior team members and three junior team members) between December 2014 and June 2015.

The report is structured as follows:

- Section 2 presents the scope and purpose of the evaluation;
- Section 3 summarizes the main features and current status of the YS program;
- Section 4 provides an overview of relevant contextual factors;
- Section 5 describes the methodological approach of the evaluation;
- Section 6 presents the main findings structured around the main areas of relevance, efficiency, effectiveness, (likely) impact, and sustainability;
- Section 7 proposes the main conclusions and recommendations based upon the findings; and
- Section 8 outlines the gender considerations of the evaluation.

The report also includes a number of annexes, including six country reports, one for each of the YS partner countries in which fieldwork was carried out (attached as Annexes 5 through 10).

2 Evaluation Purpose and Scope

As stated in the Terms of Reference (ToR), attached in Annex 1, and in line with the broader evaluation policy of the United Nations Development Program (UNDP), the final evaluation of the YS program has a two-fold purpose, namely to ***support both accountability and learning***. The evaluation is hence not only seeking to assess the accountability of the YS program with regard to reaching intended results (i.e. has the program actually done what, and how, it was supposed to do?), but also tries to draw out good practices and lessons learned within the area of youth inclusive finance towards informing future decision-making regarding the scalability and/or replication of the approach piloted by the YS program (i.e. what seems to have worked and why as well as under which circumstances/conditions?). As this pilot program is coming to an end, the evaluation was commissioned in order to assess how the program has performed with regard to its intentions with a view to informing the design of a potential successor program (YS Global).

Against this background, the evaluation has the following three general objectives:

- Assist current YS program partners - including UNCDF, the MCF and partner financial service providers (FSPs) - as well as future co-financiers in understanding program ***relevance and efficiency as well as effectiveness, likely impact and sustainability*** of program results, i.e. the five evaluation criteria of the Organization for Economic Cooperation and Development (OECD) / Development Assistance Committee (DAC);
- Identify ***strengths and weaknesses*** of the approach piloted by the YS program and, if feasible, outline the basic conditions required for scaling up and/or replicating the YS 'model' in the partner countries and/or globally; and
- Assess the ***extent to which UNCDF has positioned itself*** within the international development community ***as a key actor and promoter of building youth inclusive financial sectors***.

Regarding the first general objective; since the mid-term evaluation (carried out in 2012) has already addressed program relevance and efficiency as well as some initial results, the final evaluation concentrates primarily on the effectiveness, likely impact and sustainability of program interventions (considering both immediate and more long-term results and, where possible, both direct and indirect as well as intended and unintended results). To this end, the evaluation particularly seeks to assess the contribution to date of the YS program with regard to possible:

- Changes in financial and organizational ***performance of partner FSPs*** (intermediate beneficiaries at micro level) with specific regard to the provision of youth-targeted products/services;
- Influences on the ***broader youth financial inclusion environment*** (macro and meso level) ***and markets*** (market level) in the partner countries as well as on the international youth financial inclusion policy agenda (global level); and
- Likely impact in terms of changes in ***economic and/or social conditions*** (with particular attention to the strengthening of money management skills and the building of assets) ***of YS clients*** (final beneficiaries at client level).

Albeit the evaluation covers all ***eight YS partner countries and ten YS partner FSPs***, as presented in Table 1 on the following page, primary focus is placed on the six countries in which the Consultant has carried out fieldwork during the course of the assignment. Finally, the evaluation includes the whole YS program period to date, i.e. from the start in ***July 2010 up until December 2014*** (program completion is expected in December 2015).

Table 1. YS partner countries and FSPs

Country	FSP
Burkina Faso*	*Faîtière des Caisses Populaires du Burkina* (FCPB)
Democratic Republic of Congo (DRC)*	Foundation for International Community Assistance (FINCA) DRC
Ethiopia*	Amhara Credit and Savings Institution (ACSI) Poverty Eradication and Community Empowerment (PEACE)
Malawi*	Opportunity International Bank of Malawi (OIBM)
Rwanda*	*Umutanguha* Finance Company (UFC)[1]
Senegal	*Partenariat pour la Mobilisation de l'Epargne et le Crédit Au Sénégal* (PAMECAS)
Togo	*Faîtière des Unités Coopératives d'Epargne et de Crédit* (FUCEC)
Uganda*	Finance Trust Bank (FTB)[2] Foundation for International Community Assistance (FINCA) Uganda

* Fieldwork countries.

[1] Formerly *Union des Coopecs Umutanguha* (UCU).
[2] Formerly Uganda Finance Trust (UFT).

3 PROGRAM PROFILE

3.1 Program Description and Background

The ultimate goal - or "global development outcome", as stated in the Program Document (ProDoc), attached in Annex 2 - of the YS program is to ***contribute to the achievement of the millennium development goals (MDGs)***, particularly the first goal (target 1.A) of reducing extreme poverty by half by 2015, ***through promoting financial inclusion for youth*** in least developed countries (LDCs) in Sub-Saharan Africa (SSA). Youth constitute a high and growing proportion of the population in SSA and while certainly representing a window of opportunity for and the future of the continent they are also traditionally plagued by high illiteracy, unemployment and poverty levels. Girls and young women are particularly vulnerable in terms of more limited rights and opportunities, lower levels of school enrollment and higher school drop-out rates, stronger pressure to marry early, higher susceptibility to HIV/AIDS and other diseases, etc. Access to finance on part of youth is hindered by policy and legal/regulatory constraints (political agendas focusing on 'older' youth, application of age restrictions, etc.) as well as by a limited knowledge of the nature of youth demand for financial products and related services. Youth are generally perceived as economic dependents rather than as economic actors and consequently rarely considered as 'viable' clients of financial products (and non-financial services). In this regard, both formal norms (i.e. the policy setting and the legal/regulatory framework) and informal norms and attitudes (i.e. common social and cultural conceptions, or misconceptions) influence the (non) participation of youth in the financial system.

In seeking to address these challenges and constraints, the YS program has the higher level objective of ***increasing sustainable access to appropriate demand-driven financial products and non-financial services*** (with a focus on savings and financial education) ***on part of poor and low-income youth*** (defined by the YS program as between 12 and 24 years of age), ***especially girls and young women*** ("intended program outcome", as stated in the ProDoc). The ProDoc (including the annexed Results Framework, Monitoring Framework, and Budget and Work Plan) also points to the aspiration to: "ensure an enabling environment for YFS [youth financial services]" (p. 16); "create more youth enabling financial systems" (p. 19); and "improve YFS environment" (pp. 19, 28, 29, 31). An additional, albeit secondary, higher level objective of ***promoting enabling, youth friendly environments*** (namely policy settings and legal/regulatory frameworks as well as support structures) can hence also be argued.

More specifically, the YS program intends to:

- ***Increase the institutional capacity of FSPs*** to design, pilot and scale-up the provision of sustainable financial products and non-financial services meeting the needs of young people;
- ***Mobilize knowledge and expand access to information*** on the provision of youth targeted financial products and non-financial services; and
- ***Strengthen UNCDF's position as a promoter of youth financial inclusion*** in the partner countries as well as regionally/internationally.

While the higher level objectives are related to intended outcomes (intermediate results), the specific objectives are related to intended outputs (immediate results) – as summarized by the YS program 'results chain' presented in Exhibit 1 below. The outline of the results chain is based on the results chain presented in the ToR (and ProDoc) with some modifications (please see Annex 3 for further details).[3] It should be noted that since the ***YS program was not designed as a policy initiative***, only a very small part of the level of effort and budget has been dedicated to supporting the promotion of enabling, youth friendly environments (macro and meso level). Outcome 2 should hence not be intended to carry the same weight as Outcome 1; the ***primary focus*** of the YS program has always been at the micro level, i.e. ***building the***

[3] Listed program activities are supported by more administrative/management tasks, such as general program management and oversight, the FSP selection and grant award process as well as program monitoring and evaluation. Consequently, a fourth output includes efficient program management as well as monitoring and evaluation (Output 4), but is not included in the overview because of its more administrative/management nature.

capacity of FSPs (Output 1) and providing them with sufficient resources (i.e. grants) ***towards increasing financial access for youth*** (Outcome 1). The Consultant also recognizes that the timing of Outcome 2 is not expected to be concurrent with Outcome 1 (i.e. it takes longer to influence the general financial inclusion environment than financial access through partner FSPs). For these reasons, Outcome 2 is enclosed by a dotted line (not being the main focus of the program) and placed somewhere between Outcome 1 (intermediate result) and Impacts (long-term results) in the results chain.

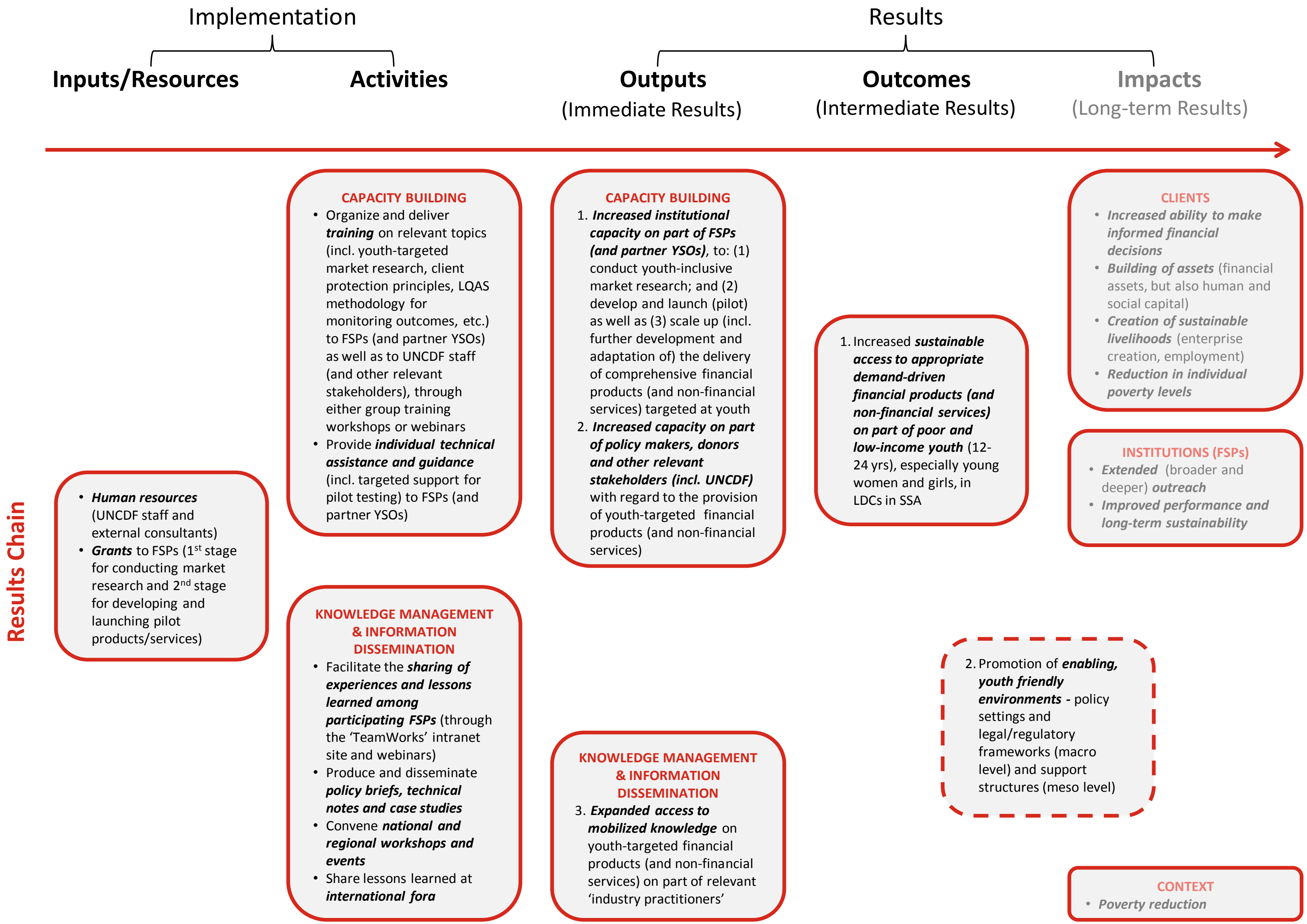
In order to achieve the intended results (including, eventually, the long-term results in the form of impacts), the implementation of the YS program has been organized around two streams of activities; namely capacity building and knowledge management & information dissemination. ***Capacity building*** activities have included: (i) training, through either group workshops or webinars, on relevant topics (including youth-targeted market research, client protection principles, methodology for monitoring outcomes, etc.) to partner FSPs as well as UNCDF staff; and (ii) individual technical assistance and guidance (including targeted support for pilot testing products/services) to partner FSPs.[4] ***Knowledge management & information dissemination*** have not only included (i) sharing of experiences and lessons learned among partner FSPs (through the 'TeamWorks' intranet site and webinars), but also: (ii) production and dissemination of policy briefs, technical notes, case studies, etc. as well as trainers' guides (developed for the partner FSPs, but which are intended to be used also by other FSPs); (iii) organization of national and regional workshops and events; and (iv) sharing of lessons learned at international fora.

Furthermore, a visual overview of the results chain set within a 'theory of change' framework, as interpreted and reconstructed by the Consultant, is presented in Annex 4.

Finally, the YS program, funded by the MCF and implemented by UNCDF, has a ***total budget of USD 11.9 million***. As a pilot, it is implemented in eight SSA countries, all classified as LDCs by the United Nations (UN), namely; ***Burkina Faso, DRC, Ethiopia, Malawi, Rwanda, Senegal, Togo, and Uganda***. The program started in July 2010 and is expected to be completed in December 2015 (original completion date December 2014, but a one-year (no-cost) extension was granted at the end of 2013 – see Section 3.2 below).

[4] While the YS program seemingly intended to build the capacity also of youth-serving organizations (YSOs), such organizations never received direct training or technical assistance (TA) through the program. Consequently, Output 1 should de facto refer only to the increased capacity on part of partner FSPs (and not YSOs). Furthermore, apart from FSP and UNCDF staff, other relevant stakeholders have, in practice, generally not been included / not participated in training or TA activities. The only exception is a 2014 dissemination and training workshop in Rwanda which engaged both policy makers and donors as well as other FSPs operating in the country. Output 2, therefore, should on the whole (i.e. with exception of Rwanda) refer only to the increased capacity on part of UNCDF staff (and not other relevant stakeholders).

Exhibit 1. YS program results chain



3.2 Current Program Implementation and Financial Status

Current Implementation Status

The YS program, launched in July 2010, was intended to close in December 2014 (program duration of 54 months). At the end of 2013, a ***one-year (no-cost) extension*** (ProDoc Amendment 2)[5] was granted in order to harmonize the program period with the grant period for all partner FSPs. More specifically, an extension was called for in order to accommodate the extended performance based agreement (PBA) agreement of OIBM (closing December 2015) and the new PBA agreement of FUCEC (signed in August 2012 and closing in July 2015). While the PBA agreements for all other partner FSPs ended in December 2014, overall ***program completion is hence expected in December 2015, with a total program duration of 66 months***.

In terms of implementation, the program has been ***divided into two stages***, namely: the selection of partner FSPs, realization of market research and development of business plans (Stage 1); and the design, pilot, roll-out and scale-up of youth-targeted products/services (Stage 2). Some important changes/additions during the course of the program are worth mentioning. First, in 2012 (during Stage 2 of the program), ***Crédit Mutuel du Sénégal (CMS)***, due to poor performance, was ***replaced by FUCEC*** in Togo. Second, apart from the 'original' program activities, in 2014, the YS program also ***commissioned two in-depth studies***: (i) "Effects and Behavioral Changes of Financial and Non-Financial Services on Youth" ('financial diaries') carried out by MicroSave in Ethiopia and Togo; and (ii) "Business Case Analysis" carried out by Frankfurt School of Finance & Management in Burkina Faso, Malawi and Rwanda (conducted with additional but separate funding from the MCF). Third, ***grant allocations to OIBM*** in Malawi have been ***suspended on a couple of occasions*** (in January 2012 and May 2014 as well as in March 2015) because of non-achievement of the PBA targets as well as poor overall performance. The final Stage 2 grant payment to PAMECAS was also frozen at the end of 2014 due to its institutional crisis and difficulty in meeting its annual PBA targets.

On the whole, as of December 2014, the program is ***on track***, having already achieved, or over-achieved, most of its targets; as presented in Table 2 and Exhibit 2 below. When comparing the four minimum targets (as set out by the ProDoc) and results achieved as of December 2014, the program has ***greatly over-achieved with regard to the number of youth reached*** (even when considering that 54% are served by only one partner FSP – see further Section 6.3 below) ***and persons trained***. The target for YS products/services brought to scale has almost been reached with 73% of the developed YS products and services having effectively been rolled out as of December 2014 (this result is negatively influenced by the credit products, which only ACSI had managed to bring to scale – see further Section 6.3 below), while ten publications, close to the targeted 12, and a video had been published and disseminated.

Table 2. Targets and implementation status (as of December 2014)

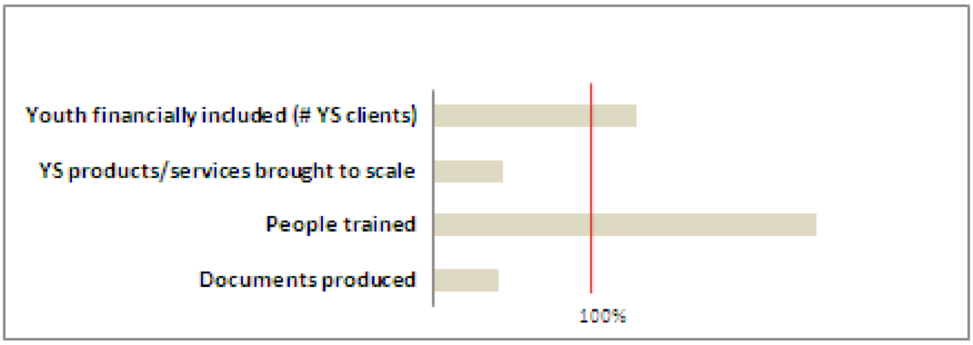
Targets (as per the ProDoc)	Implementation status as of December 2014
Outcome 1	
200,000 additional youth, 50% of whom are female, have access to financial and non-financial services (PI3)	Almost 515,000 YS clients reached (50% women), 54.1% from only one partner FSP (ACSI in Ethiopia) Only 4.1% non-active clients[6]
Up to 20 FSPs conduct youth-targeted market research (PI8)	22 FSPs conducted youth-targeted market research[7]
90 % of selected FSPs have improved youth-specific financial products and non-financial services (PI4)	100% of selected FSPs have improved youth-specific financial products and non-financial services

[5] The first program amendment (Program Amendment 1) referred to the additional requirement on part of UNCDF of providing, on a quarterly basis, the MCF with a financial report on the utilization of funds.
[6] While the definition of (and reporting on) 'active' clients still differ among the partner FSPs, the YS program management has sought to address data quality in this regard since the issue was brought up by the mid-term evaluation.
[7] In addition to the original 19 Stage 1 participants (see Table 8 in Section 6.1 below), the reallocation of some YS funds has financed youth-targeted market research on part of an additional three FSPs; namely MicroCred and UIMECE in Senegal as well as *Caisses d'Epargne et de Crédit Agricoles Mutuels* (CECAM) in Madagascar (even if not an original YS target country).

Targets (as per the ProDoc)	Implementation status as of December 2014
8-12 FSPs developed and scaled-up youth-specific financial products and non-financial services (PI9)	10 FSPs developed and scaled-up youth-specific savings products and financial education services 8 FSPs developed and piloted youth-specific credit products (individual and group loans as well as leasing)
80% of new youth products and services brought to scale (PI5)	72.9% of piloted YS products/services effectively rolled out (all savings products and financial education services have effectively been rolled out, while most credit products lag behind)[8]
Output 1&2	
50 representatives of FSPs, youth-serving organizations (YSOs), and other stakeholders, including UNCDF staff, trained on youth microfinance	244 people trained, including 78 (32%) staff of partner FSPs, 90 (37%) staff of other FSPs, 15 (25%) UNCDF staff, and 61 other stakeholders[9]
Youth microfinance established as core competency within UNCDF; at least 7 + 7 UNCDF staff receive training (PI10b)	15 UNCDF staff trained
Output 3	
12 documents extracting and comparing lessons learned broadly disseminated to industry stakeholders	Disseminated 10 publications, including 2 case studies, 2 technical notes, 2 papers, and 4 trainers' guides (originally internal learning documents, but now also publicly available for the use of other FSPs)[10] Also produced a video for the *Banque Centrale des Etats de l'Afrique de l'Ouest* (BCEAO)[11] and 6 newsletters as well as participated at various conferences
Output 4	
Mid-term and final evaluations are conducted (PI17)	Mid-term evaluation carried out in 2012

Notes: **Minimum targets in bold**. PI = program indicators as defined by the Results Framework in the ProDoc and as summarized by the Consultant in a table following the evaluation matrix in Annex 16.

Exhibit 2. Minimum targets versus actual results (as of December 2014)



[8] According to the Consultant's calculations, a total of 37 YS savings and credit products and financial education services have been developed and launched by the ten partner FSPs, and 27 of these had been effectively rolled out as of December 2014. See further Section 6.3 (and Annex 29) below.
[9] These include a representative of the *Banque Centrale des Etats de l'Afrique de l'Ouest* (BCEAO) as well as (through a training workshop in Senegal – see further Section 6.4 below) representatives from microfinance networks or associations, international NGOs and other global entities, and other microfinance or youth related stakeholders.
[10] All accessible at: http://www.uncdf.org/en/programme/publications?field_program_tid=428
[11] Accessible at: https://www.youtube.com/watch?v=ZxG9yd2IIx4

Current Financial Status

According to the ProDoc, UNCDF was awarded with a ***USD 11.9 million*** grant from the MCF for the implementation of the YS program. The grant has been allocated in the two phases of the program, namely: (i) USD 970,000 to Stage 1; and USD 10,925,877 to Stage 2. Table 3 below presents the budget allocation and effective expenditure per year. Due to some adjustments required between years and some delays in implementation on part of a couple of partner FSPs and consequent program extension, the ***budget was not fully used during the first four years of the program***. Moreover, in 2014, part of the remaining budget (namely USD 1,231,312 as of the last budget revision in October 2014) was dedicated to finalize the program implementation in 2015. ***As of December 2014, 89% of the total budget had been expended***. Furthermore, two-thirds of the budget have been directly allocated to the partner FSPs in the form of grants (mostly in nine instalments divided between Stage 1 and Stage 2). In December 2014, PAMECAS had yet to receive the last tranche of the Stage 2 grant due to poor performance, while the last two Stage 2 payments to FUCEC and OIBM were yet to be disbursed according to the schedule of the PBAs,.[12]

Table 3. Budget allocation and actual expenditure (as of December 2014)

Year	Budget allocation	Actual expenditure	Actual expenditure / budget allocation	Grants to partner FSPs / actual expenditure
2010*	970.000	540.595	55,7%	66,1%
2011	2.559.022	1.724.904	67,4%	72,1%
2012	5.024.363	2.823.032	56,2%	72,7%
2013	1.628.787	2.731.725	167,7%	66,3%
2014	1.713.706	2.752.256	160,6%	62,8%
Total	***11.895.878***	***10.572.512***	***88,9%***	***68,0%***

* July - December 2010

As illustrated in Exhibit 3 below, ***program resources have primarily been dedicated towards promoting Outcome 1 (75%)***, namely the expansion of access to youth-targeted financial products and non-financial services, most notably in the form of direct grants to the partner FSPs. Almost 12% of program spending has been allocated to capacity building activities towards supporting Output 1 (i.e. the increase in institutional capacity of partner FSPs) and Output 2 (namely the increase in capacity on part of other relevant stakeholders), while, in line with the design of the program, only a very small part (3%) has been dedicated to Output 3 (that is the expansion and dissemination of knowledge among relevant 'industry practitioners'). Finally, one-tenth of actual expenditure has been used for management (and evaluation) of the program (Output 4). When comparing the budget allocation and actual expenditure as of December 2014, see Exhibit 4 below, spending on Output 1 and Output 2 (building capacity) has reached the budgeted allocation, while only 63% of the original budget for Output 3 (dissemination) has been used. With some tranches yet to be paid out (see above), actual grant disbursement to partner FSPs towards supporting increased access (Outcome 1) is around 80%, while management (and evaluation) expenditure (Output 4) has reached only half of the original budget allowance.

[12] In March 2015, funding to OIBM was frozen due to failure on part of the FSP to meet the general performance targets.

Exhibit 3. Actual expenditure per outcome/output (July 2010 - December 2014)

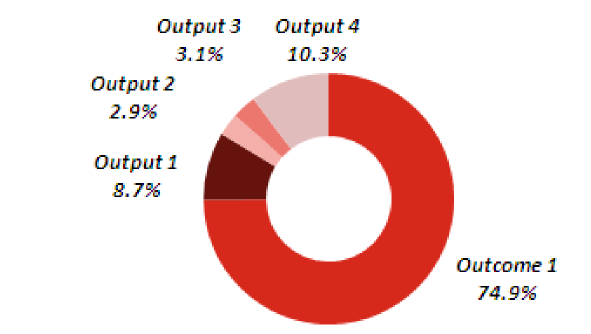
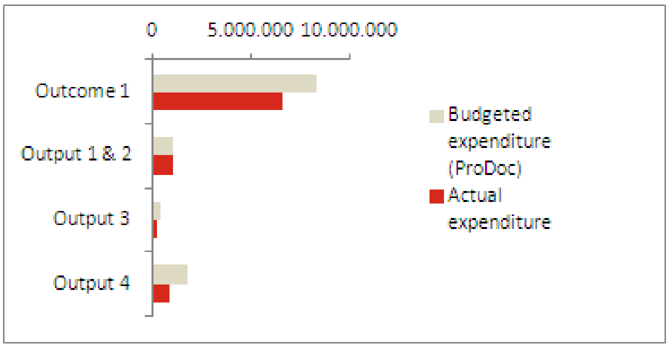


Exhibit 4. Budgeted versus actual expenditure per outcome/output (as of December 2014)



Note: As outlined in Section 3.1 above, Output 1 as defined by the ProDoc (i.e. increased access) more or less corresponds to Outcome 1 as defined by the Consultant. Output 2 as defined by the ProDoc (capacity building) has been divided by the Consultant into Output 1 (capacity building of partner FSPs) and Output 2 (capacity building of other relevant stakeholders). Since the financial reporting for the YS program classifies budgeted and actual expenditure according to the ProDoc definitions, the Consultant has distributed the actual expenditure for Output 2 as defined by the ProDoc onto Output 1 and Output 2 as defined by the Consultant based on an estimated 'weight' of the two different categories of capacity building beneficiaries; namely 75% for partner FSPs (Output 1) and 25% for other relevant stakeholders (Output 2). Even if the 'weight' of other relevant stakeholders in training activities is higher than 25% (i.e. 37% of the training participants, as presented in Table 2 above, have been other stakeholders, most notably UNCDF staff and other FSPs), Output 2 as defined by the ProDoc also includes individual technical assistance (TA) support to the partner FSPs (hence the greater 'weight' assigned by the Consultant to partner FSPs).

4 Overview of Key Contextual Factors

The YS program, like any other initiative or intervention, has naturally not worked in isolation, but rather within the specific environments of the partner countries. It is important to comprehend the different circumstances within which the YS program has been implemented not only for a background understanding towards assessing the relevance of the program (see further Section 6.1 below), but also because, as already outlined in the theory of change framework (attached in Annex 4), the context can influence (as well as be influenced by) program performance (as addressed in Section 6.4 below). While the country reports for the six fieldwork countries (i.e. Burkina Faso, DRC, Ethiopia, Malawi, Rwanda and Uganda), as attached in Annexes 5 through 10, provide a more detailed account of the various country contexts, this section presents a summary overview of relevant contextual factors at the general national level as well as at the macro, meso and market levels in all YS partner countries (i.e. including also Senegal and Togo, even if only a limited amount of information is available for these two countries).

4.1 General National Contexts

Political and Macroeconomic Contexts

Annex 11 provides a summary overview of the key features of the political and macroeconomic contexts in the YS partner countries. The eight countries represent a ***fairly diverse group, from stable (Rwanda, Senegal) to more tumultuous political situations (DRC) as well as to comparatively promising (Rwanda) to more difficult (Malawi) macroeconomic conditions***. Political rights and civil liberties are particularly threatened in DRC, Ethiopia, Rwanda, Uganda, while levels of corruption are high in most countries except Burkina Faso, Rwanda and Senegal. Gross domestic product (GDP) growth rates are relatively strong in most countries, particularly in Ethiopia. However, Ethiopia and Malawi both suffer from high levels of inflation (Malawi also has a sharply depreciating currency). Poverty levels are high in all countries and the Human Development Index (HDI) remains very low in most (especially Burkina Faso and DRC, ranked among the bottom ten countries in 2014). The business environment is poor or very poor in all countries except Rwanda. Finally, in terms of size, with a population of 94 million in 2013, Ethiopia is the largest country and Rwanda and Togo the smallest (with populations of 7 and 11 million respectively in 2013).

The eight YS partner countries, as LDCs in SSA, also share some common characteristics. Apart from high levels of poverty, the situation analysis outlined by the ProDoc (and partly summarized also in the beginning of Section 3.1 above) particularly points to: (i) young people representing the largest, and continuously growing, proportion of the population; (ii) high levels of illiteracy and low school enrollment rates (especially among females); (iii) general lack of (life, technical and entrepreneurship) skills; and (iv) high unemployment levels, with limited formal job markets; and (v) restricted access to financial assets and resources, hampering opportunities for self-employment.

Financial Inclusion

According to the World Bank's Global Findex data, ***financial inclusion has generally improved across the YS partner countries during the course of the program***. As presented in Annex 12, most indicators have progressed between 2011 and 2014 (2011 data not available for Ethiopia). All countries (and especially DRC, Senegal and Uganda) have seen particularly strong increases in the 'any savings' and 'any loan/borrowing' rates. Formal financial inclusion is also improving, particularly in DRC with regard to general account ownership, in Rwanda in terms of formal savings, and in Uganda regarding general account ownership and formal credit.[13] Only Malawi has experienced a general deterioration with regard to formal financial inclusion.[14] There seem to be no general reasons for the overall improvement of the financial

[13] The positive trend in Rwanda is confirmed also the FinMark Trust's FinScope consumer survey; formal access (i.e. through formal banks or MFIs) on part of the adult population (age 18 and above) increased from 21% in 2008 to 42% in 2012, while informal access (i.e. through tradition mutual savings schemes, VSLAs, etc.) increased from 39% to 58% over the same period. As a result, the proportion of the financially excluded (i.e. not accessing either formal or informal financial products/services) population declined from 52% to 28% over the course of only four years.

[14] However, according to the FinMark Trust's FinScope consumer survey in Malawi, formal access on part of the adult population

inclusion rates across the partner countries (except perhaps a general increase in access to mobile phones in all countries expect Uganda, which registered a slight decline,[15] and consequently mobile money accounts in all countries except Burkina Faso and Malawi – see further paragraph on account ownership below). Nevertheless, from a specific country perspective, in Rwanda, the increase in formal financial inclusion could plausibly be linked to the creation of 416 *Umurenge* savings and credit cooperatives (SACCOs), namely one in each of the administrative sectors of the country (90% of the Rwandan population now live within a five kilometer radius of such a SACCO).[16] More points of physical access, i.e. branches and/or automatic teller machines (ATMs), seem to have supported access also in other countries.[17]***Account ownership is highest in Rwanda and Uganda***, where respectively 38.1% and 27.8% of the adult population (i.e. age 15 and above) had an account at formal financial institution in 2014. The lowest account penetration rates are recorded in DRC (10.9%), Senegal (11.9%) and Burkina Faso (13.4%), while Ethiopia (21.8%), Malawi (16.1%) and Togo (17.6%) are placed in the middle. When considering also accounts through mobile money providers, account ownership increases quite significantly in DRC (17.5%) and Uganda (44.4%).[18]

Female financial inclusion is generally lower in all YS partner countries and across all indicators. Some exceptions include: any savings and any loan/borrowing in Burkina Faso; any loan/borrowing in DRC; formal credit in Ethiopia; and lending (both any and formal) in Malawi as well as Togo. In these cases, the female rate is somewhat higher than (or at par with) the rate for entire adult population.

With specific regard to youth, ***financial inclusion rates for young adults*** (i.e. between 15 and 24 years) are ***consistently lower than for older adults*** (i.e. age 25 and above), except for any loan/borrowing in Malawi (where the young adult rate is in fact slightly higher the older adult rate). Across the board, however, the ***youth financial inclusion rates have increased*** between 2011 and 2014. A particularly noteworthy improvement can be observed in DRC with regard to any savings and any loan/borrowing as well as, albeit to a lesser extent, any account ownership (i.e. including accounts both with formal financial intuitions and through mobile money providers). With regard to any savings on part of young adults, significant increases are recorded also in Malawi, Rwanda, Senegal and Uganda. Malawi, Senegal and Uganda also register substantial improvements in terms of any loan/borrowing. Only in a few cases have the youth rates deteriorated somewhat; namely with regard to any loan/borrowing in Burkina Faso, formal savings in Malawi, and formal credit in Rwanda. Finally, ***Uganda***, with 35.0% of its young adult population having an account either at a formal financial institution or through a mobile money provider in 2014, is clearly ***ahead of all the other YS partner countries in terms of youth financial inclusion***. Rwanda (23.3%) comes in second, followed by Ethiopia (14.3%), DRC and Togo (12.3%), Malawi (12.1%), Burkina Faso (8.3%), and Senegal (6.8%). Despite recent improvements, however, youth financial access still remain largely 'undiscovered territory' in the YS partner countries, leaving for a possible successor YS program.

4.2 Policy Setting and Legal/Regulatory Framework (Macro Level) and Support Structures/Initiatives (Meso Level)

Based upon information gathered during fieldwork and deskwork, the Consultant has sought to 'classify' the overall environment with regard to youth financial inclusion in the eight YS partner countries (as

(age 16 and above) has increased from 26% in 2008 to 34% in 2014 (informal access has remained stable at 25%). Consequently, financial exclusion has declined somewhat; from 55% in 2008 to 51% in 2014.

[15] The following increases in mobile cellular subscriptions (per 100 people) were recorded between 2011 and 2013: Burkina Faso – from 48 to 66; DRC – from 24 to 42; Ethiopia – from 16 to 27; Malawi – from 26 to 32; Rwanda – from 40 to 57; Senegal – from 70 to 93; Togo – from 42 to 63; and Uganda (slight decrease) – from 48 to 44. Source: http://data.worldbank.org

[16] Alliance for Financial Inclusion, "Rwanda's Financial Inclusion Success Story: Umurenge SACCOS", 2014: http://www.afi-global.org/library/publications/rwandas-financial-inclusion-success-story-umurenge-saccos

[17] For example, even if it took respondents to the FinMark Trust's FinScope consumer survey in Malawi on average 77 minutes to travel to the nearest back branch in 2014, accessibility has slightly improved since 2008 (83 minutes) and only 3% claimed that banks were too far away or transport was too difficult.

[18] With regard to DRC, the 2014 FinMark Trust's FinScope consumer survey points to more a positive financial inclusion scenario with 36% of the adult population (age 15 and above) having formal access and 26% having informal access (and an overall financial inclusion rate of 48%).

presented in Table 4 below and as further detailed in Annex 13).[19] The ***most conducive environments are found in Rwanda as well as in Ethiopia and Uganda***, while conditions are less favorable in DRC (and, to some extent, also in Burkina Faso and Malawi).

Table 4. Youth financial inclusion environments

Country	Policy setting (macro level)	Legal/Regulatory framework (macro level)	Support structures/initiatives (meso level)
Burkina Faso	Fairly conducive	Fairly conducive	Fairly unfavorable
DRC	Fairly unfavorable	Neutral	Neutral
Ethiopia	Fairly conducive	Fairly conducive	Fairly conducive
Malawi	Conducive	Fairly unfavorable	Neutral
Rwanda	Conducive	Fairly conducive	Conducive
Senegal	Neutral	Fairly conducive	Neutral
Togo	Not enough information available	Neutral	Fairly conducive
Uganda	Conducive	Neutral	Fairly conducive

Note: Consultant's 'classifications' (based on the presence of positive, neutral and/or negative features – as presented in Annex 13) of the various aspects of the youth financial inclusion environments include: 'Conducive'; 'Fairly conducive'; 'Neutral'; 'Fairly unfavorable'; and 'Unfavorable'.

Nevertheless, two reservations need to be made. First, the 'classification' is primarily based upon intended policies/strategies and legal/regulatory framework (macro level) rather than on actual implementation or application (for example, in some countries, laws and regulations might be 'manipulated' or 'circumscribed' depending on the strength and type of institution). Second, with regard to the legal/regulatory framework (macro level), the Consultant has considered the independent opening and use of savings account on part of minors as a positive feature towards promoting youth financial inclusion without considering actual product offer or behavior on part of financial institutions (i.e. in a liberal environment not requesting the consent of parents/guardians, some institutions could possibly 'take advantage' of minors by offering them inadequate savings products). In this specific regard, as summarized in Table 5 below, the laws/regulations are more liberal in Rwanda and to some extent also Ethiopia (and, when apparent actual practice is considered, Burkina Faso), with the remaining five countries applying more stringent limits on the opening and use of accounts on part of minors.[20] The legal age limit for accessing credit is set at 18 years in all partner countries[21] (considered by the Consultant as a positive prudential feature).

[19] This 'classification' serves to assess (and compare between partner countries) if (and how), as per EQ4.3 of the evaluation matrix attached in Annex 16, the general youth financial inclusion environments have possibly influenced partner FSP performance (see Section 6.4 below).

[20] This generally restrictive approach to minor accounts in the YS partner countries can be compared to the more liberal, and supportive, approach in the Philippines where the central bank launched the 'Kiddie Account Program' in 2011 permitting young school children (aged between seven and twelve with a valid school ID) to open and manage savings accounts on their own accord. See further *Bangko Sentral ng Pilipinas* (www.bsp.gov.ph/publications/media.asp?id=2650) and the YS paper "Policy Opportunities and Constraints to Access Youth Financial Services" (www.uncdf.org/sites/default/files/Documents/accesstoyfs_1_0.pdf). See also Child & Youth Finance International, "National Implementation Plan: A guide to developing youth economic citizenship through national government and stakeholder initiatives", December 2013 (accessible at http://childfinanceinternational.org/resources/publications/national-implementation-plan.pdf), which supports, among other efforts, account opening on part of children and youth aged eight years and above.

[21] In Rwanda, under-age youth can in practice also access credit through groups loans when the credit account is opened in the name of the whole group (and not for separate group members).

Table 5. Minors and savings accounts

Country	More independent opening & use of account	Restricted opening & use of account	Comments
Burkina Faso		✓	According to the current legal framework, minors need parent/guardian permission to open and transact on savings accounts. Actual practice, however, seems to allow for minors starting from the age of 15 with a valid ID to open and transact independently.
DRC		✓	Account co-registered/signed in name of minor and parent/guardian.
Ethiopia		✓	Account co-registered/signed in name of minor and parent/guardian (with exceptions granted, from the age of 14, for those who are employed or receive a special authorization from the family).
Malawi		✓	Account co-registered/signed in name of parent/guardian and minor. Minor able to deposit, but not withdraw, without the signature of the co-signed parent/guardian. At the age of 18, account funds have to be transferred by the parent/guardian into the child's name only.
Rwanda	✓		Minors starting from the age of 16 can open and transact independently. Below the age of 16, account opened in name of minor, but need permission from parent/guardian, also for withdrawals.
Senegal		✓	Independent opening of (and depositing into) account, but need permission from parent/guardian for withdrawals.
Togo		✓	Need approval from parent/guardian to open account.
Uganda		✓	Account in the name of minor, but can only be used with permission from a parent/guardian (able to deposit, but not withdraw, without the presence of a parent/guardian).

In addition to the formal youth financial inclusion environment, ***informal norms and attitudes generally point to a poor, or under-developed, savings culture*** in all six fieldwork countries. Saving habits, also among adults, are often very weak, especially in terms of formal savings (especially in DRC, the population's trust in the financial sector has not yet recovered from decades of civil war and the collapse of several financial institutions). Nevertheless, in certain areas (most notably in Ethiopia and Malawi), some stakeholders also reported on relatively strong traditional saving practices in the form of livestock and informal monetary savings (*tontines* and alike). In Malawi, interviewed stakeholder also claimed that the understanding of and/or respect for credit as money that need to paid back is commonly very weak. The YS program has hence been faced not only with formal obstacles (in terms of difficult regulations and/or lack of support structures), but also with informal challenges in terms of seeking to sensitize young people (as well as entire communities) of the importance of savings.

4.3 Market Context and FSP Positioning

Microfinance Market Context

Annex 14 displays the key features of the microfinance market contexts within the YS partner countries. The current microfinance market contexts range from ***relatively small (DRC,[22] Malawi)*** to ***comparatively large (Ethiopia, Rwanda, Uganda)*** as well as from ***concentrated (Burkina Faso, Togo)*** to ***relatively competitive (Ethiopia, Rwanda, Senegal, Uganda)***. While most countries have a ***limited number market players targeting youth***, FSPs in Ethiopia and Senegal (and to some extent also Uganda) pay growing attention to this market segment. Other Ethiopian FSPs now offer youth savings products more or less specifically tailored to their needs, while other FSPs in Senegal focus more on promotion/marketing than on actual development of youth-specific products/services.

FSP Characteristics and Market Positioning

With regard to the YS partner FSPs, Annex 15 provides a summary over the key characteristics and position within the microfinance market. The partner FSPs range from ***very large and dominant market players (most notably ACSI*** in Ethiopia, one of the largest MFIs on the whole continent, which serves some 2.9 million active savers, ***but also FCPB*** with 1.1 million active savers) to much ***smaller institutions (PEACE and UFC***, which both have less than 100,000 savers). The other six, more medium-sized, FSPs are all leading institutions at the microfinance market. ***Most FSPs extend services to the whole country***, with ACSI, FINCA DRC, PEACE, and UFC only serving certain regions, while FTB and UFC both have a primary rural focus. Finally, with regard to the legal form, ***half of the partner FSPs are either cooperative*** (FCPB, FUCEC, PAMECAS) ***or commercial*** (FTB, OIBM) ***banks***, ***while the remaining half are non-bank financial institutions*** of some form. During the course of the YS program ***two FSPs have 'upgraded' their legal form***; namely FTB transformed from a deposit-taking microfinance institution (MFI) to a commercial bank and UFC from a union of SACCOs to a limited liability microfinance company.

[22] While the market potential of DRC is certainly enormous, microfinance service providers have to date hardly touched this potential.

5 Evaluation Approach and Methodology

The evaluation methodology is based on a ***multidimensional approach***, according to which a mix of descriptive, qualitative and quantitative analysis was carried out to measure whether results, outputs, outcomes, and likely impacts have been achieved.

5.1 Evaluation Matrix

The evaluation is ***structured around the evaluation matrix***, and related evaluation questions (EQs), on the basis of the version proposed in the ToR and as redefined and finalized by the Consultant in agreement with the Evaluation Unit (EU) and Advisory Panel (AP) during the inception phase of the assignment. The matrix, attached in Annex 16, is organized around the five OECD/DAC evaluation criteria of relevance, efficiency, effectiveness, impact and sustainability. The criteria of 'Effectiveness' is divided into two separate areas – one concerning the capacity of partner FSPs (micro level) and outreach/access (client level) and one regarding the broader youth financial inclusion context at global, macro, meso and market level. Furthermore, while the area of 'Likely impact' addresses possible (long-term) changes for youth clients (i.e. final beneficiaries at client level), likely impact with regard to partner FSPs (i.e. intermediate beneficiaries at micro level) is addressed under 'Sustainability' since intended impact with regard to FSPs concerns their long-term performance and sustainability. Finally, where relevant, EQs are either cross-referenced against components of the theory of change framework (with **results chain components in red** and **assumptions in green**) or classified as **lessons learned or recommendations (in blue)**.[23]

5.2 Data Collection and Analysis

Based on the evaluation matrix, the Consultant elaborated a ***data collection (and analysis) toolkit***, namely a comprehensive set of complementary measurement tools and guidelines and different approaches (quantitative and qualitative), to address the specific EQs in the evaluation matrix. The matrix and the toolkit guided the evaluation team throughout the implementation of the assignment. The tools were cross-referenced against the EQs (**in green**) including the level of 'intervention' (global, macro, meso, market, micro, client) in order to easily identify the main purpose of the requested information. In particular, the toolkit was structured following a three-pronged approach, i.e. focusing analysis on context (global, macro, meso, market level), partner FSPs (micro level) as well as clients (client level). The three levels reflect the structure of the evaluation matrix: EQ1 and EQ2 - all levels; EQ3 - micro level; EQ4 - context level; EQ5 - client level; and EQ6 - micro and context level. The toolkit to gather data, guide interviews and register information comprises:

- FSP tools and guidelines (micro level) – Preliminary and FSP DA file;
- Guidelines for focus group discussions (FGDs) and questionnaires for structured interviews with YS clients (client level);
- Guidelines for interviews (and FGD) with other stakeholders (global, macro, meso and market level);
- Data input aggregation (input sheet for FGDs and structured interviews with clients and interviews with FSPs and other stakeholders); and
- Story telling questionnaires for individual case stories.

A more detailed description of the toolkit is presented in Annexes 17 through 19.

[23] Some EQs are also indicated as *priority questions (highlighted in italics)*. While all areas and questions are addressed by the evaluation, it focuses on certain priorities following (i) indications in the ToR (i.e. the ToR, pp. 29-30, state that the evaluation is expected to "provide and validate evidence" specifically with regard to: 1) Changes in organizational and financial performance of FSPs; 2) Influence of the program on the broader youth financial inclusion systems; and 3) Evidence of any impact to date at client level) and (ii) the Consultant's understanding of primary 'interests' on part of the MCF (as interpreted during the call on 16 December 2014) and UNCDF (as interpreted during the call with the EU on 16 December 2014 and during the call with the YS PM on 16 January 2015) as well as (iii) because the mid-term evaluation has already covered some areas/questions more extensively than others.

At the end of the in-country phase, the evaluation team proceeded with the compilation of the ***country reports***, attached in Annexes 5 through 10. Together with internal evaluation team meetings, these reports also represented the main channels through which information were passed from the country teams to the whole evaluation team. At that stage, results were country-based and hence not aggregated in a comprehensive manner. The first part of the country report includes the country briefing sheet with an overview of the macroeconomic context as well as the policy setting and legal/regulatory framework related to microfinance and youth (as well as a brief summary of some feedback and key points gathered from other stakeholders at global, macro, meso, and market level). The second part of the country reports focuses on a preliminary FSP analysis, while the third part includes an overview of YS client feedback from FGDs and structured interviews.

Data collected and analysed during the country reporting phase have been further aggregated to verify the general program picture. Following the indicators in the evaluation matrix, qualitative data, according to the kind of information available, have been either presented or scored to identify positive and negative trends, common features and relevant exceptions. Quantitative data analysis basically included performance analysis of the partner FSPs and of the relevance of the YS program for FSP performance and outreach, benchmarked with context information from Findex and national statistics (see further Annex 20).

Analysis of data includes information from internal YS documents (such as FSP quarterly reports and YS financial reports – see list of documentation attached in Annex 21) ***and secondary sources***, including review of national statistics, financial inclusion data, etc. as well as relevant data from the "Business Case Analysis" (carried out by the Frankfurt School of Finance & Management in Burkina Faso, Malawi and Rwanda) and the the 'financial diaries' study (carried out by MicroSave in Ethiopia and Togo). Data were aggregated taking into considerations some weights (such as national context, size of FSP and outreach, etc.) and scoring defined according to the typology of the topic.

With regard to the ***FSP analysis***, the performance and sustainability of the YS products/services (based on an estimation of product/service-specific cost and revenue data) were assessed and then compared with the overall performance of the FSPs (seeking to identify a possible 'contribution', rather than 'attribution', effect). The analysis was based on both quantitative data (as included in the DA file and) and qualitative information from interviews with FSP staff (which sought to solicit information with regard to a possible 'contribution' effect as well as feedback on the distinction between support from the YS program and support from other donors/funders). Whenever possible, the ratios/indicators were analyzed over the period of the duration of the YS program (i.e. 2010-2014) in order to allow for the identification of possible trends of ratios/indicators. It has not been possible to collect data on the number of youth clients, or the budget and financial statements, prior to 2009; it has hence not been possible to establish a trend in serving youth prior to the start of the YS program (see evaluation matrix, EQ3.8). It has therefore not been possible to use the strategy of pre-YS trend to perform a proxy for a counterfactual assessment, otherwise not feasible because: (i) the scope and resources of the present assignment did not allow for a more adequate counterfactual analysis (which requires substantial data collection from an adequate control group, etc.); and (ii) despite efforts on part of the evaluation team, national youth serving statistics or information from other FSPs were not available (or at least not sufficient enough for the definition of a national trend for comparative purposes) in the partner countries.

In terms of the ***qualitative analysis*** (which also focused on practical examples and best practices emerging from the FGDs and interviews), according to the quality and level of information available, the Consultant tried to standardize as much as possible the classification of findings in order to reduce the risk of subjectivity and compare results from different countries and/or feedback from different sources of information. Qualitative statements (ex. good/satisfactory/bad; appropriate/non-appropriate) have been supported with examples and facts. This approach has allowed for the creation of an overall judgement resulting from the aggregation of data and/or information from a number of sources in order to take into consideration the complexity of each EQ and organize the presentation of results in a consistent manner.

The production of innovative material for external communication has been outsourced to a dedicated company, namely *BasBleu Illustration* (www.basbleuillustration.com/en). Final evaluation results will be presented through a multimedia platform that presents and organizes data, text, stories, images and other tools. The main achievements and facts & figures on program implementation and impact will be presented in the form of ***infographics***, both on a country basis and on a comparative basis with regard to key features deemed interesting by the evaluation team towards illustrating program results. The communication strategy will be based on ***Prezi***, a dynamic and graphic presentation tool to present the main findings from the evaluation, also by integrating individual stories (a total of 10 case stories were collected during fieldwork) and including personal reflections on part of YS clients and some specific country features

In terms of field visits, ***six out of eight partner countries, and eight out of ten partner FSPs were visited between March and the beginning of April 2015*** by a team of two consultants in each country. Some interviews were also carried out through Skype calls for countries not visited (i.e. Senegal and Togo) and with other global stakeholders. As illustrated in Table 6 below, the assignment included ***interviews with a total of 438 stakeholders*** (including 252 YS clients). Annexes 22 through 27 provide the complete lists of stakeholders interviewed in the six fieldwork countries, while Annex 28 includes the stakeholders interviewed in Senegal and Togo as well as other international stakeholders (i.e. at the UNCDF and general global level).

Table 6. Number and category of interviewed stakeholders

Category	Burkina Faso	DRC	Ethiopia	Malawi	Rwanda	Senegal	Togo	Uganda	International stakeholders	*Total*
UNCDF / UNDP	1	2	2	1	2			1	4	***13***
Global level[24]	7	1	3	3	4	2		2	4	***26***
Macro level[25]	4	2	2	3	4	1		4		***20***
Meso level[26]	2	5	3	5	5		1	1		***22***
Market level[27]	3	2	4	3	4			1		***17***
FSP staff	7	11	18	12	8	1	1	20		***78***
YS clients*	46	26	54	33*	33			60		***252***
Case story clients	2	2	1	1	1			3		***10***
Total	***71***	***51***	***87***	***61***	***61***	***4***	***2***	***91***	***8***	***438***

* Two of the interviewed OIBM youth clients (or rather, their parents) were, however, not actual YS clients since they were both holders of the *Tsogolo Langa* parent/guardian youth account for minors, which is a not a YS product - see further Malawi Country Report attached in Annex 8.

5.3 Methodological Limitations

The data collection process has been faced with a number of challenges. With regard to the ***FSPs***, actual availability of data was certainly the main challenge. Some FSP quarterly YS reports were not always adequately filled out and some additional data required in the preliminary data file were not available in the management information system (MIS) of some FSPs (e.g. PAR 30 of young women's portfolio, number of youth clients at their 2nd or above loan cycle, proxy costs of YS program, etc.). Some aspects with regard to the sustainability of YS products/services (EQ6.1.) and their contribution to the overall sustainability of the FSPs (EQ6.2) were difficult to assess due to the lack of data (specific costs and revenues linked to YS products/services, average number of parallel products for YS clients, trend in YS client retention rate, etc.). The evaluation team sought to address this issue by identifying other sources of information other than the MIS itself. For instance, the costs and revenues linked to YS products/services analysis were based on FSP

[24] International donors, funders, investors, organizations, etc.
[25] National stakeholders: institutional level, public and regulatory bodies
[26] National stakeholders: support structures and network organisations
[27] Other FSPs and/or competitors.

estimations guided by the evaluation team. Furthermore, timeliness in receiving requested data from FSPs has been also a challenge; some information is still missing for OIBM and for other countries (namely Ethiopia) consultants had to insist to receive all required information. Furthermore, commitment towards the YS program per se was another issue. In Ethiopia, for instance, staff was not fully available during the field visit, and Consultant registered delays with regard to requests for information and organization of the field visit. However, with frequent exchanges of emails and follow-up Skype/telephone calls, the Consultant has been able to fill in most remaining gaps.

The primary challenge with regard to ***other stakeholders*** (at global, macro, meso and market level) was their willingness and availability to meet with the country teams. Many stakeholders were contacted and not reached, and others were pressed for time and could realistically not dedicate more than 30 minutes; the identification of priority questions (as suggested in the beginning of Section 3.2) to be asked during these interviews was hence of particular importance. Furthermore, the scheduling of appointments was to the extent possible established prior to the field visits. To this end, the country teams sent a first introductory email before the beginning of fieldwork introducing the purpose of the evaluation and the rationale for meeting them (seeking to assure them that it would not take up too much of their time). A reference letter (attached to the introductory email) from the UNCDF briefly presenting the YS program, the evaluation and evaluation team members served to assist in assuring stakeholders of the importance of the assignment. The introductory emails were also followed up by telephone call(s) or successive email(s). In some cases, Malawi and Rwanda for instance, UNCDF/UNDP staff in loco was supportive in assisting the contacting of relevant stakeholders. The same approach, i.e. introductory email, follow-up telephone call(s) / email(s), was adopted with regard to other stakeholders not located in the fieldwork countries (including YS/UNCDF staff, other international organizations, etc.) who were interviewed over Skype/telephone.

In addition to challenges with data availability (including the lack of sufficient time series for more adequate analysis of impact and sustainability), the ***limitations*** of the methodology includes:

- Counterfactual assessment – as mentioned above, the time and resources available for the evaluation exercise, and especially the fieldwork, did not allow for the creation of an adequate control group and subsequent analysis. Relevant national/country data on youth outreach was not available either and could hence not be used as some sort of comparison. Finally, a counterfactual assessment based upon a comparison of an extrapolated, pre-YS, trend of serving youth clients on part of the partner FSP with the actual trend of YS clients (i.e. since the start of the program) was not feasible since pre-YS data was not available.
- Causality links - considering the constraints in terms of data availability (especially for what concerns historical data series as well as in terms of information gathered from beneficiaries and stakeholders during the limited time of fieldwork in each country) as well as the existence of other intervening factors (including other donor funding), the evaluation sought, as much as possible, to correlate YS inputs and activities with specific results at FSP (micro), beneficiary (client) or macro and meso level. It was, however, not possible to prove the actual casualty link between YS inputs/activities and results.

As a result of these limitations, the presented findings display the following specificities according to the level of analysis:

- At global, macro and market level it was not possible to determine whether positive or negative trends during the course of the program were a consequence of YS as a program or as an input. The Consultant could, therefore, not identify any potential impact of the program in this regard (and has only referred to possible influences on a qualitative basis.
- At client level, the absence of a control group, the fact the program is still ongoing and the limit in data gathering (no baseline) prevented any real measurement of impact as well. Information collected during the evaluation hence provide feedback only in terms of perception of a likely impact of program input by the beneficiaries.
- At FSP (micro) level, more complete and extensive availability of data made it possible to determine more concrete links between program inputs and activities and the performance of partners FSP in terms of strategy and, to a smaller extent, profitability and sustainability.

6 Evaluation Findings

6.1 Relevance and Quality of Design

EQ1. How relevant and well designed was the program with reference to meeting the needs of its partner countries, partner institutions (intermediaries) and final beneficiaries (youth clients) towards reaching the broader objective of promoting youth financial inclusion?

The program approach is clear: a standard grant to support the FSP effort to develop financial products to youth, promoting first of all savings. A necessary but not sufficient condition to assure the final objective, especially for the aspects concerning the regulatory and market environment.

The program adopted a pilot-project approach: many elements were revised and adjusted during the implementation.

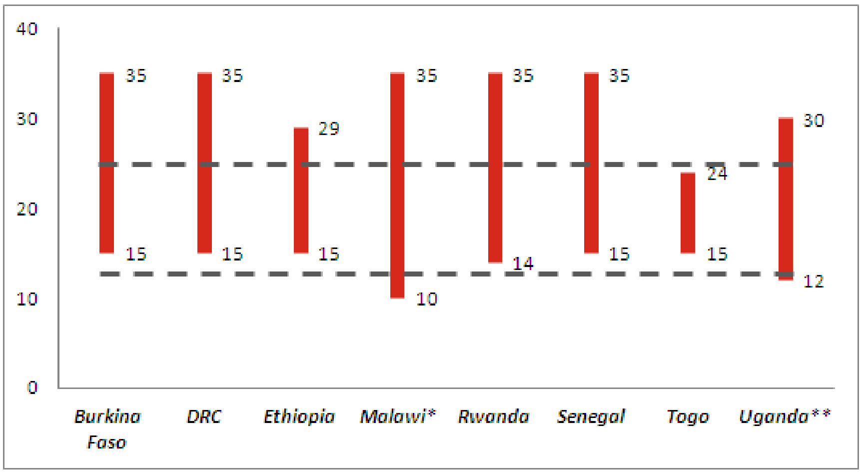
No prior gap analysis. The needs of the partner countries were considered more via the strategy and operations of the FSPs than by a clear and comprehensive national framework. The strategic role of YSO was often underestimated and the decision on how to provide non-financial services was in any case left as an FPS's internal issue.

Demand for Youth Financial Inclusion [EQ1.1, EQ1.2]

The YS program has adopted a pilot approach by targeting the ***12-24 age frame*** based on the consideration that it is often during this period that critical individual decisions are taken in terms of work, study and life (including marriage).[28] However, with the exception of Togo (where the national definition of youth falls within the YS range), the 12-24 age frame is ***not in line with the definitions of the partner countries*** since youth are commonly intended in a much broader way including also individuals up to 29-35 years old (see Exhibit 5 below presenting the age definition of youth in the eight YS partner countries in relation to the YS definition). A 'tighter' definition of young people on part of the YS program has ensured that the intervention targets the 'younger among the young' people. However, given the feedback from national stakeholders in most countries, it appears that the YS age definition has not been properly explained or discussed with institutional counterparts in the partner countries during the program design or inception phase (limiting also the program's possibility to influence any 'structural' changes in the national youth financial inclusion policy settings).

[28] Research on brain development shows that this age frame is a critical time for developing certain planning activities, while important transitions also occur during these years. Some relevant studies include: (i) "Brainstorm: The Power and Purpose of the Teenage Brain by Daniel J. Siegel M.D., 2013 and Blakemore, S. J. (Jun 2012); and (ii) "Imaging brain development: the adolescent brain", Neuroimage 61 (2): 397–406. Finally , the 15-24 age definition was adopted by the UN for the first time in Secretary-General's Report to the General Assembly, A/36/215, 1981, and is used for statistical reasons without prejudice of other definitions by UN members states.

Exhibit 5. National youth definitions (age)



* Flexibile definition.
** Current revision proposes 15-29 years.

The YS program does not seem to have realized a specific 'gap analysis', such as a strengths, weaknesses, opportunities and threats (SWOT) analysis, of the youth financial inclusion process in the targeted countries or other specific analyses at country level that could report on opportunities or constraints for youth financial inclusion. Potential partner countries were chosen among a group of 14 SSA LDCs at regional level on the basis of the assumption that they were *"places of a reasonable chance of success"*. Actual country participation in the program was driven by which FSPs presented the best business plans. Despite the lack of clear ex-ante indicators to define the alignment between the YS program and national priorities, the Consultant has sought to classify the appropriateness of the context vis-à-vis the program design (see Table 7 below). It is clear that youth financial inclusion – following from both 'financial inclusion' and 'youth development' policies – is not yet a main priority in most partner countries. Interviewed stakeholders at the macro and meso level generally judged the YS program as ***relevant to the national contexts***, even if the age definition is not in line with national policies. However, the YS program has ***rarely sought to create synergies with other programs or initiatives*** in the partner countries.[29]

Table 7. Appropriateness of context analysis in program design

Country	Alignment between program and national priorities - financial inclusion	Alignment between program and national priorities - youth development	Synergies with (or additionality to) other similar actions
Burkina Faso	Good	Moderate	Poor
DRC	Moderate	Moderate	Poor
Ethiopia	Moderate	Moderate	Moderate
Malawi	Good	Moderate	Poor
Rwanda	Good	Moderate	Poor
Senegal	Moderate	Moderate	Poor
Togo	Moderate	Good	Poor
Uganda	Moderate	Moderate	Poor

Note: Consultant's 'classifications' of context analysis include: 'Good'; 'Moderate'; and 'Fair'.

[29] In the case of Ethiopia, ACSI has been able to rely on strong partnership with the national educational system, both in terms of possibility of outreach at schools and in terms of schools including financial education modules in their curricula. This partnership, however, predates the YS program.

As illustrated in Section 4.1 above (see also Annex 12), the level of youth financial inclusion was very low at the beginning of the program. The ***intention to target youth with a focus on savings and financial education*** (especially important for minors) can be hence considered as an ***appropriate strategy*** (as confirmed also by interviewed national counterparts) considering the primary objective of increasing the number of young people having access to financial services. Financial education as an instrument has proved particularly important and successful with regard to overcoming challenges in terms of informal norms and attitudes (i.e. generally poor savings culture – as outlined Section 4.2 above).

The ***primary focus*** of the YS program has been ***at the partner FSP (micro) level*** of intervention, but the linking of access to financial services to concrete economic opportunities goes well beyond the scope and capacities of the partner FSPs. In seeking to match the offer of financial services to concrete economic opportunities, the provision of business development support to clients is quite important. Even if FSPs are generally likely equipped to provide financial education, they seem inappropriate as providers of entrepreneurship training and related services. The possibility of relying on external providers hence depends on the country contexts (i.e. the availability, or not, of such support structures or initiatives within the partner countries). Furthermore, while the YS program has mainly focused on developing savings, adding credit products is also relevant in order to create stronger linkages to economic opportunities. Finally, because of the 12-24 age frame, many clients are not yet economically active (only half of the YS clients interviewed in the six fieldwork countries claimed to be engaged in some sort of work). Given the design of the YS program (and the consequent limited engagement on part of other stakeholders at the macro and meso level),the creation of links with concrete economic opportunities cannot be considered as one of the program's priority intervention areas.

The ***choice of the 'business model'*** (unified, linked, parallel or hybrid) for providing non-financial services (mainly with regard to financial education) has been left to the partner FSPs, but with ***no real guidance on the pros and cons*** of any choice adapted to the specific national contexts. Moreover, despite the different features of YSOs in each country (public or private, profit or not profit, business or education focused, etc.) and the focus, as outlined in the ProDoc, on YSOs for the provision of services apart financial education, a structured identification and follow-up of potential partnerships within the partner countries was not foreseen on part of the program. With regard to the provision of financial education, some FSPs, seemingly upon the encouragement of the YS program,[30] hence initially sought to create partnerships with YSOs. Only, at a later stage, they started to internalize the provision of such services in order to reach out to the targeted number of beneficiaries minimizing the costs (both in terms of money and effort).

Type and Selection of Partner Institutions [EQ1.3]

Almost all selected FSPs (namely nine out of 11, also including CMS in Senegal, later replaced by FUCEC in Togo) have a significant if not dominant position in the microfinance market in their respective countries. The ***selection of strong market players can be considered a reasonable strategy*** in order to ensure a wide client base and that the partner FPSs could have a demonstration, or leadership, effect upon other players in the market. The priority of savings has also implied that ***only deposit-collecting FSPs*** could participate in the program. The interest in youth as a potential market segment on part of applicant FSPs became a key selection factor only during the review of FSP business plans.

The use of PBAs have been a key implementing tool adopted by UNCDF. As outlined in the ProDoc, PBAs have been signed both for Stage 1 (with 19 FSPs) and Stage 2 (with 10+1 FSPs) and have sought to hold the partner FSPs accountable for their results towards UNCDF by linking disbursement to actual attainment of results. The PBAs have been drafted according to UNCDF standard and results to be achieved have been defined on the basis of the FSPs' own business plans and market research. Due diligence checks were foreseen before signing the PBAs and authorizing disbursements, which appears correct given the key role played by the partner FSPs in the implementation of the program. However, this due diligence exercise could probably have benefitted from a shared revision of targets and objectives, and relative payment tranches, in order to avoid misunderstandings, overestimates, and potential amendments or revisions of

[30] Also because of the 50% target for FSPs having forged partnerships with YSOs for the provision of youth-specific non-financial services (PI6) – see table following the evaluation matrix attached in Annex 16.

the PBAs at a later stage. The PBAs have been very clear in terms of results to be attained in order to receive the payment tranches, even if in some cases (FCPB, OIBM) the actual target of YS clients (as distinguished from youth clients) was not evident in the original versions of the PBAs (August 2011).The utilization of market research and subsequent ***business plan*** (produced during Stage 1 of the program) ***as a selection criteria*** among shortlisted FSPs is considered by the Consultant as a solid choice in order to make sure that there is actual awareness of the market environment among FSPs. However, and possibly also because the business plans had to appear 'attractive' for grant award, some partner FSPs appear to have included very ambitious objectives, resulting in at least two cases of overestimated targets included in the PBAs (in fact, partner FSP stakeholders in two countries even went as far to say that: *"I don't want to blame my predecessors, but I don't understand why they said yes to the agreement"*; *"Had I been here at the time, I would not have signed the agreement"*). In three cases, the PBA targets have been revised during the course of program implementation.

As evidenced also by the mid-term evaluation, the selection FSPs to be invited to participate in the program was made from a pool of strong performance (profitability, portfolio quality, outreach) FSPs with the ability to offer deposit services following an initial screening process using MixMarket data . A total of 28 FSPs responded to the call for expressions of interest and were invited to submit initial proposals. Nineteen of these FSPs subsequently submitted applications to receive grants to carry out market studies and prepare business plans (Stage 1). The selection of Stage 2 participants was made on the basis of a set of 13 evaluation criteria from three main sources (namely the market research studies, the business plans, and the application proposals).

Table 8. Stage 1 and Stage 2 participants

Country	Stage 1	Stage 2
Burkina Faso	RCPB[31]/FCPB	FCPB
Democratic Republic of Congo (DRC)	MECREBU[32], FINCA	FINCA
Ethiopia	PEACE, SFPI[33], ACSI	ACSI, PEACE
Malawi	OIBM	OIBM
Mali	Nyesigiso	-
Rwanda	UFC	UFC
Senegal	UIMCEC[34], CMS, PAMECAS, ACEP[35]	PAMECAS, *CMS*
Togo	FUCEC	FUCEC
Uganda	FTB, Kitgum SACCO, Stanbic, PostBank, FINCA	FINCA, FTB

During Stage 2, ***one partner FSP*** (CMS in Senegal) ***was excluded*** from the program ***due to noncompliance*** with program requirements (other Senegalese stakeholders interviewed during fieldwork have confirmed the weak commitment to the program on part of CMS). This decision was based on the PBA targets and monitoring mechanism, allowing the YS program management to take clear and appropriate action. FUCEC, which was the first of non-selected FSPs during Stage 1 replaced CMS in 2012.

With specific regard to credit unions, a sense of being a member and 'belonging' to an institution could be

[31] Réseau des Caisses Populaires du Burkina
[32] Mutuelle d'épargne et crédit de Bukavu
[33] Specialized Financial and Promotional Institution
[34] Union des Institutions Mutualistes Communautaires d'Epargne et Crédit
[35] Agence de Crédit pour l'Entreprise Privée

assumed to have a positive effect in terms client retention (via a more participative relationship with the institution during the course of one's life, reducing some problems, like high mobility, that often harm the capacity of FSPs to properly serve youth). Nevertheless, the Consultant's ***findings do not point to any 'credit union member' effect***. In fact, among the three partner credit union FSPs (FCPB, FUCEC and PAMECAS), most of the YS clients were not even aware of actually being members. The FSPs have not relied on cooperative belonging as a tool to reinforce the relationship with the clients, and clients themselves do not perceive to pay a higher fee because they are members of a credit union. Youth clients rather compare the membership fee with the entrance fee that most other FSP charge for account opening. Being a client of a credit union can hence not be considered either a barrier or a resource because of the lack of cooperative awareness among the young members.

Grant Design [EQ1.4]

Almost all FSP stakeholders claimed the ***grant amount*** to have been ***appropriate for the implementation of required program activities***. ***However, the grants have had different impacts on the resources of the partner FSPs***. As illustrated in Table 9 below, while the awarded grant amount in absolute terms is not so different between the institutions (ranging from USD 620,000 to USD 819,000), its relation to the operational expenses has been substantial in two cases; namely above 30% for both PEACE and UFC (the smallest of the partner FSPs). However, just like the choice of FSPs, the grant amount should be consistent with the strategy that is expected from the FSP. Namely, a grant that is enough to cover the expenses of the development of a new product, but not significant in terms of the overall budget of the intermediate beneficiary, may not lead to results in the short term since management and staff of the FSP need to be bought in on the program with internal resources (on the other hand, one could expect a quicker return from those FSPs that significantly rely on the grant for their general functioning). Furthermore, the issue of sustainability has to be taken into account; if the YS products do not become profitable during the program timeframe, some institutions, namely the smaller ones, could face problems to maintain financial services for youth. In the experience of the YS program, the latter seems to be the case for PEACE, while UFC has managed to reach product sustainability (see further Section 6.6 below).

Table 9. Share of YS grant on the operational expenses of the FSPs

Country	FSP	grant received at dec14	operational expenses 2011-14	%grant/OE	total grant awarded
Burkina Faso	FCPB	693,589	67,349,367	**1.03%**	693,589
DRC	FINCA DRC	819,789	48,133,855	**1.70%**	819,789
	ACSI	816,777	32,173,988	**2.54%**	816,777
Ethiopia	PEACE	676,432	1,815,110	**37.27%**	739,577
Malawi	OIBM	320,000	26,555,526	**1.21%**	818,900
Rwanda	UFC	668,500	1,889,122	**35.39%**	668,500
Senegal	PAMECAS	362,910	34,081,943	**1.06%**	620,000
Togo	FUCEC	523,406	49,521,701	**1.06%**	661,659
	FINCA Uganda	737,351	40,327,072	**1.83%**	737,351
Uganda	FTB	768,900	33,981,336	**2.26%**	768,900

* FUCEC entered the project in 2012 (apart from the market research), the time span used for operational expenses is 2012-2014
** 2014 expenses not available, so the calculation included grant disbursed up to December 2013. After the amendment, the actual grant awarded was 590.000USD
*** 2011 and 2014 expenses not available, so the calculation includes grants disbursed in 2012 and 2013 only

The YS grant has been used to cover staff, product development, marketing and training costs. However, the Consultant suggests that other uses of the grant could also have been appropriate. Other uses could for example include seed capital for youth grants, covering interest on savings account or guarantee mechanisms to reduce risk on youth portfolio, as well as integration with other external funds. One example is the partnership between Development Aid from People to People (DAPP) and OIBM in Malawi, through which DAPP makes a seed grant available through its partner Humana People to People (the Netherlands), and OIBM acts as the service provider for credit loans to DAPP graduates.

Comparison with Other Youth Financial Inclusion Initiatives [EQ1.5]

The ***YS program is one of the largest programs implemented to date for the specific fostering of financial inclusion of young people***. Most, if not all, similar interventions in this area include the involvement, to some extent, of the MCF. Just like the YS program, most other youth financial inclusion initiatives (including Youth Economic Empowerment[36] and Youth-Inclusive Financial Services[37]) focus on fostering savings and financial education, with access to credit as a second priority. The YS approach differs from the other interventions mainly concerning one key element; namely, it is an FSP driven, rather than non-governmental organization (NGO) driven, initiative. By awarding grants directly to the partner FSPs, they are resourced and assisted in actual program implementation. This FSP focused approach has had the implications :

- Apart from a few exceptions (FUCEC, with modest results), partner FSPs have offered individual rather than group savings to their youth client. Group savings, youth savings groups and similar strategies are common strategies of NGOs because of the mobilizing feature, while FSPs tend to implement them less frequently because of the costs involved. In the case of young clients, for example, the experience, of the Advancing Integrated Microfinance (AIM)[38] for Youth initiative, shows that creating youth groups can be quite costly, even if effective, due to their high mobility and dropout rates (see further Section 6.2 below).
- Reaching out to young girls has been a major constraint for most partner FSPs. Compared to large FSPs (or YSOs), NGOs operating often tend to have a stronger gender focus and social mission, and hence relatively more effective strategies, even if at hardly sustainable costs, in reaching out to female clients.
- The in loco implementation of the YS program has not been carried out by program (or UNCDF) staff. Key YS people have rather included the FSP 'youth champions' (i.e. individuals within the partner FSPs more or less 100% dedicated to the YS program). This has had a positive effect in terms of responsibility and chain of command. It might explain a slow start in the implementation of program activities, but, if efforts continue, in the long term, this approach will contribute to a stronger internalization and awareness raising process within the partner FSPs with regard to the importance of targeting young people (ex. FCPB and PAMECAS). For other initiatives, run by external structures, the youth-centered initiative has often been perceived up to the very end of the intervention as an external input (which can supposedly also be discarded when dedicated funds finish).

The program can also be compared other interventions and initiatives. Especially in terms of access to credit, the main alternative to access finance on part of youth in the partner countries are government programs fostering youth financial inclusion. Such programs exist in almost all partner countries (as presented in Table 10 below).

Table 10. Government programs support youth credit access

Country	Government program	Comments
Burkina Faso	*Fond d'appui aux initiatives des jeunes* (FAJI)	The program exists since 2008 supporting young entrepreneurs aged 18-35. It is perceived as highly politicized, therefore repayment rates are pretty low (at least 30% unpaid), and the general perception is that of a grant rather a revolving fund. It supported about 4.000 project so far, and it keeps being financed every year
Malawi	Youth Enterprise Development Fund (YEDF)	Established by the government in 2010 to support youth entrepreneurship, but the fund has become "completely politicized" and loans are considered as grants (consequently spoiling the respect for credit)
Rwanda	Women and Youth Access to Finance Program; National Employment Program (NEP)	Ministry of Youth and Information and Communication Technology (MYICT), and the Ministry of Gender and Family Promotion (MIGEPROF) are implementing the program, which provided financial access and credit

[36] http://www.yfslink.org/ or http://www.makingcents.com/productsservices/wherewework
[37] http://planyouth.ca/projects/youth-economic-empowerment
[38] http://youthfinancialinclusion.org/login/aimyouth.php

Country	Government program	Comments
	Business Development Fund (BDF)	enhancement instruments .The program is seemingly in the process of being integrated into the broader NEP, which supports skills development and provides matching grants (up to 50% of the loan amount) through banks. The BDF is a public company set up in 2011 in collaboration with the government and Development Bank of Rwanda (, and is reported to be a good instrument, albeit underutilized and too centralized in its procedures.
Senegal	*Fond National de Projet des Jeunes* (FNPJ)	A national fund issuing grants, via MFIs, to graduates of vocational training programs. Bad repayment and politicization has been reported, but also the acknowledgment that it increased capacity of MFIs to understand the youth sector. Discarded, together with other youth initiatives (ANEJ, AJEB, ANAMA) in 2014 to create only one agency for employment and youth: *Agence Nationale pour la Promotion de l'Emploi des Jeunes* (ANPEJ).
Togo	*Fond national de finance inclusive* (FNFI) *Fond d'appui à l'entreprenueriat des jeunes* (FAEJ)	Government funds implemented in partnership with MFIs (including FUCEC). Like in the case of Senegal, the initiatives gave some resources to FSPs for capacity building, but is reported to be influenced by politics.
Uganda	Youth Enterprise Scheme Youth Venture Capital Fund Youth Livelihood Programme (YLP)	The YLP was established by the The Ministry of Gender, Labour and Social Development (MGLSD) and provides vocational training, financial support to groups of young people and entrepreneurship and management skills, over a 5 years (2014-2018) time span. The challenge is the selection process by country officials being reported to be politicised

The Consultant finds it relevant to assess the effectiveness of these programs compared to YS. A donor, such as the MCF, may choose to support the budget of governments implementing these actions as alternative to programs implemented by international NGOs or UN agencies like UNCDF, Freedom from Hunger or Save the Children. These programs display some clear opportunities:

- They are often linked to other similar initiatives or dedicated agencies that foster economic capabilities of young people. Access to credit is in most cases linked to specific business support services (preparation for business plans, etc) and/or vocational training. This can bridge a gap of the YS approach.
- Governments may have an interest to support loan programs even if they are not profitable; additionally, they can also promote specific instruments, like guarantee schemes, to strengthen these programs.

However, especially in terms of concrete implementation, there are also some key constraints:

- It is questionable whether a program providing loans at 'lower-than-market' interest rates, with weak or no guarantee or collateral systems, actually supports the overall capacity of the microfinance sector to offer permanent products to youth. FSPs can be excluded from the market, rather than facilitated by its expansion, because they cannot compete with unsustainable public programs. Young people, on the other side, may start to expect such favorable conditions, and do not get used to actual market conditions in terms of interest rate, guarantee and repayment. This can harm their repayment attitude.
- Evidence show that these programs are often poorly managed. Government officials do not have the necessary incentives to run an efficient program as outreach and disbursements are more important goals than productivity and proper repayment percentages. The difference between a revolving fund and a grant is often not so evident. In addition, such programs are very often subject to high politicization from both sides: government officials are interested in distributing resources to supporters, and beneficiaries, since the beginning, tend to expect such an attitude, so supporters tend

to interpret the loan as a grant (a reward for political support) and non-supporters tend not to apply. This aspect of improper management of state funds seems to be dominant, and it is not evident that introducing strong monitoring and supervision of program implementation by the funder would make a difference in such a context. In this regard, the YS program has clearly over performed with regard to the mentioned initiatives in the partner countries.

Cross-cutting Issues [EQ1.6]

Gender focus is addressed in program design, especially in terms of expected outreach targets; which perhaps have been a bit too ambitious as almost all FSP partners have faced challenges in reaching them (see further Section 6.3 below). Most of the result targets and the relevant monitoring indicators are disaggregated by gender, supporting a thorough monitoring of the gender aspect with regard to YS data on behalf of the YS program manager (PM) as well as the youth champions during the course of program implementation. However, this applies only to YS data, not to general FSP data (namely, there is no gender disaggregation for active youth clients overall), and in some cases the MISs do not support a breakdown of the information at all levels (like outstanding portfolio 12-24, total savings, etc).

Gender analysis has been a key element of the market studies conducted during Stage 1, with specific attention to the dynamics and perspectives in terms of product development targeting girls and young women. Division of labor and the role of women in the society were generally considered by the market researches.

Although no specific strategy for reaching out to female clients was identified in the ProDoc, the YS program has particularly sought to foster the outreach to female clients. Partner FSPs have received specific support in this regard through TA activities, either from the YS PM or external consultant, especially when FSPs (usually on the basis of having difficulties in attaining the PBA targets) requested specific support in the area of gender outreach. No such a specific effort was foreseen with regard to support activities addressing different roles and responsibilities of women, or the enablement of women in control of their financial resources. The same holds true for the involvement of YSOs with specific competencies in reaching out to or empowering women: even though involving these YSOs was envisaged in the ProDoc, the choice whether to involve them or not has been left to the partner FSPs.

Women are fully represented, also in management and supervision capacity, among YS related staff in all cases (and even to a greater extent than among the general staff)

Despite the efforts of the YS program through the dedicated assistance provided and of the partner FSPs, stimulated also by the ambitious PBA targets, no best practice as such towards reaching of the female clients can be identified and thus replicated in other contexts and/or countries . On the whole, however, the YS experience confirms the assumption of girls and young women being a critical target.

6.2 Efficiency (Cost-effectiveness) and Quality of Activities

EQ2. How well has the program managed to deliver on expected results?

Relatively cost-effective program with high overall program 'bang-for-the-buck' results relative to its cost of USD 20.5 per YS client and strong pull on formal savings (amounting to 140% of actual program expenditure), even if with seemingly quite high unit costs in terms of persons trained and disseminated publications.

The YS program has benefitted from very strong management as well as good monitoring and reporting despite some rather confusing features in the original program outline and relatively weak coordination and oversight at the country and regional level.

Most recommendations put forward by the mid-term evaluation have at least partially been addressed and actions taken appear sufficient given the timeframe and availability of resources.

Good quality training and TA with the use of different approaches and channels.

Use of Funds (Cost-effectiveness) [EQ2.1]

An overall 'bang-for-the-buck' unit cost can be calculated considering total program expenditure over the number of final beneficiaries, i.e. the number of youth clients reached with YS products/services (related to a third minimum target defined by the ProDoc, i.e. additional youth access). As presented in Table 11 on the following page, the ***average cost per YS clients reached is USD 20.5***. When discounting ACSI (the largest of all partner FSPs, representing 54% of YS outreach and with the significantly lowest per client cost of only USD 4.2), the unit cost ends up at USD 39.8. However, both with and without ACSI, the ***YS program compares favorably*** to a similar program; namely Advancing Integrated Microfinance for Youth (AIM Youth), another MCF-funded initiative implemented by Freedom from Hunger to support youth (13-24 years) access to savings and financial education in Ecuador and Mali. Albeit this initiative differs somewhat in scope, set-up and type of support with respect to the YS program, it can represent a useful comparator program. With a total budget of USD 4.4 million, AIM Youth was implemented between 2010 and 2014 through a total of seven local implementing partners (credit unions and NGOs). At completion, it had reached a total of 40,000 final beneficiaries with savings products and/or financial education services. The AIM Youth per beneficiary cost of USD 110 is hence more than five times the overall YS per client cost of USD 20.5.[39]

Across the partner FSPs (apart from ACSI), FINCA Uganda and FINCA DRC as well as FCPB and PAMECAS have the highest cost ratios, while the unit costs for OIBM and UFC as well as for PEACE and FTB are relatively more modest. Considering the size of the partner FSPs, ACSI, being one of the largest FSPs in Ethiopia, and indeed the continent (and hence able to benefit from an extensive network and economies of scale within the region of its operations), not surprisingly represents the lowest per client cost of all. However, FCPB (also a very large institution) has a much higher ratio than both PEACE and UFC (the smallest of the partner FSPs). Finally, the per client cost does not seem to be related to the business model used for the provision of non-financial services. The different unit costs hence only seem to be related to actual outreach (or economies of scale), i.e. the greater number of active YS clients, the lower the unit cost.

Furthermore, the YS program has not only reached young clients in terms of providing them with financial education and letting them open a savings account, but ***also bolstered real (formal) savings***. As of December 2014, the total YS savings balance amounted to USD 14.8 million, or ***140% of actual program expenditure***, which can also be considered an important achievement. In terms of units (i.e. per YS client),

[39] The different unit cost is (also) a consequence of different strategies and approaches (see also Section 6.1 above). AIM Youth targeted purely rural beneficiaries, fostering several strategies, generally based on the group savings methodology, directly implemented by staff of Freedom from Hunger in partnership with local organizations. This strategy is highly intense in human resources with the aim to attain a deeper outreach in terms of poverty and female participation. The YS approach has been to work through grants to FSPs, implying more limited resources directly from the program and hence making it possible to be reach a lower unit cost.

the average YS savings balance over the overall ‘bang-for-the-buck’ cost of USD 20.5 differs quite substantially among the partner FSPs, ranging from 18% (FINCA Uganda and PEACE) to 736% (!) (ACSI).

Table 11. ‘Bang-for-the-buck’ (based on actual expenditure, YS outreach and YS savings as of December 2014)

Country	FSP	‘Bang-for-the-buck’ unit cost (USD)	Average YS savings balance / ‘Bang-for-the-buck’ unit cost (%)
Burkina Faso	FCPB	54.22	211%
DRC	FINCA DRC	58.16	24%
Ethiopia	ACSI	4.15	736%
	PEACE	37.36	18%
Malawi	OIBM	29.86	44%
Rwanda	UFC	32.09	31%
Senegal	PAMECAS	50.66	141%
Togo	FUCEC	21.05	107%
Uganda	FINCA Uganda	64.19	18%
	FTB	38.18	67%
TOTAL		***20.53***	***146%***
TOTAL excluding ACSI		***39.84***	***67%***

Note: The ratios for the individual FSPs have been calculated considering the respective grants plus a 10% share of other program costs (i.e. total program expenditure less all FSP grants).

Some additional selected cost-effectiveness indicators are presented in Table 12 below. As of December 2014, management and overhead operational expenses[40] represent 13.5% of actual expenditure, which could reasonably be explained by the relatively small size of the program (just under USD 12 million) combined with the wide geographical scope and the proactive style of management. Training and technical assistance activities (towards meeting one of the four minimum targets defined by the ProDoc, i.e. number of people trained – see Section 3.2 above) have also absorbed a decent share (8.4%) of program funds. When considering the cost of training and TA and the total persons trained, the unit cost seems quite high at around USD 3,600 considering that most training participants apart from staff of partner FSPs have only participated in shorter training events (i.e. lasting one day or less).[41] Similarly, while publication activities (towards meeting another of the four minimum targets, namely number of published and disseminated documents) only account for 1.2% of total program expenditure, the cost per publication also appears as relatively high at above USD 12,000 (especially when considering that the four trainers guides were internally produced and YS staff resources dedicated for the production of these have not been included in the cost calculation).[42]

[40] Two-thirds of which are represented by employee salaries and wages.
[41] By way of comparison (since information on the cost per training/TA participant is not available for other similar programs), the 2015 tuition for the three-week Boulder Institute’s microfinance training program amounts to USD 4,900.
[42] With professional fees for case studies, papers, etc. totalling USD 103,912 and the total number of effective pages of the published documents (excluding the four trainers’ guides) amounting to 113 pages (“Listening To Youth” – 50 pages; and “Policy Opportunities and Constraints to Access Youth Financial Services” – 18 pages; FTB case study – 5 pages; PEACE case study – 5 pages); “Client Protection for Youth Clients” – 9 pages; and “Building the Business Case for Youth Services” – 26 pages), the cost per page to be published (i.e. without printing and translation costs included) stands at USD 920.

Table 12. Cost-effectiveness indicators (based on actual expenditure as of December 2014)

Indicators	
Management & overhead operational expenses[a] / program total	13.5%
Training & TA[b] / program total	8.4%
Training & TA[b] / # people trained	USD 3,653
Publication activities[c] / program total	1.2%
Publication activities[c] / # documents	USD 12,602

a: Includes the categories (as per the latest template of the financial quarterly reports) of 'employee salaries & wages'; 'travel costs'; 'offices supplies & communication'; and 'fees for conferences, etc'.
b: All 'professionals fees' (except for evaluators and case studies, papers, etc.); 'seminars, trainings & workshops'; and 'peer exchange facilitation expense'.
c: 'Case studies, papers, etc.'; and 'publication printing' (but not internal staff resources for the production of the four trainers' guides).

Quality of Management and Supervision [EQ2.2, EQ2.3, EQ2.4]

The ***general concept of the YS program*** in terms of focusing on savings coupled with financial education at the FSP level, etc. is ***coherently designed***, but ***some features*** of the program outline as originally presented by the ProDoc appear ***quite confusing and rather weak***. As already highlighted by the Consultant in Section 3.1 (and Annex 3) above there is no clear distinction between outputs and outcomes (or subsequent impacts) and, beyond the four minimum targets (as presented in Section 3.2 above), definitions of some indicators and targets are overlapping and/or ambiguous.[43] Also, while the ProDoc aspires to the promotion of enabling, youth friendly environments, only a very limited amount of the budget was allocated to support the promotion of such environments. In this regard, since the YS program as a global program does not have local presence in the partner countries (except for Senegal, where the YS program is located), the UNCDF Regional and Country Technical Advisors (RTAs and CTAs) were supposed to play a role (as highlighted also by the mid-term evaluation), even though they had no defined place in project organization chart. Expectations on the responsibilities and accountability on part of the RTA/CTA network were clarified and communicated to all relevant UNCDF staff during a technical retreat when the initial design as outlined in the ProDoc did not work, but the number of UNCDF RTAS and CTAs has decreased during the course of YS implementation, limiting the possibility of the program to leverage this technical infrastructure.

Despite these weaknesses some program outline features and the relatively limited amount of human resources assigned to the program, both the ***planning and management*** of program activities on part of the YS program team, have been ***of high quality***. The YS PM, who basically shouldered the entire burden of the program until late 2012, has through her hands-on engagement played a particularly important role in the successful achievement of results. In fact, several stakeholders referred to the role and dynamism of the YS PM as one of the key strengths of the program (*"A great champion for youth; very energetic and proactive in trying to get [the FSPs] to perform"*). Partner FSPs are also generally very appreciative of program management and support, appraising the skills, availability and flexibility of the YS PM (*"The assistance provided has been punctual and impeccable"*; *"outstanding"*). The only exception in this regard is OIBM, with which an element of distance seems to have been formed during the course of the program due to the failure on part of OIBM to meet PBA targets and challenges with communications between the YS program and the FSP.[44]

Program ***monitoring*** can be considered as ***good***. FSP performance has been tracked through exhaustive quarterly FSP reports and a useful monitoring scoring tool (also measuring performance against established

[43] The Results Framework of the ProDoc refers to a total of 17 program indicators (PIs) as summarized by the Consultant in a table following the evaluation matrix in Annex 16. Some of these indicators are vaguely defined and/or without clear targets.
[44] See further the Malawi Country Report attached in Annex 8.

PBA targets) and the program team has regularly visited the partner FSPs. On part of the FSPs, the quarterly reporting/monitoring is generally not considered as excessive, even though the timely submission of accurate data has required substantial efforts for some FSPs due to limits in the MIS and/or workload at the branches. The quality of training and TA has also been monitored through satisfaction questionnaires on part of the FSPs and monitoring reports on part of the external consultants or service providers (even if the program has seemingly not tracked or followed up on actual changes or effects with regard to certain aspects within the partner FSPs after the training or TA interventions - see below). Finally, the program has made use of an effective risk management mechanism, which has promptly recognized perils within the partner FSPs (such as the deterioration of OIBM's overall performance and the governance crisis within PAMECAS). Yet, there seems to be room for slight improvements. Not all indicators/targets set out in the ProDoc have been monitored in a summarized manner during the course of the program and analysis has primarily focused on FSP outreach. Even with regard to outreach, however, the monitoring system does not include a full breakdown per product (i.e. savings do not differentiate between current and time deposits and credit do not differentiate between loans and leasing) and initially lacked a clear definition of youth clients (i.e. some FSPs also reported non-active clients or youth clients not specifically served by the YS products/services).

In terms of ***reporting***, the narrative and financial annual and quarterly reports prepared by the YS program team are ***detailed and precise*** and have been timely submitted to the MCF. Nevertheless, the program lacks a clear consolidation of relevant YS data, which, given limits of the MIS of the partner FSPs and a few inaccuracies in the data from Atlas (the internal accounting system), poses some challenges in terms of providing coherence among different sources and double-checking for consistency of data.[45]

While ***oversight at HQ level*** appears to have ***worked well***, ***coordination at the regional and country level*** has in most cases been ***quite weak***. Involvement of local UNCDF (or UNDP) representatives has usually not gone beyond the identification of potential FSP applicants and support to their application process during the program inception phase or the provision of logistical support during YS program visits. This lack of engagement seems to primarily spring from the unclear definition (in the ProDoc) of the roles and responsibilities of RTAs/CTAs mentioned above.

With regard to the ***recommendations of the mid-term evaluation***, Table 13 below provides an overview of the actions taken by the YS program towards responding to the seven recommendations. Overall, ***most*** recommendations ***have at least partially been addressed*** and actions appear sufficient given the timeframe and availability of resources (both financial and human). Nevertheless, the YS program could perhaps have been supported further in its efforts towards improving coordination with and leverage of the regional UNCDF/UNDP network (recommendation 4), and possibly also with regard to engaging (more) key regional, and national, stakeholders (recommendation 3a), since such actions would entail little extra cost and would have worked to support the promotion of enabling, youth friendly environments (Outcome 2).

Table 13. Follow-up on recommendations of the mid-term evaluation

Recommendations	Actions taken
1. More precision, depth, and meaning to program reporting	The YS program has ***improved some aspects of reporting***, namely with regard to establishing net accounts opened, setting intermediate indicators, and conducting impact assessments with participatory approach. Nevertheless, ***some other improvements could also have been applied***. For instance, the average loan size and average volume of deposit in relation to GNI per capita was introduced as a proxy for 'low income' youth, but this is not the most accurate of indicators (i.e. clients can save small amounts of money because of other reasons than 'pure' poverty; namely, they live far from the branch, they do not trust formal financial institutions, etc.). Other tools, such as the Progress out of Poverty Index (PPI) / simple poverty scorecard (as implemented by OIBM as of 2014) could have given better results. Moreover, a longitudinal client impact assessment was introduced in the form of the Lot Quality Assurance Sampling (LQAS) methodology, but instrument only includes one proxy indicator for poverty (related to food security) and has not yet been institutionalized or regularly performed by the FSPs

[45] The internal accounting system (Atlas) apparently includes a consolidation of some YS data in .pdf reporting format.

Recommendations	Actions taken
	(except for OIBM, which has undertaken it twice, the other partner FSPs have only done it once).
2. Improve FSP capacity for better monitoring and reporting	The YS program has assisted ACSI, FINCA DRC and OIBM in cleaning their youth client data, but has not had the resources to commission reviews of the MIS of the partner FSPs or appears to have established program-level partnerships with regard to social performance management (SPM).
3a. Deepen engagement with key regional stakeholders 3b. Focusing on the role of financial products and non-financial services in meeting the needs of girls and young women	Even if the YS program seems to have maintained its focus, beyond the FSP (micro) level, on partnerships mainly with international stakeholders/donors, a ***growing attention has been paid to regional (and national) stakeholders***. The program has recently facilitated or participated in some relevant regional/national events, namely: (ii) a 2014 BCEAO workshop on financial inclusion; (ii) the 2013 annual conference of the Africa Microfinance Network (AFMIN);[46] (iii) a 2014 breakfast meeting in Rwanda to inform and engage national policy makers and other relevant stakeholders; and (iv) annual conferences of two national microfinance networks (AEMFI in Ethiopia and AMFIU in Uganda) in 2014. ***More attention*** has been given ***to targeting female clients***. Some FSPs (such as ACSI and OIBM) not achieving their female targets were encouraged to increase their outreach to girls and young women. In 2013, steering committee meetings to inform national parties at the country of the progress of the YS program with particular regard to girls and young women were planned, but the Consultant has not found evidence of such meetings actually being held.
4. Improve coordination with and leverage of the regional UNCDF / UNDP network	The YS program has unfortunately ***still not fully enjoyed the collaboration from all relevant regional, or local, UNCDF (or UNDP) representatives*** for the engagement with national/regional stakeholders. To date, CTAs/RTAs have only marginally involved themselves and the cooperation with other relevant UNCDF (or UNDP) programs has not been pursued (and local UNCDF/UNDP representatives in two of the partner countries lamented particularly poor communication on part of the YS program). See also recommendation 5 below.
5. Improve the efficiency and effectiveness of program management	A ***long-term consultant***, namely an Inclusive Finance Technical Advisor (IFTA), was engaged in 2012 and ***replaced by a full-time UNCDF staff*** member in March 2014. Furthermore, a knowledge management professional, as recommended, has been engaged together with another two UNCDF programs; namely MicroLead and Mobile Money for the Poor (MM4P). Finally, following the mid-term evaluation, program resources have contributed to the salary of the CTA in Uganda as well as of the national UNCDF officer in Malawi in order to increase leverage of UNCDF infrastructure in loco (as suggested by recommendation 4 above).
6. Consider a broader set of strategic drivers of successful youth financial products/services	This recommendation is not entirely clear to the Consultant, but the ***current risk management system seems to be adequate***, while deeper analysis of possible relationships between institutional characteristics and delivery of youth financial products/services is more appropriate towards the end of the program.
7. Focus TA for FSPs in consolidating business models	***Further support*** from Reach Global ***has been pursued*** (an additional contract for Reach Global's assistance was signed following the mid-term evaluation). While Women's World Banking (WWB) supported PEACE and FINCA supported both FINCA DRC and FINCA Uganda also prior to the mid-term evaluation (and parts of these FSPs' YS grants have supported their engagement), the YS program has not had the resources to extend assistance from these networks to other partner FSPs/countries. The hybrid model (using 'ambassadors') has been discussed and lessons shared among the partner FSPs, but a more detailed cost-benefit analysis of this approach has not been carried out. One of the technical notes of the YS program (i.e. "Building the Business Case for Youth Services") does address the financial advantages and disadvantages of the unified, linked and parallelbut not the hybrid model, while the recent "Business Case Analysis" study does not specifically compare the costs/benefits of the hybrid approach (used by UFC) or the unified model (adopted by FCPB and OIBM; the other two partner FSPs covered by the analysis). Finally, the YS program has started tracking dormant accounts and drop-outs (albeit without studying the reasons for why clients leave).

[46] In addition to AFMIN, the Microfinance African Institution Network (MAIN), of which both FUCEC and PEACE are members, could perhaps have played an important role as an observer of regional dynamics.

Quality of Service Delivery [EQ2.5]

The YS program has built a ***good training and TA process***. First, the program has considered the needs of the partner FSPs through the learning needs and resource assessment (LNRA) tool, which focuses on the analysis of expectations, familiarity with the topic(s) addressed, and insight on part of the FSPs. Second, selections of external consultants and service providers have been based on competitive bidding processes with ToRs defining technical requirements, scope of work and deliverables as well as with an appropriately weighted proposal scoring model. Third, different training and TA approaches and channels have been used, including common training events, direct individual TA, and webinars. Despite challenges with connectivity for some, the partner FSPs particularly appreciated the regular webinars (a relative 'new' approach). However, with the joint training sessions generally including a variegated audience with different characteristics and needs, a couple of partner FSPs would have appreciated more differentiated and 'tailored' training. Fourth, training and TA have been assessed by the partner FSPs (through SurveyMonkey satisfaction surveys or directly through the YS program team) as well as through monitoring reports provided by the external consultants and service providers (these reports, however, only include a list of activities carried out).

The YS program has sought to track potential changes or effects within the partner FSPs as a result of the training and/or TA interventions through the monitoring visit reports. With specific regard to the client protection and market research training, the Consultant also notes that some partner have effectively benefitted from the training and engaged in actual implementation. First, regarding client protection, partner FSPs have mostly improved practices related to transparency (adding the loan schedule or the total costs of the credit in the loan agreement, or displaying the interest rate in marketing material) and complaint mechanisms (for example by introducing suggestion boxes at branch level). Second, all partner FSPs have successfully conducted market research to develop youth-targeted products/services and (except ACSI with regard to its savings and credit products and PEACE with regard to its credit product – see further Section 6.3 below and Annex 29) have developed specific products for the youth segment (i.e. with different characteristics and conditions than the standard products for adults). On the other hand, the LQAS methodology (the topic of another common training session) does not seem to have (yet) been effectively embedded in the partner FSPs' 'routine' operations (even if all partner FSPs have conducted the survey once, only OIBM has conducted it twice). On the whole, however, the partner FSPs' opinion of the training and TA is good, generally satisfied with the quality of the training and TA provided and the approaches/channels used and especially appreciative of the sharing of experiences and best practices.[47]

[47] Output 1 of the ProDoc refers to the building of capacity also of YSOs, but such organizations never received direct training or TA through the program. The Consultant is not clear of the reasons for this shortcoming.

6.3 Effectiveness – Organizational Change within Partner Institutions (Micro Level) and Outreach/Access (Client Level)

EQ3. Has the program supported an increase in capacity on part of partner institutions to deliver good quality financial products and non-financial services to youth and consequently to extend youth client outreach/access?

On the whole, the YS program has performed effectively in terms of increasing both the institutional capacity of the partner FSPs and youth access to appropriate financial products and non-financial services with their areas of operation.

YS generally achieved to promote changes in FSPs' strategies towards serving youth (including girls and young women) and develop a youth-friendly attitude among staff.

YS savings and credit products have contributed to improve youth financial inclusion as they are better adapted to youth financial capacities and needs than mainstream financial products.

Most partner FSPs have adopted the 'critical minimum' approach for the provision of financial education.

Although all models for the provision of financial education have their pros and cons (depending also on the resources of the FSP), the hybrid model appears as the most cost-effective and sustainable solution in the long-term. With regard to the provision of other non-financial services (such as health and entrepreneurship training; commonly beyond the expertise of FSPs), the linked model seems to be the most appropriate.

Overall, YS outreach has surpassed its targets, albeit the inclusion of girls and young women have represented a challenge for most partner FSPs.

Understanding of Youth Financial Needs and Tailored Products/Services (Micro Level) [EQ3.1, EQ3.2, EQ3.3]

On the whole, the YS program has been an important factor in fostering ***changes in FSP strategy towards serving youth***. Some partner FSPs were serving the youth segment also before the YS program, albeit not always with targeted youth products/services.[48] With regard to ACSI and UFC, the YS program as such did not trigger a clear change in strategy or attitude towards serving youth, but rather strengthened and accelerated an already ongoing process.[49] Prior to the YS program, most other partner FSPs did not fully consider youth as a distinct market segment. The program has hence played a key role in shaping their strategies (and operations) towards serving youth. For example, FTB revised its strategy when it transformed from a trust to a bank in 2012-2013 and redefined its primary target as women and youth, while PEACE changed its organizational structure, establishing a dedicated "Child and Youth Inclusive Finance and Education" department to better serve the youth segment. OIBM has specific youth officers at all branches where YS products/services are offered and some of FCPB's commercial agents are especially dedicated to serve the youth segment.

The YS program has also ***strongly supported the development of a youth friendly attitude among partner FSP staff and management engaged in program activities***. Each partner FSP has appointed a designated 'youth champion' among its staff as the primary liaison with the YS program as well as reference point in terms of internal (i.e. within the FSP) youth financial inclusion expertise.[50] Some FSP managers (FCPB,

[48] Prior to the YS program, ACSI and OIBM had dedicated savings products for minors, while both FCPB and PAMECAS were piloting the same youth credit product with the support from another donor/entity. Even if UFC did not have a dedicated youth product, it nevertheless sought to reach the youth segment and is estimated to have served around 5,000 youth clients before the start of the YS program.

[49] While youth were indeed considered as part of the "financially excluded and/or under-served segments" before the YS program, UFC's social mission has now been redefined to specifically include youth as a target group.

[50] Out of the 11 designated 'youth champions' (PAMECAS has two, while all the other partner FSPs have one), six are female. In the case of PAMECAS, who has two 'youth champions', the female 'youth champion' is the supervisor of the male 'youth champion'.

PEACE) reported some concerns in the early stages of the program as youth were considered as a risky target and not valid as economic actors, but the YS experience has convinced them that youth can indeed become a strong market segment. However, in most cases, all staff have not been involved in program activities (FINCA DRC, FTB) and the program has hence ***not always managed to develop a general youth friendly attitude within the partner FSP as a whole***. For example: (i) YS products/services were sometimes not rolled out at all branches, preventing staff from the 'excluded' branches to develop a more friendly attitude towards serving youth; and (ii) in other cases, the YS program was managed by a separate team not fully integrated with other FSP staff, which allowed for the attainment of YS targets, but slowed down the institutionalization of youth products/services and prevented a major change in general staff attitude (weak involvement of mainstream staff in YS lead to a loss of gained youth expertise at program completion when dedicated youth staff or 'mobilizers' are redeployed to other positions). The experience of UFC (albeit a small FSP) shows that engaging the whole institution in the provision of YS products/services has allowed for the creation of a genuine involvement and commitment on part of all staff towards serving youth. This has boosted program implementation, but also created a supportive environment for youth within the FSP, notwithstanding the (youth-specific or not) product that they are offering. In this regard, YS resources became a clear added value to the performance of the FSP as a whole.

With regard to YS financial products, as presented in Table 14 below (and further detailed in Annex 29), while ***all partner FSPs have developed and rolled out youth-targeted current savings accounts***, four also offer term deposit accounts for youth clients. ***Eight partner FSPs*** (all but FINCA DRC and FINCA Uganda) ***also provide*** (albeit, in most cases, have not yet effectively rolled out) ***individual and/or group credit***. Finally, two partner FSPs (ACSI and UFC) also offer leasing products (even if these, strictly speaking, cannot be considered as YS products, or even as specifically youth-targeted products since they are available to all adult clients).[51]

Table 14. YS financial products

Country	FSP	Current savings account	Term deposit account	Individual credit	Group credit	Leasing
Burkina Faso	FCPB	✓	✓	✓		
DRC	FINCA DRC	✓	✓			
Ethiopia	ACSI[a]	✓		✓	✓	✓
	PEACE[b]	✓	✓		✓	
Malawi	OIBM[c]	✓			✓	
Rwanda	UFC[d]	✓	✓	✓	✓	✓
Senegal	PAMECAS	✓		✓	✓	
Togo	FUCEC	✓		✓		
Uganda	FINCA Uganda	✓				
	FTB	✓		✓	✓	
% of FSPs		***100%***	***40%***	***60%***	***60%***	***20%***

a: ACSI's savings and credit products have a specific name targeting youth, but actual characteristics and conditions do not differ from the standard products for adults. Leasing product is not really a YS product since it has been developed with (and managed by) another entity.
b: PEACE's credit product has a specific name targeting youth (part of a YS 'package'), but actual characteristics and conditions do not differ from the standard product for adults.
c: OIBM also developed an individual credit product within the scope of the YS program, but this product was discontinued because of too few clients and poor repayment performance.
d: UFC's leasing product is not really a YS product since it has been developed with the support from another donor.

[51] Even if not specifically addressed only to youth, the leasing products nevertheless effectively work towards overcoming a typical challenge for young credit applicants (namely, the lack of collateral).

YS product design has more or less, depending on the FSP, been informed by YS-funded market studies. For most partner FSPs (apart from ACSI and PEACE, both in Ethiopia), the market research led to the ***design of products*** (either completely new or modified versions of the mainstream products) ***specifically tailored to the youth segment with distinctive features compared to standard products for adults***; with youth savings products displaying reduced fees and opening balances (and sometimes with a higher interest rates) and youth credit products featuring lower interest rates, reduced collateral requirements, lower amounts and durations. The market studies were generally considered as adequate by FSP management,[52] even if the findings were not always fully integrated into product design (FINCA DRC, FINCA Uganda and FTB). In the case of Ethiopia (both ACSI and PEACE), the market research seems to have been more useful for the development of specific marketing strategies rather than product characteristics (in fact, in both cases, the features of the YS products features are very similar to those of the standard adult products).

YS savings products generally meet the needs of the clients, who report to be very satisfied, especially in terms of accessibility of the savings accounts (low minimum deposit amount, reduced/nil fees). Except for UFC (whose YS clients did not put forward any complaint/suggestion regarding savings), YS clients at the other partner FSPs called for higher interest rates, which could (though not necessarily) lead some of them to save more with the partner FSPs (also by transferring more of their informal, more accessible, savings onto their formal YS savings accounts). Furthermore, in the case of FCPB, clients complained about the obligation to perform transactions only at the branch where the account is registered, while FTB clients formulated some criticism and called for the removal of the monthly fee, less restrictive conditions to earn interests and better information on the account terms and conditions. Most clients would also appreciate benefits or bonuses (t-shirts, school materials, fertilizers, maize, etc.) for good savings behaviors.

Youth clients are ***also appreciative of YS credit products***, although they were stronger (when compared to savings) in their criticism of product characteristics. Group methodology (solidarity lending) is not always appreciated by youth clients (ACSI, PEACE) and sometimes youth cannot access individual loans because of too demanding requirements with regard to collateral (PEACE). Generally, YS clients call for higher maximum amounts and lower interest rates, less collateral requirements and more flexible repayment schedules to better fit certain business cycles. Furthermore, for FCPB clients, the six months fixed savings requirement in order to apply for a loan is commonly perceived as long and difficult. With regard to the partner FSPs that do not offer credit products for youth (i.e. FINCA DRC and FINCA Uganda), most youth clients express the need for loans with reduced interests, smaller installments and no collateral in order to start-up a business or pay school fees. In many cases, youth demanded access to scholarships (and jobs).

YS clients are usually ***very satisfied with the organization, quality and content of financial education*** and, when available, other non-financial services. The majority recognize and value the importance of financial literacy training (*"It is useless to get and save money without knowing how to use it"*; *"Before I got the training I was ashamed of saving RWF 300; now I feel lucky to save RWF 300"*) and generally, even if they do not (yet) want to request a business loan, call for more entrepreneurship training (how to set up and run a business, how to invest their money) as well as refresher trainings. Youth clients seem to prefer group trainings at schools or in their communities rather than at FSP branches. Some clients report to have gained confidence with banks thanks to the financial literacy training (FINCA Uganda, OIBM).

Finally, in a number of cases (FINCA Uganda, FTB, OIBM, UFC), YS clients called for a ***better proximity of services*** through a more extended network of branches (transport time and cost to reach the closest branch are often a challenge). Many clients also ask for mobile banking services and a more extended network of ATMs (even if, in some countries, Rwanda, some clients also express their mistrust in machines; *"I like the manual, not electronic, deposits since I am more sure that my money is my money"*). Only FCPB and FINCA DRC clients seemed to be fully satisfied with the proximity of services (in case of the latter, thanks to the network of point of service - POS - correspondents).

[52] The exception being OIBM, which expressed some criticism concerning the market research and related business plan (subcontracted to an external service provider) because they resulted in unattainable objectives proposed to the YS program and consequently included in the PBA.

Delivery Channels and Business Models for Non-financial Services (Micro Level) [EQ3.4 & EQ3.4a, EQ3.5]

As presented in Table 15 below, the ***majority*** of FSPs (seven out of ten) have chosen the ***unified model***[53] ***for the provision of financial education***.[54] This model comes with some advantages, namely it is relatively cost-effective and allows FSPs to both build training skills internally and focus on their business priorities (i.e. opening savings accounts and disbursing loans). However, in some cases, the unified model also seems to have affected the quality and standardization of financial literacy sessions as FSP staff are more focused on their objective to convince youth to open accounts rather than on their educative role. For example, the financial literacy trainings provided by Humana People to People (HPP, the partner YSO of FINCA DRC) under the linked model seem better structured, standardized and longer than the trainings provided by some FSPs under the unified model (at FCPB, FINCA Uganda, FTB and PEACE, the training last only between 30 to 45 minutes and is mostly focused on awareness of YS savings products). However, at OIBM (also unified model), the newly revised training curricula is also of good quality. Likewise, the use of the hybrid model contributed to a good quality and standardized provision of financial education at UFC (who has been assisted by an YSO for the development of the training curricula).

Table 15. Financial education models

Country	FSP	Unified	Hybrid	Linked
Burkina Faso	FCPB	✓		
DRC	FINCA DRC			✓
Ethiopia	ACSI		✓	
	PEACE	✓		
Malawi	OIBM*	✓[55]		
Rwanda	UFC*		✓	
Senegal	PAMECAS	✓		
Togo	FUCEC	✓		
Uganda	FINCA Uganda	✓		
	FTB	✓		
% of FSPs		***70%***	***20%***	***10%***

* OIBM and UFC have included 'light' entrepreneurship training in their financial education training to credit clients (unified or hybrid model), but have partnered with YSOs and other support initiatives for the provision of more substantive business development training (linked model). FUCEC's financial literacy training also includes a component of 'light entrepreneurship' training.

The ***linked model*** (used only by FINCA DRC) was the ***least appreciated by the partner FSPs*** for the following reasons: (i) in some contexts/areas there was no adequate YSO to partner with (PEACE); (ii) partnering with

[53] As outlined in the mid-term evaluation, based upon a classification of Christopher Dunford, the following models can be used for the delivery of non-financial services: Linked - FSP partners with another independent organization for the provision of non-financial services, while the FSP focuses on providing financial services; Parallel - FSP has a separate education department through which it provides non-financial services; and Unified - FSP uses the same staff to offer both financial and non-financial services. During the course of the YS program, a hybrid model has also evolved. This model, between the unified and linked model, includes the use of 'ambassadors' or 'mobilizers' (peer clients, community leaders, etc.) to reach out to youth and to deliver or facilitate the provision of non-financial services.

[54] Namely, general financial literacy training, mostly focused on the importance of savings and of having a goal for one's savings. Most partner FSPs that provide credit require potential clients to undergo financial education training before accessing the loan. Furthermore, at both OIBM and UFC, the training for credit client is longer and more substantive than the 'pure' savings training (including also some 'light' entrepreneurship training).

[55] While OIBM has a dedicated transformation department and transformation officers in charge of financial education (parallel model), the FSP has adopted a unified model with specific regard to the youth segment. I.e. since the introduction of dedicated youth officers, while being trained by the transformation department, these youth officers carry out most of the actual training of youth clients.

a YSO is costly; (iii) there is often a mismatch between YSOs' objectives (train youth, often relatively older) and the FSPs' objectives (open accounts, disburse loans, often to comparatively younger youth);[56] (iv) partnering with a YSO can prevent the FSP to build internal skills with regard to youth training. FINCA DRC (the only partner FSP having used the linked model) also admitted that, had they had the resources at the time, they would have preferred to deliver financial education internally in order to reduce costs in the long-run.

The ***hybrid model*** for financial literacy training, where youth peers (or other community representatives) are trained as trainers for other youth coupled with a unified provision of services, - was chosen by ACSI and UFC (and to a lesser extent also by FTB, making use of youth 'mobilizers' at some of its branches). The hybrid model ***seems to have been the most adequate***, allowing the partner FSPs to focus on their core priorities (open accounts and disburse loans) and build internal training skills while relying on youth peer trainers for the greater share of outreach. This model has proven cost-effective (allowing to reach a greater number of youth with fewer internal resources) and has created trust among potential youth clients (who felt comfortable interacting with peers from their communities). Perhaps the only down-side of this approach is the need to monitor the 'ambassadors'/'mobilizers' and provide them with refresher training. OIBM is also moving from a purely unified model to a hybrid model at some branches, training teachers and community leaders to provide financial literacy trainings.

On the whole, the ***'critical minimum' approach*** supported by the YS program for the delivery of financial education has been ***adequate and effective***. Comprehended and adopted by most partner FSPs, this approach has adapted the length (and content) of the training curriculum towards seeking to have the greatest possible impact on the greatest possible amount of potential youth clients.

With regard to ***other non-financial services***, apart from financial education (notably entrepreneurship and/or reproductive health training), five partner FSPs (ACSI, FINCA Uganda, FTB, OIBM and UFC) have ***all opted for the linked model***, partnering with a range of organizations either 'free of charge' or through a cost-sharing approach. This has proven to be an efficient and cost-effective model allowing the partner FSPs to reach out to a greater number of youth (through the partner organization's networks) and provide a wider range of quality non-financial services to their clients (thanks to the organizations' respective expertise). For example, FINCA Uganda and FTB (which both used the unified model for financial literacy training) partnered with Straight Talk Foundation (STF), an organization providing reproductive health training. This partnership is a direct result of the YS program (both FSPs were contacted by STF because of their involvement with youth) and has worked very well (both youth clients and FSP staff have been trained on reproductive health). Likewise, ACSI and UFC have partnered with Digital Opportunity Trust (DOT) Ethiopia and DOT Rwanda in order to provide life, entrepreneurship and information technology and communication (ITC) skills to potential and existing clients.

In general terms, ***partnerships between FSPs and YSOs have been successful when bringing equal value (monetary or not) to both parties***. Where partnerships involving a payment from the FSP to the YSO, the cost has to be competitive and the YSO has to have the capacity to assist in reaching established outreach targets. The agreement also has to provide the FSP with the means to ensure that its objectives are met. Formal agreements seem to facilitate partnerships as they clarify the expected roles and responsibilities and assist in aligning the objectives of each party (by setting targets, conditions for the payment, etc.). A couple of examples:

- The partnership between FINCA Uganda and the Private Education Development Network (PEDN) did not work because PEDN's geographic coverage was too restricted to meet FINCA Uganda's targets, making the cost of the partnership for FINCA Uganda too important compared to its benefits.
- The partnership between FINCA DRC and HPP worked well because HPP's payment was directly linked to reaching FINCA DRC's objectives in terms of number of youth trained, but also in terms of number of

[56] This mismatch led FINCA Uganda to terminate its contract with the partner YSO (PEDN) at the end of 2012 (PEDN's geographic coverage was also deemed as insufficient). Furthermore, FCPB also raised concerns with regard to one of its partner YSOs as around half of the training participants were more than 24 years old and this, together with concerns over the quality of the YSO trainers and the impossibility to open accounts at the training sessions, led to a termination of the agreement.

youth accounts opened (core priority for FINCA DRC). This provided FINCA DRC with means to ensure that the partnership would result in the expected outcome since it could hold payment in case of need. The formal written agreement between FINCA DRC and HPP, setting the objectives and obligations of both parties seem to have facilitated the partnership between both organizations.

Successful ‘free of charge’ or ‘cost sharing’ partnerships follow the same logic; i.e. the partnership is likely to be successful if both parties get ‘equal’ or ‘sufficient’ benefit from it. For example:

- The partnership between UFC and *Akazi Kanoze* / Education Development Center (EDC) worked well because UFC provided *Akazi Kanoze* / EDC graduates with financial education trainings and financial services (even if UFC has yet to reach its anticipated target in terms of the number of loans extended to graduates), while in return UFC has been able to reach out to the *Akazi Kanoze* / EDC youth beneficiary base and rely on a group of peer-to-peer youth trainers/’ambassadors’/’mobilizers’ (initially trained by *Akazi Kanoze* / EDC).
- The partnership between OIBM and Chance for Change has also been successful because OIBM has accessed the potential client base of Chance for Change beneficiaries and provided them with financial literacy training and financial services, bringing added value to Chance for Change.

In terms of ***delivery channels***, the most appreciated and effective approach, used by all FSPs, has been to reach out to youth in their own environments, i.e., schools, churches and mosques, market places, premises of partner YSOs, and community halls and gatherings. ACSI, OIBM and UFC have also relied on public officials. For example, while UFC has very successfully collaborated with local administrative authorities at the sector level (*“bringing our message to the villages”*), OIBM has been facilitated by district youth officers (the involvement of whom has proven a key factor in the fostering of outreach).

Responsible Financial Products (Micro Level) [EQ3.6]

In 2012, all partner FSPs participated in the training workshop on youth client protection organized by the YS program and delivered by Reach Global. The workshop was declared useful by all participants and all partner FSPs developed an ***action plan in order to improve their level of compliance with client protection principles***. It is, however, difficult to assess the extent to which the action plans have since been implemented and which concrete changes have actually been triggered by the YS training (even if the YS program has conducted client protection assessments during the monitoring visits following the client protection training). The scope of changes implemented appears to vary greatly from one FSP to another (depending on the FSP’s ‘will’ as well as on the ‘level’ of client protection before the YS training). For example, the workshop seems to have led to tangible changes within UFC (introduction of a bi-annual market research investigating client satisfaction, information on interest rates in marketing material, etc.) and FINCA DRC (implementation of complaint resolution mechanism through suggestion boxes and a call center, significantly improved transparency level). On the other hand, the training has not triggered any significant change for OIBM since it had already reached a relatively advanced ‘level’ of client protection and could perhaps have benefitted from a more tailored/advanced client protection support (OIBM is currently in the final stages of the Smart Campaign client protection certification process). .

Integration of Gender (Micro Level) [EQ3.7]

On the whole, the ***YS program has contributed to increase the partner FSPs’ capacity to meet the specific needs of girls and young women***, through: (i) training on how to include gender in product design and delivery; (ii) high PBA targets in terms of female youth client outreach, making the FSPs implement extra efforts/strategies to reach out to girls/young women; and (iii) continued monitoring of gender targets and provision of advice to reach them. Nevertheless, as presented in Annex 30, only ACSI, FCPB and UFC have been able to meet (as of December 2014) the minimum, but not the proposed, female outreach targets as established by the PBA. The remaining five FSPs all fall short of meeting both the minimum and the proposed targets for female outreach.

Market studies, FSP staff interviews and FGDs with clients all showed that female youth have the ***same needs*** as male youth ***with regard to the characteristics of financial products and financial literacy training***;

i.e. the differentiation of product/service characteristics according to gender do not seem to have been perceived as necessary.[57] However, given the methodological limitations of the evaluation, this finding has to be treated cautiously. The few FSPs (FINCA Uganda and FTB) that had products targeting specifically girls/young women before the YS program said they were glad to have had the opportunity to develop specific youth products including both males and females through with YS support. However, other non-financial services (namely reproductive health and related training) do need to be differentiated according to gender.

Even if there is no need for specific products/services for girls/young women, some FSPs have realized the necessity of developing ***dedicated marketing strategies*** (including incentive systems rewarding women clients who bring in a certain number of other female clients) and of using specific mobilization channels (ex. targeting girls-only schools, market places, women associations, etc.) in order to reach out to female youth and meet the YS gender targets. Thanks to the YS program, a couple of FSPs have also realized that they can use different means to 'convince' girls/young women to open savings accounts (group activities, longer awareness sessions, etc.).

As of 2014, see Table 16 below, the YS program has, on the whole, reached out to a significant number of ***female YS clients, representing, overall, at least half of all YS clients*** (hence reaching the minimum target of 50% as defined by the ProDoc – see Section 3.2 above).[58] However, the achievement of the overall female outreach target is primarily thanks to the great number of female YS clients of ACSI (the largest of the partner FSPs). Among the other FSPs, female YS clients reach 50% only at FUCEC and UFC (and almost 50% at PAMECAS and PEACE). See further Annex 31 for female outreach breakdown by partner FSP.

Table 16. YS outreach to female clients (as of December 2014)

	2014
Female YS clients (#)	**257,645**
% of total YS clients	*50.0%*
Female YS borrowers (#)	**45,076**
% of total YS borrowers	*62.8%*
Female YS savers (#)	**247,694**
% of total YS savers	*49.9%*
Female YS clients having received non-financial services (#)	**262,777**
% of total YS clients having received YS non-financial services	*52.3%*

Outreach/Access and Demand (Client Level) [EQ3.8, EQ3.9]

As of December 2014, per Table 17 below, the YS program had reached ***close to 515,000 clients***, including around 497,000 active savers and 72,000 active borrowers (and almost 503,000 having received non-financial services).[59] This figure ***significantly exceeds the minimum target of 200,000*** youth reached (as

[57] Only a couple of YS clients in Rwanda and Malawi called for lower interest rates on loans in order to encourage females to apply for credit (feeling that there is a greater resistance on part of females, in comparison to males, to apply for a loan). Furthermore, while the financial education training itself does not require differentiation, some clients also preferred to receive the training in all female groups (however, many more preferred mixed groups).

[58] The 2014 numbers for female YS outreach derive from the Consultant's own calculations based on data collected from the quarterly reports (Q4 2014) provided by the partner FSPs to the YS program team. The Consultant's figures for female YS outreach quoted above (namely 50% of total YS clients and 63% of total YS borrowers) diverge from the figures reported by the YS PM in the Q4 2014 quarterly report to the MCF (i.e. 46% of total YS outreach and 53% of YS borrowers).

[59] The outreach numbers derive from the Consultant's own calculations based on data from the quarterly reports provided by the partner FSPs to the YS program team and/or collected directly by the Consultant from the partner FSPs. Again, some of the Consultant's outreach figures differ slightly from the numbers reported by the YS PM in the quarterly reports to the MCF. For example, the number of active YS borrowers reached 71,739 in December 2014 according to the Consultant's calculations, while the Q4 2014 YS program quarterly report to the MCF quotes 71,706 young borrowers. Similarly, both the total amount of YS savings (USD 14.8 million) and the gross outstanding YS loan portfolio (USD 7.6 million) as calculated by the Consultant's are somewhat higher than the figures stated in the Q4 2014 quarterly report (i.e. USD 14.2 million and USD 7.3 million respectively).
Furthermore, actual YS outreach can be considered to be even higher than the 514.976 clients reached by the ten (Stage 2) partner

outlined by the ProDoc). In fact, the minimum target is surpassed by some 36,000 also when ACSI (the predominant partner FSP) YS clients are not included. The outreach of (and also demand for) financial services is significantly higher for savings than for credit, especially for women.[60] However, while all partner FSPs provide savings products, fewer (i.e. all but two) offer specific YS credit products. In all cases, the YS loan products have been rolled out later than the savings products in order to first allow the FSPs to experience the youth market with savings and be more familiar with youth before launching credit products. The growth rates in the number of YS clients, savers and borrowers have been significant in both 2013 and 2014. Furthermore, for each year, ***more and more youth clients have become YS clients*** (with YS clients representing 52.5% of youth clients in 2014 compared to 18.6% in 2012), pointing to the effective demand for the specific YS products/services on part of young clients.[61]

Table 17. YS outreach

	YS outreach indicators	2012	2013	2014
	Youth clients (#)	632,098	730,524	981,747
Clients	**YS Clients (#)**	117,580	288,714	514,976
	Growth		*145.5%*	*78.4%*
	% female	47.1%	49.8%	50.0%
	% minors	34.7%	36.4%	34.9%
	% rural	17.9%	16.8%	51.1%
Savings	**YS Active savers (#)**	120,614	282,573	496,589
	Growth		*134.3%*	*75.7%*
	% female (YS)	45.7%	49.6%	49.9%
	% female (total)	53.9%	54.3%	59.0%
	% minors (YS)	33.7%	36.3%	36.0%
	% rural (YS)	17.5%	16.6%	51.3%
	% rural (total)	52.8%	56.3%	59.1%
	YS savings (USD)	2,997,037	9,179,304	14,831,608
	Average saving balance per saver (YS)	24.8	32.5	29.9
	Average saving balance per saver (total)	137.3	132.8	113.0

FSPs since some other FSPs (taking part in Stage 1 of the program) also seemingly started offering specific youth products. For example, MECREBU, one of the cooperatives of the *Centrale des Mutuelles d'Epargne et de Crédit du Congo* (MECRECO) network in DRC and a Stage 1 participant FSP, has developed, piloted and rolled out two savings accounts for youth (one for 0-17 years and one for 18-26 years) based upon the findings from the YS-funded market research.

[60] World Bank Policy Research Paper 7087, Promoting Women's Economic Empowerment, What Works?" Mayra Buvinic and Rebecca Furst-Nichols, November 2014: http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/11/04/000158349_20141104112018/Rendered/PDF/WPS7087.pdf

[61] It is not possible to determine if (or the extent to which) the YS program might have contributed to the general increase in youth financial inclusion between 2011 and 2014 in the partner countries (as presented in Section 4.1 above), especially not since comparative data are not available for the only country with a significant number of YS clients (namely Ethiopia). For example, it is not possible to ascertain the influence of UFC's 25,656 active YS savers or FINCA Uganda's and FTB's combined 45,516 active YS savers (as of December 2014) on the, respectively, 3.8 or 3.3 percentage point increase in the number of young adults saving at a formal financial institution in the past year in Rwanda and Uganda between 2011 and 2014. Except for Malawi (registering a 3.0 percentage point decrease in the number of young adults with formal savings), the other partner countries have also seen an 1-2 percentage point increase in formal financial savings on part of adults, but it is impossible to make any conclusions on the influence of the partner FSPs' efforts on these increases. Furthermore, given the very limited number of YS credit extended so far (except in the case of ACSI, but comparative data are not available), it is not likely that the YS program has had any influence on the increase in the number of young adults having borrowed from a formal financial institution in the past year in Uganda (5.2 percentage points between 2011 and 2014), where only one of the two partner FSPs offers credit products (namely FTB), or in Burkina Faso (1.9 percentage points), Senegal (1.9 percentage points), Togo (1.9 percentage points) or Malawi (0.5 percentage points). FINCA DRC does not offer any youth-targeted credit products, while there has been a decrease (4.3 percentage points)in access to formal credit on part of young adults in Rwanda. Perhaps the only conclusion that can be drawn from comparing the 'trends' in the contexts of the different partner countries is that, even if the situation for formal youth financial inclusion has improved slightly (except in Malawi), there is ***still plenty of scope for continued support***.

	YS outreach indicators	2012	2013	2014
Credit	**YS Active borrowers (#)**	4,977	43,785	71,739
	Growth		*779.7%*	*63.8%*
	% female (YS)	56.9%	63.4%	62.8%
	% female (total)	54.1%	58.9%	58.2%
	% rural (YS)	3.4%	1.4%	75.4%
	% rural (total)	56.6%	63.8%	65.0%
	YS gross outstanding portfolio (USD)	1,518,871	4,980,075	7,647,811
	Average loan balance per borrower (YS)	305.2	113.7	106.6
	Average loan balance per borrower (total)	421.8	499.4	419.0
Non-financial services	**YS clients for non-financial services (#)**	82,902	315,368	502,618
	Growth		*280.4%*	*59.4%*
	% female	46.4%	50.3%	52.3%
	% minors	36.4%	40.7%	40.5%
	% rural	15.5%	16.1%	41.6%

Note: Data as of December each year except for PEACE reporting financial data as of June in 2012 and 2013 (but as of December in 2014).

Outreach data is heavily dominated by one partner FSP. As presented by Annex 31 (summarizing the outreach figures for each partner FSP), ACSI alone represents 54.1% of the total number of YS clients, 56.1% of YS savers, 91.9% (!) of YS active borrowers, and 42.6% of YS clients having received non-financial services. Nevertheless, as of December 2014, almost all partner FSPs had reached the proposed PBA target in terms of number of active youth clients; the exceptions being PAMECAS and PEACE (only reaching the minimum target) and FCPB (just slightly short of meeting also the proposed target); see further Annex 30 (comparing actual outreach against the PBA targets for each partner FSP). With regard to the target of YS clients having received non-financial services, FUCEC had yet to reach both the minimum and proposed targets as of December 2014 Although close to reaching also the proposed targets, FTB and PAMECAS had reached the minimum targets, while the remaining seven partner FSPs had all reached both the minimum and proposed targets per the original or amended PBAs.

YS savings and credit products have contributed to improved youth financial inclusion as they are better ***adapted to the financial capacities and needs of youth*** than mainstream financial products. On the whole, YS products characteristics make them more accessible to youth (lower minimum deposit amount, lower loan amount, reduced opening costs, etc.). As shown in Table 17 above, the average YS loan balance is significantly lower than the average overall loan balance per borrower (USD 107 against USD 419 in 2014), while the average youth savings balance is also much lower than the overall average savings balance per saver (USD 30 against USD 113). However, as presented in Annex 31, UFC's average loan amount per YS borrower (USD 526) is far above the other average amount for the other FSPs.

Furthermore, the outreach of YS financial products towards girls and young women is not higher than mainstream products. The share of female borrowers is higher among YS borrowers than for the total number of borrowers (62.8% against 58.2%), but the share of female savers is on the contrary lower among YS savers than for the total number of savers (49.9% against 59%). Thus, when considering all financial products of the partner FSPs, the ***YS products do not seem to have particularly favored female access*** to financial services.

Finally, the lack of data on client poverty level makes it difficult to assess if YS financial products have particularly improved poor and low-income youth financial inclusion (as stated by the ProDoc). Nevertheless, the outreach of YS financial products towards rural populations (often more economically disadvantaged) is generally similar to already existing FSP products. As for female clients, YS reaches out to a greater share of rural borrowers (75.4% against 65.0% for total borrowers), but to a lower share of rural savers (51.3% against 59.1% for total savers). Hence, even if some partner FSPs (UFC, and also FTB) have a strong rural focus, the ***YS products have not really promoted rural access*** if compared to the total product offering of the FSPs.

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On the whole, the YS program has effectively delivered on increasing the institutional capacity of the partner FSPs (Output 1) to develop and roll-out youth appropriate financial products and non-financial services as well as (over)achieved with regard to increasing access to such products/services within their areas of operation (Outcome 1).

6.4 Effectiveness – Influence on (and of) Broader Youth Financial Inclusion Setting (Global, Macro, Meso and Market level)

EQ4. Has the program influenced (and been influenced by) the broader youth financial inclusion setting in the countries where it operates?

Since the YS program is still in its final year of implementation, it has yet to reach the minimum target for knowledge publications. With a stronger focus on global level stakeholders, it has been moderately effective with regard to dissemination activities at the macro and meso level.

Given its strong micro level focus, very limited influence of the YS program on the general youth financial environment (macro and meso level); only two concrete signs of indirect effect (Ethiopia and Rwanda). In some partner countries (Ethiopia, Malawi and Rwanda), seemingly stronger influence on informal norms and attitudes within the communities in which the partner FSPs operate.

FSP performance in some partner countries has been challenged by the legal/regulatory framework, but there is no general correlation between FSP performance and the nature of the youth financial inclusion environment.

No evidence of program influence at the market level (except one case in Ethiopia) and limited number of players with regard to the youth segment (albeit increasing interest in Ethiopia and Senegal, and to some extent also Uganda).

UNCDF can be considered to have fulfilled its role as promoter of youth financial inclusion at the global level, but not in the partner countries (or regionally).

Some important partnerships supporting the creation of economic opportunities for youth have been established by the partner FSPs.

Influence at Macro and Meso Level [EQ4.1, EQ4.2 & EQ4.2a, EQ4.3 & EQ4.3a & EQ4.3b]

As an initiative piloting a new approach in the relatively 'unexplored' field of youth financial inclusion, the YS program design strongly emphasized the generation and dissemination of knowledge towards sharing experiences, lessons learned and best practices among a wider audience (i.e. beyond the partner FSPs).[62] In terms of ***output delivery***, the YS program has ***performed modestly*** to date. In order to support expanded access to mobilized youth financial inclusion knowledge on part of relevant 'industry practitioners (Output 3), as of December 2014, the program had issued and disseminated a total of ten publications, namely: two papers ("Listening To Youth" and "Policy Opportunities and Constraints to Access Youth Financial Services"); two case studies (FTB and PEACE); two technical notes ("Client Protection for Youth Clients" and "Building the Business Case for Youth Services"); and four trainers' guides.[63] The YS has hence ***almost reached the minimum target*** of 12 documents (as defined by the ProDoc and as listed in Section 3.1 above). A video for the BCEAO[64] has also been made and additional publications are expected in 2015,[65] the

[62] For example, the ProDoc states that UNCDF will "apply a systematic process to extract and share YFS [youth financial services] 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" (p. 15) and "[t]he knowledge management component will accelerate global learning related to YFS" (p.16).

[63] The trainer's guides were originally developed as internal tools for the implementation of the program, but they have also been published and made public allowing for other FSPs to use them in their operations. All publications can be accessed at: http://www.uncdf.org/en/programme/publications?field_program_tid=428

[64] Accessible at: https://www.youtube.com/watch?v=ZxG9yd2IIx4. Finally, videos with client stories can be accessed at: www.youtube.com/watch?v= JWaWioAQ2c&feature=youtu.be; www.youtube.com/watch?v=vvsHwxvffm0&feature=youtu.be; ; www.youtube.com/watch?v=Z86DDMC11zU&feature=youtu.be; www.youtube.com/watch?v=-0rk_3hJ8jA&feature=youtu.be; and www.youtube.com/watch?v=WLlw3aLODk8

[65] For example, in May 2015, the YS program published a paper in partnership with the European Microfinance Platform ("European Dialogue No.8 – More Inclusive Finance for Youth: Scalable and Sustainable Delivery Models for Financial and Non-financial Services" - accessible at http://www.e-mfp.eu/news-and-events/new-e-mfp-youth-financial-inclusion-action-group-publication). Furthermore, the final versions of the two separately commissioned studies, namely the "Effects and Behavioral

final year of program. Since the YS program has yet to finish and it is reasonable for the production (and dissemination) of lessons learned and best practices to gain momentum towards the end of a pilot experience, this ‘not-yet’ attainment of target is quite understandable. In fact, resources to support further publication (and dissemination) efforts are still available (as presented in Section 3.2 above, actual Output 3 spending as of December 2014 amounted to only 63% of the budgeted allocation).

The published documents have been ***disseminated through multiples channels***, including through the UNCDF YS website, the UN Inter-agency Network on Youth Development, the Consultative Group to Assist the Poor (CGAP),[66] newsletters, YouTube for videos (a couple of visualizations), and the participation at various international (and regional/national) events.[67] However, the primary ***target*** of the dissemination activities seems to have been international donors and other stakeholders ***at the global level***, rather than national (or regional) stakeholders at the macro and meso level; even if, as presented in Table 13 in Section 6.2 above, the program has recently facilitated or participated in a number national/regional events engaging relevant stakeholders in the partner countries (or respective regions) in response to one of the recommendations (recommendation 3a) of the mid-term evaluation. Nevertheless, few (around one-eighth) of the stakeholders interviewed at the macro and meso level during the course of the fieldwork claimed to know of any YS publications or to have been directly engaged in / participated at YS dissemination events. Also, a couple of macro and meso level stakeholders who had indeed participated in YS dissemination activities regret the lack of communication and follow-up afterwards. On the whole, the ***effectiveness of dissemination activities at the macro and meso level has been quite moderate*** (with several stakeholders claiming that they *“would have liked to have been more involved”*). Finally, while the YS program has effectively trained several UNCDF staff as well as some other FSPs on youth financial inclusion (see below), training activities, towards further increasing the capacity on part relevant ‘industry practitioners’ (Output 2), have engaged a very limited number of other (i.e. non FSP, non UNCDF) stakeholders.[68]

With regard to ***outcome achievement***, (i.e. supporting the promotion of enabling, youth friendly environments – Outcome 2), program influence can be considered as ***very limited***. There is no evidence of the YS program per se having affected the youth financial inclusion environment at the macro or meso level in any of the partner countries. This shortcoming is, however, not surprising given: (i) the ambiguity of the ProDoc and the very limited funds and level of effort dedicated to support the promotion of such environments, resulting in a strong micro level focus (see Section 3.1 above); (ii) the lack of YS staff in loco and the restricted engagement of local/regional UNCDF/UNDP representatives (see Section 6.2 above); and (iii) the fact that youth financial services is still a relatively new area, with data to support policy guidance only emerging. These factors have clearly contributed to the relatively scarce (albeit increasing of late) concentration on and interaction with stakeholders at the macro and meso level (*“First of all, we concentrate our efforts on FSPs and not on other stakeholders”*). Nevertheless, in Uganda, some stakeholders acknowledged the attempts on part of the YS PM to address the Bank of Uganda regarding agency banking (not yet allowed in Uganda).

Furthermore, ***in Rwanda***, anecdotal evidence could possibly claim that the YS program has had an ***indirect influence*** with regard to at least one aspect of the general youth financial inclusion environment through the partner FSP, UFC. During the drafting of the 2013 National Financial Education Strategy, especially

Changes of Financial and Non-Financial Services on Youth” (‘financial diaries’) and the “Business Case Analysis”, are anticipated to be published and disseminated in mid-2015, while another three publications (a financial education white paper, a best practices document and a OECD paper) are also in the pipeline.

[66] Including: (i) specific reference to the YS program in Kilara, Tanaya and Alexia Latortue, “Emerging Perspectives on Youth Savings”, CGAP Focus Note No. 82, July 2012 (http://www.cgap.org/sites/default/files/CGAP-Focus-Note-Emerging-Perspectives-on-Youth-Savings-Aug-2012.pdf); and (ii) YS publications used as sources in Kilara, Tanaya, Barbara Magnoni, and Emily Zimmerman, “The Business Case for Youth Savings: A Framework”, CGAP Focus Note No. 96, July 2014.

[67] References to the YS program (or its publications or webinars) can also be found on several websites (see Annex 32). Furthermore, in Malawi, the Ministry of Finance mentions the YS program in a dissemination document for an UNCTAD expert meeting in 2014, while the National Digital Repository includes a summary of one of the YS papers (namely “Policy Opportunities and Constraints to Access Youth Financial Services”) - see further the Malawi Country Report attached in Annex 8.

[68] In fact, it is the Consultants’ understanding that only one non FSP, non UNCDF stakeholder has participated in a YS training activity (namely a BCEAO representative).

concerning the ***integration of financial education into the school curricula***, UFC provided feedback on its YS experience with regard to the provision of non-financial services.[69] Similarly, ***in Ethiopia***, another positive sign of possible indirect YS influence derives from the fact PEACE, in providing information on its top savings accounts to the National Bank of Ethiopia (NBE), now also presents the names of some YS clients, with *"**also NBE started understanding that young people are active citizens**"*. On the whole, in countries such as Rwanda and Ethiopia, but also Uganda, where youth financial inclusion is receiving growing attention and the general environments are relatively conducive (see Section 4.2 above), the YS program and efforts at the national level can be considered as *"two parallel and complementary processes"*.

Perhaps the greatest influence of the YS program in some countries (most notably Ethiopia, Malawi and Rwanda) ***relates to changes in informal norms and attitudes*** in the areas in which the partner FSPs operate (*"Informal attitudes have been heavily influenced [in a positive way] by the YS program"*). At some branches (especially in rural areas), the program has boosted general community awareness and attitudes, not only among youth (the YS clients *"are providing good examples to their peers in our community"*), but also among the adult population (with parents and other adults learning of the importance of savings from their children). The partner FSPs, in collaboration with other relevant stakeholders (namely the district youth officers in Malawi and the local administrative authorities at the sector level in Rwanda), have in some cases played a key role in sensitizing the communities.

There are ***also some signs of influence in the opposite direction***, i.e. of the general youth financial inclusion environment on FSP performance. For example, the different account/contract regulations pose some challenges in reaching out to minors for some partner FSPs. As presented in Table 5 in Section 4.2 above, most countries (exceptions being Rwanda for minors aged 16 and above, Ethiopia for minors aged 14 and above with special authorization from the family, and, if apparent actual practice is considered, Burkina Faso for minors aged 15 and above with a national ID) pose restrictions on the opening and managing of savings accounts on part of minors. For example, OIBM's outreach efforts to underage youth has not been facilitated by the relatively conservative framework (like in some other partner countries, savings accounts can be opened and used only with permission from the parent/guardian); in fact, OIBM's YS savings product targets only adult youth. Moreover, the lack of means of identification on part of young people can also pose problems where (including Malawi) national regulations require the necessity of having an ID when opening an account. Given these and other regulatory obstacles, in some cases, partner FSPs (such as ACSI in Ethiopia) have 'opted' to not strictly apply or not fully comply with existing requirements in order to facilitate youth financial access. Furthermore, even if Rwanda represents the most conducive youth financial inclusion environment among the partner countries (see Section 4.2 above), UFC has nevertheless been 'challenged' to some extent by the regulatory framework with regard to its leasing product until the new leasing law was passed in early 2015.[70] The existence, or not, of guarantee schemes (support structures at the meso level) accessible to youth can also influence credit outreach to young clients. Finally, partnerships with YSOs have at times been difficult because of the different age target (with YSOs primarily targeting older youth as per the national definition). With regard to informal norms and attitudes, OIBM's performance in terms of credit outreach among young clients have been hampered by the generally poor credit culture[71] (in fact, the individual business loan product developed with YS support was discontinued in 2013 because of poor repayment performance and challenges in tracking down clients). The extended financial education curriculum revised within the scope of the YS program and now obligatory for all young

[69] Furthermore, while the Rwanda Bankers' Association (RBA) in particular has been lobbying heavily for a new leasing law, UFC was also consulted with regard to its microleasing experience in preparation of the 2015 Leasing Law. Even if UFC's microleasing product is, strictly speaking, not a YS product (but rather developed with support from another donor), it was nevertheless originally developed to target the youth segment. See further the Rwanda Country Report attached in Annex 9.

[70] The previous law on leasing in Rwanda entailed the application of VAT on leasing products (making them a very expensive option compared to other forms of credit). Consequently, until the new leasing law was passed (January 2015), scale-up of the microleasing product (albeit not strictly a YS product since it was developed with the support from another donor) has naturally been affected. See further the Rwanda Country Report attached in Annex 9.

[71] Partly promoted also by the 'politicization' of the Youth Enterprise Development Fund (YEDF) as 'loans' through this fund are generally considered as grants (*"a token of gratitude"*) and not as money that need to be paid back - see further Malawi Country Report attached in Annex 8.

credit applicants seems to have supported some change in awareness and attitude and hence respect for credit.[72]

On the whole, however, it is ***not possible to draw any general conclusions with regard to the potential correlation between FSP performance (in terms of the YS program) and the nature of the youth financial inclusion environment*** (as presented in Section 4.2 above). Even if UFC can be considered a high performer in a generally conducive environment (Rwanda) and OIBM a (low) risk performer in a less favorable environment (Malawi),[73] the experiences of the other partner FSPs show a mixed picture. For example, both Uganda (a generally conducive environment) and Burkina Faso (where actual practice appears to allow for minors aged 15 and above with a national ID to open and transact independently) are home to standard performers (FCPB, FINCA Uganda and FTB), while FINCA DRC is classified as a high performer despite the relatively unfavorable youth financial inclusion environment.[74]

Influence at Market Level [EQ4.4 & EQ4.4a & EQ4.4b, EQ4.5]

Except for Ethiopia, there is no evidence of the YS program having (yet) had any influence at the market level in the partner countries. In Ethiopia, a 'network demonstration' effect can be noted in that the Commercial Bank of Ethiopia (CEB), the oldest and largest state-owned bank in the country, has launched a specific savings accounts for minors after having consulted a case study produced by AEMFI (the national microfinance network) and learned of PEACE's youth experience. In the other countries, there are no concrete examples of other network members having been 'inspired' by the YS program (or rather the experiences of the partner FSPs) to serve the youth segment. This lack of 'network demonstration' effects in the other countries is perhaps not so surprising given the relatively limited involvement of (or indeed, in some cases, communication with) the national networks during the course of the program (a greater involvement of these networks could perhaps have produced a stronger effect, or at least disseminated knowledge on youth financial inclusion to a greater number of other FSPs). Nor are there any actual signs of the program having produced positive externalities at the general market level (i.e. beyond the networks of the partner FSPs), i.e. no other institutions appear to (yet) have 'imitated' the partner FSPs.[75] Where other FSPs do serve the youth segment (most commonly without specific products/services), they claim not to have been influenced by the experiences of the partner FSPs (in fact, most of them did not even seem to know of the specific youth experiences of the partner FSPs). Nevertheless, the YS program has included efforts to engage other FSPs and support market effects. For example, in collaboration with Access to Finance Rwanda (AFR) in 2014, the YS program hosted a two-day training event on best practices with regard to youth finance for local FSPs (and a couple of YSOs) in Rwanda. Similar training events for other FSPs have also been held in DRC in partnership with UNCDF's sector based program and in Senegal within the framework of a meeting of the Social Performance Taskforce (SPTF). A total of around 90 staff (30 in DRC, 20 in Rwanda and 40 in Senegal) from other FSPs have hence also been trained by the YS program. The training event in Senegal also included the participation of an additional 60 persons representing microfinance networks or associations (14), international NGOs and other global entities (26), as well as and other microfinance or youth related stakeholders (20).

[72] Some of the interviewed YS clients reported on cases of where individuals decided not to ask for a loan after receiving the financial education simply because they seemed to have understood the difference between a grant and a loan (i.e. that the loan has to be repaid); which points to a successful transfer of relevant concepts - see further Malawi Country Report attached in Annex 8.

[73] In this regard, OIBM has also been negatively affected by the poor macroeconomic conditions. While the FSP has eventually managed to reach its YS targets as set out in the PBA, YS funds were suspended in March 2015 because of its failure to meet the PAR requirements for the institution as a whole. Overall institutional performance is currently suffering primarily because of defaulting agricultural loans (hard hit due to adverse natural conditions well as by a government ban on maize exports). See further Malawi Country Report attached in Annex 8.

[74] Classification of high, standard and risk performers as per the Q4 2014 YS program quarterly report to the MCF. The remaining four partner FSPs were classified as follows: ACSI high performer; FUCEC and PEACE standard performers; and PAMECAS medium risk performer. Despite this classification, however, as of December 2014, all partner FSPs (with the exception of ACSI, which in any case serves almost 280,000 active YS clients) have reached the minimum target (and most have reached also the proposed target) for active YS clients. See further Section 6.3 above (and Annex 30).

[75] In Rwanda, possible attribution at market level is difficult to determine (*"There has indeed been a change in recent years with more FSPs taking an interest in the youth market, but not necessarily thanks to UFC's efforts and the YS program"*).

In terms of market levers, ***some of the partner FSPs*** (including OIBM, PEACE and UFC) ***have gained a competitive*** (albeit, in most cases, small) ***advantage with regard to their main competitors*** in the areas where they operate. In Ethiopia and Rwanda, some of the interviewed FSPs (not involved in the YS program) claimed to realize the potential of the youth market and expressed a willingness of serving young clients, but because of the lack of resources (in terms of funds and capacity), they do not feel equipped to address the youth segment without external support. Indeed, some Ethiopian and Rwandan FSPs have launched, or are about to launch, youth products with the support from government or international donors (while in Uganda one FSPs will engage only internal resources). In general, as summarized in Section 4.1 above, the youth segment is still largely 'undiscovered territory' (even if youth financial inclusion has increased across the board in most partner countries). With the exception of Ethiopia and Senegal (and to some extent also Uganda), where some FSPs seemingly pay growing attention to youth, the markets in the partner countries have a limited number of players targeting young clients. Furthermore, while some Ethiopian FSPs offer youth savings products more or less specifically tailored to their needs, other FSPs (in Senegal and Uganda, but also elsewhere) focus in case more on promotion/marketing than on actual development of youth-specific products/services.

Role of UNCDF [EQ4.6, EQ4.7]

Internationally (i.e. at the global level) UNCDF is definitely recognized as "on the youth forefront in developing countries". As mentioned above, interaction with and dissemination among global level stakeholders have been quite intense with the participation of the YS PM (who *"is UNCDF when it comes to youth finance"; "The YS program has been our main and only interaction with UNCDF"*) at numerous international events. Within the UN Inter-agency Network on Youth Development and YouthSwap (a UN system-wide action plan on youth), the YS PM represents UNCDF in the working group on employment and entrepreneurship. This group is currently developing a common monitoring and evaluation framework and according to one of the interviewed stakeholders at the global level, it is much thanks to the YS program that also secondary (meso level) financial inclusion indicators/targets have been included. [76] Beyond the UN system, the program has also interacted with other global level stakeholders engaged in the area of youth financial inclusion, including (but not limited to) Freedom from Hunger, Child and Youth Finance International (CYFI), CGAP,[77] Small Enterprise Education and Promotion (SEEP) network, European Microfinance Network, Women's World Banking (WWB), etc. In this regard, the YS program has clearly enhanced UNCDF's 'comparative advantage' and 'positioning' within the area of youth inclusive finance.

Since the YS program itself does not have a local presence in the partner countries (except in Senegal, where the YS office is located), it has mainly had to rely on local (or regional) UNCDF representatives. While each of the six fieldwork countries hosts a local/regional UNCDF representative and the YS program has trained a total of 15 staff (including some local/regional UNCDF representatives),[78] the engagement, as already mentioned above, of the UNCDF network has been very limited (primarily focused on the inception phase) within the partner countries. Furthermore, as also already addressed above, dissemination among stakeholders and partnerships created beyond the micro level in the partner countries/region (and the market level in DRC, Rwanda and Senegal through the recent training events for other FSPs) have also been rather modest (with the exception of some recent national and regional events as presented in Table 13 in Section 6.2 above). UNCDF can hence ***not really be considered to have fulfilled its role as promoter of youth financial inclusion in the partner countries (or region)***.

Finally, with regard to ***partnerships supporting the creation of economic opportunities for youth***, UNCDF (represented by the YS program) itself has seemingly not directly facilitated the establishments of such collaborations within the partner countries (or regionally/internationally). It has rather been the partner FSPs themselves who have sought and developed partnerships with YSOs and other entities providing

[76] The YS PM has also undertaken joint scoping missions to a couple of countries (including Zambia) in close coordination with United Nations Industrial Development Organization (UNIDO) and International Labour Organization (ILO).

[77] The YS PM has also posted several blogs through CGAP forums.

[78] Training if UNCDF staff has included youth-focus market research, development of specific youth products, and monitoring and evaluating outcomes of youth programs.

business training or other support for the (self)employment of youth. For example, in Rwanda, UFC entered into a tripartite agreement in 2014 with Digital Opportunity Trust (DOT) Rwanda and the Business Development Fund (BDF) for the creation of a 'national youth platform'. While DOT Rwanda will link its business training graduates with UFC YS financial products (and non-financial services), BDF is to provide guarantees (or matching grants) to young loan applicants. In Malawi, the Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA) has set-up a guarantee fund for TEVETA graduates requesting OIBM YS loans. Other partner FSPs also collaborate with supporting initiatives providing technical and/or entrepreneurship training.

6.5 Likely Impact (Client Level)[79]

EQ5. Is the program likely to contribute to any (long-term) changes for final beneficiaries?

The majority of YS clients perceive that YS products and services (especially financial education) have had a positive influence on their economic situation and/or life.

The better part of beneficiaries (86%) declared having better financial capabilities as a result of the program, while 90% also claimed they save more than before.

Financial education seems to have created better financial capabilities in some cases (ACSI, FCPB, FINCA DRC). In this regard there is no consistent gender pattern (positive for ACSI and OIBM; negative in Uganda and neutral in the other partner countries).

Access to concrete economic opportunities does not appear to be the consequence of a specific product/service or mix of products/services provided, but rather a result of the capacity on part of partner FSPs, or thanks to specific country contexts (Ethiopia and Rwanda), to create concrete connections with business development service providers, vocational training schools and other relevant entities. No strong gender pattern was identified with reference to access to concrete economic opportunities by YS clients.

Possible Impacts of Access to Financial Products and Non-financial Services on part of Youth Clients [EQ5.1, EQ5.2, EQ5.3 & EQ5.3a & EQ5.3b]

It should be noted that since the YS program has yet to finish, not enough time has passed in order to point to actual impacts. Only tentative assumptions with regard to likely impacts are hence provided. Furthermore, it is generally hard to assess the actual impact of the YS program on living conditions of beneficiaries because of the limits of the evaluation and because not enough time has passed to produce recognizable effects on the served population. However, an adequate indicator to measure the likely impact on the beneficiaries is the capacity to integrate the provision of financial services into a broader set of institutional, social and economic initiatives that could contribute to generate employment and reduce poverty. The possibility to yield unanticipated upstream, downstream and/or intersectoral linkages and other favorable externalities are key aspects towards producing an economic effect that goes beyond what can be achieved only through the simple access to financial services.[80]

Looking at a challenging target population, i.e. women, a recent study shows empirical evidence, through the implementation of randomized controlled trial (RCTs)[81], of positive economic outcomes resulting from access to savings, including:

- increasing the productivity of rural women,
- increasing their profits,
- leading to greater investment in their businesses,
- making them less prone to sell assets to address health emergencies;
- improved consumption smoothing in the face of economic shock, and
- greater legal and psychological control over funds.

In order to assess the potential impact of the YS program at client level, the Consultant organized a total of 32 FGDs (four for each of the eight partner FSP visited) and conducted 252 short individual interviews with FGD participants. The FGDs were primarily organized around the product/service accessed by the clients

[79] Likely impact at FSP (micro) level is addressed under 'Sustainability', evaluation area 6, in Section 6.6 below since intended impact with regard to FSPs concerns long-term performance and sustainability.

[80] A. Hirschman, *The strategy of economic Development*, 1958, CT Yale University Press

[81] World Bank Policy Research Paper 7087, Promoting Women's Economic Empowerment, What Works?" Mayra Buvinic and Rebecca Furst-Nichols, November 2014. http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/11/04/000158349_20141104112018/Rendered/PDF/WPS7087.pdf

and used as the main driver for discussion. A total of four different types of FGDs were organized:

- Savings - with clients who hold savings account;
- Savings & financial education - with clients who hold savings accounts and received financial education (or other types of non-financial services);
- Savings & loans - with clients having received loans on top of savings (almost all of them had also received also financial education); and
- Girls & young women - with female clients accessing any kind of service in order to have the opportunity to better address possible gender concerns.

The characteristics of respondents are presented in Table 18 below. Clients were usually around 20 years old (21% of them were minors), with those having a loan about 22 years old. On average, there were slightly more than five individuals in the same household as the YS client (mainly parents or children, depending on the status of the person, and other family members) and the average YS client had completed nine years of school, which generally corresponds to at least the whole cycle of primary education. The percentage of married people was proportional to the average age of the different groups, i.e. increasing when average age increase, and a significant share of married participants were found in the only female groups and in the groups with borrowers. Around two-thirds of YS clients were engaged in some kind of income generating activity at the time of the interview, with a peak of 94% among those who benefitted from a loan. The percentage of girls and young women participating in the FGDs (except for the all female groups) was between 45% and 55%, in line with, or slightly above, the percentage of female clients in the YS program.

Table 18. Characteristics of FGD participants

Typology of FGD	Respond-ents (#)	Female (%)	Married (%)	Age (mean)	# in household (mean)	Years of schooling	New clients (%)	Working (%)
Savings	44	52.27%	11.36%	19.4	5.4	8.7	93.18%	63.64%
Savings & loans	53	45.28%	32.08%	22.6	5.0	8.6	84.91%	94.34%
Savings & financial education	107	55.14%	6.54%	18.7	5.9	98	89.72%	57.01%
Girls & young women	48	100.00%	27.08%	20.5	5.0	7.9	93.75%	64.58%
TOTAL	***252***	***61.11%***	***16.67%***	***20.0***	***5.4***	***9.0***	***90.08%***	***6.,46%***

In order to assess the impact on financial capabilities, the Consultant has analyzed the number of interviewed clients who declared that their financial capabilities have increased during the course of the program. The results are summarized in Table 19 below; in particular:

- The first section shows clients who answered ’yes‘ or ’no‘ to the question "Do you think you have changed your financial habits / the way in which you manage your money?".
- The second section breaks down, among those who answered ‘yes’, the percentage of female clients, borrowers and clients having received financial education.
- The third section presents the percentage of these three categories among all interviewed clients in order to see if there are any differences that can lead to an estimated influence of these conditions on a change of financial habits as a result of the YS program. In the absence of the possibility to interview a control group, this has been used as the methodology to compare findings between those who declare some changes and the whole population (of the evaluation).
- The final section (fourth section 4) is meant as a countercheck of the first answer (first section). Starting from the assumption that, in an interview, clients tend to answer ’yes‘ either to please the interviewer, or because of their perception or expectation of better money management due to access to financial services (rather than actual capacity), the Consultant checked how many clients also declared to have increased their savings during the course of the YS program in order to verify if better financial capability were based on some concrete (even if still perceived) improvement in money management.

Furthermore, the final column checks if any potential 'impact' of financial education on the increased awareness or capacity exists by comparing the percentage of clients having received financial education (among 'yes' respondents).

Even if the analysis has no statistical significance, the consultant put evidence with green and red color, in the second and fourth section, on those differences in percentage with the group representing the whole population (section 3 for answers in section 2 and section 2 for answers in section 4) than can imply a good or bad example.

Table 19. Increased financial capabilities among YS clients

		1. Increased financial capabilities (%yes)			2. % among yes			3. % of all interviewed clients			4. Clients who declared increased savings	
		Yes	No	% yes	Female	Borrowers	Financial education	Female	Borrowers	Financial education	% on yes	% having received financial education
Burkina Faso	FCPB	37	9	80%	41%	41%	30%	39%	30%	24%	86%	34%
DRC	FINCA DRC	22	4	85%	59%	n/a	77%	62%	n/a	69%	68%	80%
Ethiopia	ACSI	26	3	90%	62%	58%	100%	55%	59%	90%	100%	100%
	PEACE	17	5	77%	59%	35%	71%	55%	27%	68%	82%	86%
Malawi	OIBM	27	6	82%	52%	56%	100%	45%	52%	100%	89%	100%
Rwanda	UFC	31	2	94%	68%	29%	90%	67%	30%	91%	100%	90%
Uganda	FINCA Uganda	28	3	90%	54%	n/a	89%	58%	n/a	87%	96%	93%
	FTB	25	4	86%	48%	16%	80%	52%	14%	79%	88%	82%
	TOT	***213***	***36***	***86%***	***54%***	***30%***	***78%***	***53%***	***27%***	***73%***	***90%***	***82%***

Note: A couple of interviews were incomplete, or involved non-client participants to FGDs, so among 252 interviews, 249 can be considered valid . Cells have been evidenced in **green** or **red** when the percentage was at least 6 percentage points different between those who declared the financial capabilities to have increased (first section) and those of the 'control group' (third section), with the exception of Uganda as explained in the text below.

As presented in the table above, a ***high portion of clients (86%) declared to have improved their financial capabilities as a result of the YS program, and 90% of them also stated they save more than before the launch of YS program.*** Only in DRC, a relatively low percentage of clients (68%) declaring to have increased their financial capabilities also accumulated higher savings than in the past, and this does not seem to be associated with the access to financial education. Only in the case of PEACE does a positive correlation seem to be confirmed (86% of those who increased savings, on top of declaring better financial capabilities, received financial education versus 71% of all those who declared better financial capabilities).

Delivering financial education seems to bring/create better financial capabilities on part of clients in the case of FINCA DRC, FCPB, and ACSI since the percentage of clients having received financial education is somewhat higher (6-10 percentage points) among those declaring to have improved their financial capabilities than among the whole sample (the 'control group'). In Burkina Faso (FCPB) and among PEACE clients in Ethiopia, borrowers represent a larger share of those having declared to have better financial capacities than of the whole sample (respectively 41% versus 30% and 35% versus 27%). Declaring better financial capacities seems associated to being a woman in the case of OIBM and ACSI, while it has a negative effect in Uganda, where the percentage among 'yes' answers and total clients are not very different, but the trend is the same in both FSPs. No direct association, apart these specific cases, can be assumed in general terms, unless in very weak terms, with regard to financial education (i.e. 78% of those who declared having improved their financial capabilities had received financial education, while 73%

among the whole sample had received financial education).

Moreover, YS clients expressed a keen interest in the joint provision of all services, giving the impression of a variety of needs. When asked about the most important service , FGD participants mentioned all services; Table 20 below summarizes the most preferred service mentioned during the FGDs. Overall, ***financial education was most commonly ranked the most important service followed by savings***. However, credit was considered as the most important service among both ACSI and FCPB YS clients.

Table 20. Preferences for specific services among YS clients

		Rank of most important service - Focus Groups		
		Credit	Savings	NFS
Burkina Faso	FCPB	1	2	3
DRC	FINCA	2	1	1
Ethiopia	ACSI	1	2	3
	PEACE	2	1	2
Malawi	OIBM	3	2	1
Rwanda	UFC -	3	2	1
Uganda	FINCA	2	1	2
	FTB	2	3	1

Interviewed clients showed a pretty good general awareness of product conditions. With some limitations, on the whole, they seemed to be aware of the differences between formal and informal financial products, and they were able to compare them as well as make comparisons with other formal products of other FSPs. The possibility of not having to rely on informal lenders and money collectors was generally an appreciated feature of access to formal financial services.

The findings from the 'financial diaries' study (undertaken in Ethiopia and Togo) confirm the ***appreciation of the beneficiaries of the financial education training.*** In the Togolese sample, there was evidence of YS clients declaring they follow a financial plan, in comparison to the control group, while in the Ethiopian case the same holds true with reference to having a savings goal. In both cases, ***access to YS products was associated with an increase of the use of the savings account*** compared to the control group.

In order to further assess the possible impact of the YS program, the Consultant has also analyzed the answers of clients with regard to some relevant points: i.e. Do they perceive their life condition to have changed during the course of program implementation? Is this change connected or not to the access to YS products/services? What kind of change do the clients refer to (related to financial, human or social capital and/or general level of poverty)? A summary of the findings is presented in Table 21 below.

Table 21. Perceived changes in the general life conditions among YS clients

	Perceived change in life condition			Positive change related to YS		Type of change									
	Yes	No	% yes	Yes	% on yes	FC	%	HC	%	SC	%	P	%	W	%
FCPB - BF	29	15	66%	23	79%	14	48%	2	7%	8	18%	6	14%	1	2%
FINCA - DRC	24	2	92%	20	83%	10	42%	12	50%	1	4%	1	4%	0	0%
ACSI - ETH	26	0	100%	25	96%	17	65%	4	15%	3	12%	2	8%	0	0%
PEACE - ETH	17	5	77%	16	94%	9	53%	1	6%	5	23%	2	9%	0	0%
OIBM - MW	28	5	85%	24	86%	14	50%	1	4%	3	9%	7	21%	3	9%
UFC - RW	31	2	94%	30	97%	23	74%	3	10%	1	3%	4	12%	0	0%
FINCA - UG	28	3	90%	24	86%	17	61%	9	32%	1	3%	1	3%	0	0%
FTB - UG	28	1	97%	26	93%	22	79%	4	14%	1	3%	1	3%	0	0%
TOT	***211***	***33***	***86%***	***188***	***89%***	***126***	***60%***	***36***	***17%***	***23***	***9%***	***24***	***10%***	***4***	***2%***

Note: Some interviews were incomplete, or involved non-client participants to FGDs, so among 252 interviews, 244 can be considered valid.

FC (Financial Capital) – Positive change in amount (value and type) of financial assets (savings) or capital invested on part of youth clients (incl. change in the status of access to / control over savings, etc.); HC (Human Capital) – Positive change in the level of education/training and/or capacities to manage money; SC (Social Capital) – Positive change in social role played by youth clients (leadership position, marital status, employment etc.); P (Poverty)- Positive change in individual poverty level and/or general household situation, includes general increase in revenue, none of the other conditions applicable; and W (Worse) - The situation has worsened (negative change).

A large percentage of clients (86%) believe that their life has positively changed after having accessed YS products/services, and 89% among these believe that this change has happened thanks to the access to YS products/services (or 77% of all clients interviewed).

In 60% of the cases, the positive change has been generated by an increase in the clients' ***financial capital***, intended as a variation of their assets or capacity to invest in their professional activity. Frequent answers included:

- The possibility to get more assets, like purchasing livestock, *"I bought one chicken, with savings, and now two more chickens from breeding" - Rwanda / "In case of emergencies, I now have a reserve in my account" - DRC / "I bought a bicycle for myself, 20.000 Shillings" – Uganda.*
- The possibility to make investments, or start up businesses, *"Now I am able to fund some things because of my savings. I use money to develop my business. I bought a sewing machine with savings and 1st loan, and used the 2nd loan to increase productivity, buying sewing material - cloth, string, needles, scissors" - Malawi / "When I started my own business, I had only a photocopying machine. With the savings made, I managed to buy a printer. I make more profit than before" - Uganda.*
- The increase in the amount of money that they can save, and therefore of the expenses that they can do independently, like buying clothes or personal goods, contribute to family household, pay for school fees, etc. *"I stopped misusing the money when I opened the account" - Uganda / "I convinced myself to put small by small to be ready and invest in the future for small business. Before I never saved" Ethiopia / "I am now able to help myself, buying clothes. I spent all before, now I save something" - Malawi / "I bought a watch and clothes" – Uganda.*
- The actual fact of having moved from informal to formal (and safer) savings *"My savings are now safe" - DRC / "I lost money that I saved at a woman in the village (" - Burkina Faso.*

Changes in ***human capital*** include the possibility to attend new training courses or get back to school, or a perceived increase in the capacity to manage money and savings (not necessarily associated to higher amounts saved). 9% of the people who declared a change in financial capital, mentioned an associated change in human capital as well. Some specific answers include:

> *"I stopped working as cashier, when I earned more money than now, in order to undertake a course as teacher" - Burkina Faso / "I opened an account with another bank, but without training. The training helped me to understand how financial institutions work" - DRC / "Before, I did not have a specific plan for my money" – Uganda.*

Change in ***social capital*** is the change in conditions like employment or marital status. For example:

> *"I started working on my own, quitting the employer I had before" - Burkina Faso / "I was dependent from my family and now I live alone and become independent" – Ethiopia.*

A change in the ***poverty*** conditions is intended as an increase not only of the saved amount, but of the overall income that the person is able to get, and this was mentioned also by 10% of clients who mentioned a change in the financial capital. For example:

> *"It has really changed my life. Products have helped me to solve the problems of daily life - from my pig farming now I have money to purchase clothes, etc. that I need" – Rwanda.*

Finally, for 2% of the interviewed clients, the situation has worsened (beyond the scope of the YS products/services). For example:

> *"The husband stopped working, so now I need to work more" - Burkina Faso.*

Therefore, the ***overall perception of clients is that financial inclusion is an instrument to improve their social and economic conditions***, especially by leveraging a better capacity to use financial instruments and, therefore, save money out of their personal/household (business, pocket money, etc.) revenue. More specifically:

> *"With the first saving I bought clothes (after 6 months); then I started to prepare a farming activity (fattening); with financial education I changed the way in which I manages the money" - Ethiopia. / "I have one child, but due to my better income I was able to take two more children in the house (from extended family, 1 from mine and 1 from my husband's) and take care of them. I also concentrated on selling clothes, because it goes well, and my brother takes care of the fish selling business I used to do before" – Malawi.*

These findings are also in line with the results from the 'financial diaries' study, where, apart from changing their saving behavior, moving to more secure options, YS clients were also able to save more than the control group, both in the Ethiopian and Togolese case.

As mentioned in Section 6.1 above, the program design does not completely fit with the objective of fostering concrete economic opportunities for clients. In this regard, it is worth noting three main constraints:

1. With savings being the main strategy adopted, three to four years are too a short time frame in order to see concrete impacts in terms of economic development based on asset building, due to better savings possibilities, and further economic investment.
2. A large share of the targeted population (namely one-third of the interviewed YS clients and around half of those covered by the 'financial diaries' study)is not economically active, and some of these are not interested, nor in need, to become economically active, and therefore exploit concrete economic opportunities, in the near future.
3. Partnerships with YSOs per se are not a well defined strategy, and in most cases it is directed towards the provision of financial education, or towards supporting outreach, rather than business development support services.

Notwithstanding these limitations, ***there are some examples where a mix of products/services and strategies can have a positive effect on access to concrete economic opportunities.*** As a first consideration, it is necessary to identify how the program is situated within the process of exploiting concrete economic opportunities. Access to financial services, primarily savings, is a central step of a process involving:

- Some elements that come before the access to financial services:

  - The attitude of a person, the entrepreneurship spirit, etc. that arises because of the personal character of a person, and probably the context in which she/he has been raised; and
  - The individual skills, acquired through the formal education system, experience or vocational training centers.
- Some elements that come after, or parallel with, the access to financial services:
  - The specific support in terms of business development to foster technical individual capabilities. It is generally provided by NGOs, dedicated consulting companies, and/or government agencies; and
  - The market (conditions, opportunities and risks, players, etc.).

A real link between financial services and concrete economic opportunities for clients can be created if an FSP is able to activate real connections and engage some key actors described above by:

- Triggering mechanisms of close partnership with stakeholders like such as schools, vocational training centers (VTCs), business development services (BDS) centers, etc.; and
- Being open to partnership proposals or networking ideas by the same stakeholders, being responsive and able to track these dynamics checking where clients come from (region, school, etc.), which sector and activities are good clients engaged in, etc.

These kinds of links to concrete economic opportunities do not appear, in general, to have worked in a relevant way during the course of the YS program. There are, however, some exceptions, namely in when the partner FSP has had the capacity to create a strong link with an external organization providing business support services (or professional vocation training). For example, the program experience shows two main good practice cases.

In ***Ethiopia***, ACSI built on, and developed, some strategic partnerships. In an agreement with schools at the regional level and the Ministry of Education (a partnership dating before YS), ACSI's youth groups, headed by 'ambassadors', deliver training directly at schools. The same kind of partnership, even if not formalized, has been promoted also by PEACE. Students are often responsive since a module on financial education is already included in the school programs. ACSI developed a significant partnership also with the vocation training school of Bahir Dar University, focused on business self-employment, providing financial education to students at campuses and offering savings and credit products to graduates. Moreover, ACSI recently created a Business Development Centre (BDC) in partnership with DOT Ethiopia, creating a system to link trainings on life skills, entrepreneurship and ITC with a dedicated offer of financial products.

In ***Rwanda***, a number of meso level initiatives, promoted by both local and international (global level) projects, programs and entities provide business support services that young clients of UFC can access and use to maximize the results of the financial services they get. Examples, all providing entrepreneurship training or credit support, include: the Business Development Fund (BDF), a public company set up in 2011 providing guarantees to young UFC clients; the *Akazi Kanoze* (Youth Livelihoods) Project, a United States Agency for International Development (USAID) funded project managed by the Education Development Center (EDC); Digital Opportunity Trust (DOT) Rwanda, established in 2010, the local antenna of the Canadian social enterprise; and Strengthening Rural Youth Development through Enterprise (STRYDE) program, supported by MCF and implemented by TechnoServe.

These partnerships seem to have been particularly facilitated by:

1. In Ethiopia, the ***strong negotiating power*** of ACSI at national level, because of its status of public body and its dimension; and
2. In Rwanda, the ***supportive context***, especially by targeted government initiatives.

For an comparative analysis of the different dynamics among the YS partner FSPs in terms of potential connections with job opportunities for youth, Annex 33 provides a summary table on how formal partnership with other service providers have, or have not, materialized into real connections between the provision of financial services and the offer of business support services linked to concrete economic opportunities. The table shows the different evolution of partnerships with YSOs and other stakeholders, taking into account if these partnerships:

- Actually led to a concrete increase in better economic opportunities on part of YS clients (as in the two cases/countries mentioned above);
- Have the potential to become an instrument in support of better economic opportunities for clients, but they still have to materialize;
- Remain at the level of instruments to deliver financial education or expand outreach, with no effect of concrete economic opportunities; and/or
- Had the potential, but were not exploited. The only identified 'bad' practice in this regard is that of FCPB, where partnerships with YSOs were soon abandoned because of their costs. Even if in Burkina Faso there several initiatives business support services, one of them also recognized by a public authority, the FSP has never showed any interest in linking up with them.

As a final comment, no general gender pattern can be identified with reference to access to concrete economic opportunities by clients, if not in anecdotal way *("I would like to be a truck driver, I also have a driving license and it's a job that pays off well, but I'm a girl and this job would not be professionally accepted" - Malawi*). Females were only slightly unrepresented among the FGD participants engaged in income generating activities, representing 56% of the working clients against 61% of the whole sample.

6.6 Sustainability

EQ6. Are program results likely to be sustainable at the micro (FSP) level as well as at the global, macro and meso (level?

With the exception of ACSI and UFC, YS financial products do not seem to be profitable in the short-term (three years) and can generally not be claimed to have positively influenced the overall financial sustainability of the partner FSPs (even if the general trend in overall profitability/sustainability turned positive in 2014). Time has yet to tell if medium-term (five to seven years) profitability can be reached.

Main costs include marketing outreach and provision of non-financial services.

The YS program could have a positive effect on the FSPs' overall financial sustainability in the future when the youth client base built during the program becomes older and 'more profitable' and some FSPs can already capitalize on some side-benefits of the YS program (attraction of other, and not only youth, clients).

All partner FSPs (except OIBM) have institutionalized the YS financial products, but some are having (or will have) problems with sustaining YS activities, especially non-financial services, without external support (seemingly more of a challenge for those FSPs that have relied on a specialized team for the implementation of YS activities).

At the global, macro and meso level knowledge mobilization and dissemination are expected to be maintained only if the YS program continues regionally and/or globally (i.e. if a successor program is confirmed).

Performance and Sustainability of FSPs (Micro Level) [EQ6.1 & EQ6.1a, EQ6.2, EQ6.3]

As presented in Table 22 below, on the whole, three years after their launch, ***YS financial products cannot (yet) be considered as financially sustainable***. ***Only ACSI*** (the largest partner FSP) ***and UFC*** (the smallest partner FSP) estimate their YS products as sustainable (as of December 2014). However, it remains to be seen if profitability can be reached in the medium-term, i.e. after five to seven years.

Table 22. Sustainability of YS products

Country	FSP	Can YS products be considered financially sustainable?
Burkina Faso	FCPB	No
DRC	FINCA DRC	Not sufficient information available
Ethiopia	ACSI	Yes, estimated operational self-sufficiency (OSS) of YS products: 121.8%
	PEACE	No
Malawi	OIBM	No
Rwanda	UFC	Yes, estimated OSS of YS products: 104.2%
Senegal	PAMECAS	No
Togo	FUCEC	No
Uganda	FINCA Uganda	No
	FTB	Not sufficient information available

With specific regard to FCPB, OIBM and UFC, the "Business Case Analysis" Frankfurt School of Finance & Management highlights the following regarding the profitability of the YS savings accounts and loans:

- FCPB: The overall YS portfolio is not profitable, while the YS loans are profitable (before indirect costs) for the category of loans amounting West African franc (XOF) 750,000 with an average duration of 542 days. YS savings accounts are profitable starting from a balance of XOF 10,000.

- OIBM: On the whole, YS loans are profitable (before indirect costs), especially with regard to the loans comprised between Malawian kwacha (MWK) 200,000-250,000 and an average duration of 168 days. However, YS savings accounts are not profitable and need about seven years to break even (which can be considered as relatively reasonable).
- UFC: YS business loans are all profitable (before indirect expenses), except for the category with amounts below Rwandan franc (RWF) 75,000 and an average duration of 315 days. Overall, YS savings accounts are not profitable the first year and need 2.75 years to break even (after the first year, YS savings accounts are profitable starting from a balance of RWF 20,000).

Regarding ***ACSI***, being one of the largest MFIs in Africa and the partner FSP with the largest YS clientele, portfolio and deposit base by far, one of the (or the main) reasons for why their YS products are sustainable is likely to be ***economies of scale and visibility at market level***. Moreover, their linkage with the regional government facilitated the creation of important partnerships with YSOs and schools. ACSI already had an experience in delivering non-financial services before YS. At the other end, ***UFC*** is considered a small financial institution within the Rwandan microfinance sector. UFC appears to have put proper efforts in the YS program, which was ***considered as 'core business'*** and not a 'side activity', leading YS clients, portfolio and savings balance to represent a significant share of their overall operations.

According to the "Business Case Analysis", *"the cost of opening and maintaining the accounts including the investment in NFS influences the break-even calculation of Youth Accounts"*. The ***main cost items*** for FSPs in providing services to youth indeed seem to be: (i) ***marketing efforts*** directed to youth (transportation cost and time to reach out to youth in their environments, marketing material, time spent to raise awareness about financial products, necessary follow-up); and(ii) ***provision of non-financial services*** which requires important human and financial resources. Nevertheless, non-financial services can be offered cost-effectively and sustainably, as per the example of both UFC and ACSI, by using the hybrid model utilizing youth peers/'ambassadors'/'mobilizers' coupled with the internal provision of services. Likewise, marketing costs can be reduced thanks to proximity of branches to 'youth locations' (homes, schools, universities, YSOs), technology (technologies to open accounts in the field, marketing by short message system [SMS], etc.), 'free of charge' or 'cost-sharing' partnerships with organizations linking their youth to FSP products, and hiring of 'cheaper' human resources to conduct marketing activities (ex. other youth).

In some cases (i.e. UFC), as shown by the "Business Case Analysis", ***savings accounts become dormant*** and the cost of opening the account incurred by the FSP is not recovered from the actual use of the account. Other FSPs (including FCPB) also claimed dormant accounts as a challenge, even though exact figures are not available. Linking youth to economic opportunities in order to increase their ability to save (and borrow) would also assist in making YS products more sustainable. Some YS clients participating the FGDs asked to be given jobs or taught income generating skills first and then to be able to actively use the financial products offered. The sustainability could also improve by increasing the proximity of the branches / points of services with YS clients; indeed, some clients rarely deposit money into their accounts because it is costly for them to reach the branch. Technology solutions, such as POS correspondents in DRC, can also help (UFC has sought the assistance of AFR and received other donor funding to develop a mobile banking solution). Likewise, supporting youth in completing their education could possible assist them in getting better jobs, have a better saving/borrowing capacity and thus improve the sustainability of the YS products.

Among the partner FSPs, as illustrated in Table 23 below, the trend in overall profitability and sustainability was negative until 2013 and then became positive in 2014. However, there is no clear link between this general positive trend and the YS program since most YS products are not sustainable. Moreover, the estimated OSS of the YS products for both ACSI and UFC (the only two FSPs with sustainable YS products) are below their overall institutional OSS, indicating that the ***YS products weigh on the overall profitability/sustainability rather than improve it***.

Table 23. Profitability and sustainability indicators: 2011-2014

Country	FSP	OSS				ROA				ROE			
		2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Burkina Faso	FCPB	126,1%	130,4%	135,3%	151,3%	2,6%	2,5%	2,6%	3,3%	13,6%	13,1%	12,2%	13,1%
DRC	FINCA DRC	122,6%	115,4%	104,1%	110,9%	9,5%	6,2%	0,8%	0,6%	41,5%	23,6%	3,5%	2,9%
Ethiopia	ACSI	214,1%	242,9%	223,6%	215,3%	6,5%	7,9%	7,1%	6,5%	23,1%	28,3%	26,2%	25,9%
	PEACE	143,0%	132,0%	127,7%	136,5%	39,4%	43,5%	41,8%	43,7%	97,1%	97,8%	95,9%	101,4%
Malawi	OIBM	75,5%	89,5%	135,0%	N/a	-4,7%	-1,8%	7,4%	N/a	-23,0%	-8,7%	27,5%	N/a
Rwanda	UFC	140,2%	110,9%	109,0%	108,3%	9,2%	2,6%	1,7%	1,7%	18,1%	5,0%	3,6%	3,8%
Senegal	PAMECAS	N/a	100,7%	81,8%	N/a	N/a	0,7%	-3,1%	N/a	N/a	3,2%	-13,6%	N/a
Togo	FUCEC	N/a	100,4%	101,0%	103,1%	N/a	0,1%	0,0%	0,4%	N/a	1,1%	-0,3%	2,7%
Uganda	FINCA Uganda	107,3%	93,3%	97,2%	118,9%	1,8%	0,5%	0,5%	6,1%	4,4%	1,2%	1,4%	20,1%
	FTB	107,5%	102,4%	99,4%	104,2%	2,4%	1,6%	1,3%	1,1%	15,0%	10,0%	5,2%	3,9%
Consolidated indicators (all FSPs)		*119,6%*	*119,7%*	*119,0%*	*142,8%*	*4,4%*	*3,7%*	*2,9%*	*3,8%*	*19,6%*	*16,4%*	*12,6%*	*16,2%*

Note: Data as December each year except for ACSI reporting financial data for June each year and PEACE reporting June financial data in 2011, 2012 and 2013 (but not in 2014).

Furthermore, as displayed in Table 24 below, ***YS products generally represent only a small share of the partner FSPs' operations*** and thus cannot be said to have (at least not at the moment) a tangible impact on the overall profitability/sustainability. YS portfolio and deposit amounts represent only 1.2% and 2.1% respectively of the FSPs' total portfolio and deposit base, which is too little to have an impact (either through increased portfolio yield or lower cost of funding thanks to savings). However, the ***weight of YS is more significant in terms of the number of clients***; YS clients represent 5.0% of all borrowers and 7.8% of all savers, which are quite important figures as these young client are expected to build a future loyal client base to which the FSPs should be able to cross-sell more profitable products than the current YS products. Logically, YS should as a consequence positively impact the FSPs' financial sustainability/profitability in the long-term (although the risk of lack of loyalty on part of young clients should be properly assessed to confirm this assumption).

Table 24. Weight of YS products (as of December 2014)

Country	FSP	Share of YS borrowers among all borrowers	Share of YS savers among all savers	Share of YS portfolio in total portfolio	Share of YS deposits in total deposits
Burkina Faso	FCPB	0,0%	2,0%	0,0%	1,1%
DRC	FINCA DRC	0%	N/a	0,0%	N/a
Ethiopia	ACSI	6,8%	9,7%	2,5%	3,7%
	PEACE	3,3%	42,2%	2,4%	11,1%
Malawi	OIBM	N/a	N/a	N/a	N/a
Rwanda	UFC	6,1%	28,8%	6,7%	15,7%
Senegal	PAMECAS	3,5%	2,2%	N/a	N/a
Togo	FUCEC	0,0%	7,3%	0,0%	0,6%
Uganda	FINCA Uganda	0%	11,4%	0,0%	1,0%
	FTB	0,1%	7,8%	0,0%	2,6%
Consolidated indicators (all FSPs)		*5,0%*	*7,8%*	*1,2%*	*2,1%*

Note: Data as December 2014 except for ACSI reporting June 2014 financial data.

The weight of YS in the FSPs' operations and clientele varies greatly from one FSP to another, but most FSPs (except FCPB and PAMECAS) have managed to reach good numbers regarding the share of YS savers among total number of savers, indicating that they are building an interesting potential client base for the future, likely to generate additional profitability (as young clients get older, they are expected to get larger loans, deposit larger savings amounts and subscribe to other more profitable products and services offered by the FSP). Even though a considerable share of youth savings accounts becomes dormant soon after their opening, they could reveal to be a 'gold mine' in a few years' time.

As mentioned above, cross-selling products to youth clients is an opportunity created by the YS program that could improve the profitability/sustainability. However, it is yet too early to assess the impact of cross-selling on the overall profitability/sustainability as the YS financial products have only been rolled out for two to three years. In general, partner FSPs can also rely on the ***side-benefits of YS program***; namely: (i) thanks to the YS program, FSPs have been able to grow their client base with education professionals, parents, siblings, YSO staff, etc. (for example, FINCA DRC has capitalized on the knowledge of the education sector gained thanks to the YS program and established lucrative financial products dedicated to schools and universities); and (ii) targeting youth may improve the partner FSPs' image and visibility in the sector and assist them in attracting more clients (not only youth), a side-benefit noted by both UFC and FTB.

A great success of the YS program is that all visited FSPs (except OIBM) have ***institutionalized their YS financial products***, fully integrated them into mainstream product offer. However, for several FSPs, the YS operating model cannot be sustainably carried out without subsidies. As a consequence, since the end of the program, some FSPs have transferred their specialized YS staff to other positions and have removed/reduced youth-specific targets. ***In most cases, FSPs expect a decrease, stagnation or, at best, low increase in the number of youth reached*** after the end of the program; without a team specifically dedicated to target youth and no/lower youth targets, the numbers are likely to stagnate. Likewise, ***some FSPs have stopped providing proper financial education*** to youth clients due to lack of human and financial resources. The institutionalization process within the respective FSPs is summarized in Table 25 below.

Table 25. Future of YS products and services

Country	FSP	YS financial products	YS non-financial services
Burkina Faso	FCPB	YS products fully integrated into existing product offer in September 2014. No need for external resources to keep offering YS financial products.	Plans to continue to provide financial education.
DRC	FINCA DRC	YS savings account is integrated into existing product offer. A decrease in the growth of number of youth savings account is expected as FINCA DRC does not have officers specifically targeting youth anymore and savings officers now have general targets. No other funds raised.	Financial literacy training not provided as it is too costly without subsidies.
	ACSI	YS products still to be offered, strong will to continue working with youth. Plan to provide youth with other financial products (money transfer, insurance and payment services). No other funds raised.	Plans to continue to provide financial education.
Ethiopia	PEACE	YS products will continue to be offered. Strong willingness to continue serving youth, above all to strengthen loan offer. Some challenges in terms of resources; negotiations with potential funders are under way, but no agreement has been finalized yet.	Will continue to provide financial education.
Malawi	OIBM	YS products cannot yet be considered to have been adequately institutionalized. If no further support comes from UNCDF or another source of funding, YS products will most likely be dismissed as such at the end of 2015, or in case they remain, they might be significantly redefined. With the suspension of YS disbursements, lack of internal funds and discouraged staff, it appears quite likely that the YS consolidation and institutionalization will be interrupted (at least temporarily).	Will probably continue to provide financial education (at least to credit clients).
Rwanda	UFC	YS products have been institutionalized. Have developed a genuine interest and commitment towards serving youth during the course of the YS program. Youth-specific targets in business plan. Established several partnership 'at no cost' as an 'exit strategy' following the YS program.	Will continue to provide financial education.

Country	FSP	YS financial products	YS non-financial services
Senegal	PAMECAS	YS products have been institutionalized (following a specific assessment), although some conditions will be changed (entrance fee and, probably, age frame in order to cope with requirement of other partners).	Internal provision, will be reduced following reduced availability of funds.
Togo	FUCEC	The institutionalization of the YS products is still ongoing, but is very likely to occur with2015, albeit with some modifications in characteristics (new communication material and dismissal of group savings).	Internal provision, will be reduced following reduced availability of funds.
	FINCA Uganda	YS savings account has been institutionalized and keeps being offered. Plan to develop a youth loan product. No other funds expected to be received.	Still targets schools and provides financial literacy to youth, but sessions are shorter and less structured (with focus ion account opening).
Uganda	FTB	Will keep targeting youth as this is key to the social mission. The youth savings products are part of the 'mainstream product offer' and FTB is piloting two youth loans. Has acquired a mobile van for a school banking model.	Does not provide financial education or reproductive health trainings anymore and does not target schools as much as during the program.

Finally, the institutionalization of the YS products seems to have been ***influenced by the structure of the team implementing the YS program within the partner FSP***. Most FSPs chose / had to (in order to reach the PBA targets) appoint a specific team dedicated to the YS program (FINCA DRC, FINCA Uganda, FTB). If having a specialized YS team allowed these FSPs to perform adequately and reach the targets during the course of the program, it has also hampered the institutionalization of YS after the end of the program; i.e.: (i) specialized YS staff have had to be reallocated to other positions due to lack of funding (end of grant), generating a loss or 'dilution' of the youth expertise built up during the program; and (ii) staff not or little involved in the YS program have not been prepared (lack of training, insufficient change in staff culture) to take over at the end of the program. UFC has used a different approach with no staff exclusively dedicated to YS at branch level since all staff were engaged in the provision of YS products and services; this approach seems to have resulted in one of the best institutionalization cases of YS products among all partner FSPs.

Sustainability of Knowledge Mobilization and Dissemination (Global, Macro and Meso level) and of Possible Improvements with regard to the Policy Setting and Legal/Regulatory Framework (Macro Level) and Support Structures (Meso Level) [EQ6.4, EQ6.5]

As the YS program has been extended until December 2015, ***additional knowledge mobilization and dissemination activities are expected to be carried out***. With regard to publications, apart from the "Business Case Analysis" and the 'financial diaries' study, the YS program is also expected to present a paper on youth financial inclusion best practices (as stated in the fourth quarter report of 2014). In terms of dissemination activities, the YS program will: (i) launch a Dgroup space for a regulators task force; ii) conduct a quarterly webinar on the 'best practices' paper; iii) maintain its participation in and commitment to the UN Inter-agency Network on Youth Development; iv) present YS at a OECD workshop; v) develop one-pagers for each YS publications; and vi) participate at the 2015 European Year of Development, in particular to the 'Women and Girls' and the 'Youth' tracks. Should the YS program be extended (i.e., if a regional or global YS successor is confirmed), there is little doubt that knowledge dissemination will be maintained. Actual usage on part of relevant industry practitioners of the 'mechanisms' (webinars, Dgroups, etc.) put in place by the YS program is, however, difficult to foresee. Should December 2015 imply the very end of the YS program (and consequently also of the engagement of the YS PM), it is highly likely that the mechanisms will not be sustained or used (unless UNCDF as an organization, without a dedicated program, takes upon this disseminating role with regard to youth financial inclusion).

In terms of the very few, and indirect, changes at the macro level in Rwanda as a plausible 'result' of the YS program, there are no reasons to doubt the sustainability of these changes; i.e. both the inclusion of financial education into the national school curricula and the new leasing law are likely to remain. With regard to the apparent changes in informal norms and attitudes within some communities in which some partner FSPs work, it is likely that the noted improvements in the savings culture be maintain only if the respective FSPs continue to offer youth services in the concerned areas. Even if, in some cases, they have been positively supported by other actors in these communities, these actors are not likely to shoulder the financial education burden should the partner FSP discontinue its youth activities.

7 Conclusions and Recommendations

7.1 Overall Assessment

On the whole, a ***relevant and well managed program, YS can be considered as a successful pilot experience with some important achievements to date***, including outreach to almost 515,000 young clients and USD 14.8 million in accumulated youth savings balance as of December 2014. Focus has been placed on savings and financial education, which is consistent with the decision to address youth between 12 and 24 years of age. The emphasis on financial education has also proven successful towards overcoming challenges in local contexts with low levels of savings mobilization and, in some cases, adverse credit cultures. The initiative has targeted a total of ten FSPs of various types and sizes in eight different SSA countries through the provision of dedicated training and TA as well as direct grants to the partner FSPs, which has proven an appropriate approach to build institutional capacity for the development of dedicated financial products (and non-financial services) and to increase outreach to young people. Considering the pilot nature of the program in terms of 'testing' an approach and different activities through FSPs (the primary level of intervention), the limited engagement of actors and stakeholders at the macro (policy makers, regulators, etc.) and meso (MFI networks, etc.) level has necessarily restricted the (possible) influence of the program on policies and regulations and the 'demonstration' effects at the market level. Finally, YS clients express a strong appreciation of the YS products and services and also claim these products/services to have had a positive influence on their financial capabilities (and also often on their economic situation in general). However, even if there are some good examples/experiences, it is not possible to measure a link between improved access to adequate financial products (and non-financial services) and better access to concrete economic opportunities (or a general improvement in living conditions).

Program design and approach (EQ1)

The program has adopted a ***pilot approach*** with a view to learn from the different experiences and consequently possibly develop a regional or global YS initiative. The program focus is clear: training/TA and direct grants ***to support FSP (the primary level of intervention)*** efforts to develop and launched financial products and non-financial services specifically targeted to youth, promoting first of all savings and financial education. The program has hence strongly focused on the supply side of financial services in order to increase youth financial inclusion and has sought to embed in the partner FSPs the idea to invest in youth as a separate market segment. The choice to select mostly large FSPs ensured that at least a critical minimum number of clients (highly surpassed in reality) was going to be reached. On the other hand, this approach appears limited in terms of linking beneficiaries with concrete economic opportunities (where the smaller, perhaps more proactive, partner FSPs seem to have been more successful). The strategic choice to direct a large part of the YS budgetary resources in support of FSPs and their capacity to increase youth-specific products/services has a direct implication of program success depending mainly on the FSPs' performance to achieve the intended objectives and assigned targets. PBAs have been a key implementing tool, with a positive influence of performance in most cases.

The choice to ***focus on the 12-24 age frame*** was relevant compared to the national contexts. However, considering that it is a strong assumption in terms of program design, it would have been appropriate to engage more with the partner countries and stakeholders on this strategic decision, thus avoiding some misinterpretation and getting more support from the national and/or regional initiatives that target youth as defined by national policies (commonly up to 30-35 years). It is also worth underlining the lack (in program design) of guidance on the pros and cons of the various business models for the delivery of non-financial services (especially since the ProDoc apparently sought to promote the linked model).

Program management and implementation (EQ2)

The YS program has benefitted from ***very committed management*** as well as good quality reporting and monitoring (even within the limits of MISs of the partner FSPs), even if faced with some challenges in features of program outline and weak institutional coordination with UNCDF representatives at the national and regional level. The capacity to face and react to challenges on part of the YS management team is confirmed by the fact that most recommendations put forward by the mid-term evaluation have at least partially been addressed within a relatively short timeframe and with limited resources at its disposal. In terms of cost-effectiveness, the YS program registers a ***relatively high overall program 'bang-for-the-buck' in terms of overall outreach relative to a low unit cost*** when compared to another similar initiative as well as a strong force on accumulated savings on behalf of YS clients. The program has built and delivered a ***good quality training and TA*** process, although the unit cost in terms of people trained appears quite high. Furthermore, it is difficult to assess relevant changes within the partner FSPs as a result of the training and/or TA interventions, but some partners seems to have effectively benefitted from the training and engaged in actual implementation with regard to the client protection and market research.

FSP performance (EQ3)

Overall, the YS program has performed very well in terms of both output delivery and outcome achievement. In general, the program has succeeded in promoting changes within FSPs' strategies towards serving youth (including girls and young women) and developing a youth-friendly attitude among staff (even despite of a general skepticism in the initial phase within some partner FSPs). All partner FSPs record ***impressive progress in youth outreach with regard to the YS savings products and financial education services***; the two products/services specifically promoted by the program. The roll-out of YS credit products remain behind (also because the age limit for YS credit is set at 24 years as most young adults are not yet economically active) with weak outreach and the adoption of a mainstream approach (i.e. the unsolved problem of risk level profiling of young clients with no guarantee). Products/services generally meet the needs of the YS clients and are mostly greatly much appreciated.

The capacity to introduce innovative mechanisms to blend the provision of financial products and non-financial services was initially relatively low, but, after a 'testing' period, most FSPs have ***adopted a 'critical minimum approach'*** aiming to reduce operational costs. The majority of the partner FSPs have applied the unified model to deliver financial education, primarily because of its relative cost effectiveness. However, the ***hybrid model*** (using 'ambassadors'/'mobilizers') ***appears as the best approach for the provision of financial education*** in terms of balancing good quality training with acceptable costs on the part of the FSPs. With regard to the provision of other non-financial services (such as heath and entrepreneurship training), where FSPs have less expertise, the linked model seems to be the most appropriate.

On the whole, the YS program has greatly ***surpassed the minimum outreach target*** of 200,000 youth clients as outlined by the ProDoc (with one partner FSP playing a dominant role). However, national and FSP outreach varies, also with regard to girls and young women. While the YS program has surely contributed to increase the capacity of the partner FSPs to meet the specific needs of girls and young women, no specific best practice has emerged in this regard. Even if the general 50% female outreach target for the program as a whole has been reached, meeting the specific PBA targets with regard to female outreach has been a challenge for most partner FSPs.

Influence at global, macro, meso and market level (EQ4)

Because of the design of the program and its approach (i.e. the ***focus on partner FSPs at the micro level***), ***the involvement of and engagement with stakeholders at other levels have been rather limited***. With the YS program not yet having been completed, it still has to reach the minimum target for knowledge publications (perhaps more naturally being produced towards the end of a pilot experience in order to adequately collected and disseminate lessons learned and best practices). Dissemination activities have primarily focused on global level stakeholders and have hence not been as effective at the regional or national level. Training activities have also focused on (apart from the partner FSPs) other FSPs and UNCDF staff rather than policy makers, regulators, staff of MFI networks, etc.

The influence of the YS program at the macro, meso and market level has consequently been very weak. Nevertheless, in a couple of cases (specific country contexts), the YS program could possibly be claimed to have had a positive indirect effect on the general youth financial inclusion environment (macro and meso level). Furthermore, in some countries, ***perhaps the most important influence of the YS program has been on the informal norms and attitudes within the communities in which the partner FSPs operate***. In the reverse direction, FSP performance in some partner countries has been challenged by the legal/regulatory framework, but there is no general correlation between FSP performance and the nature of the youth financial inclusion environment. With regard to the market level, apart from the partner FSPs, few players are currently active in the youth market segment and there is no evidence of the YS program having produced any market demonstration effect (and it is difficult to assess the results of the program in the medium-term - some products are drawing the attention of other market players, but it is hard to say to which extent this interest will produce actual implementation/replication of targeted youth financial initiatives).

Overall, UNCDF, through the YS program, can be considered to have ***fulfilled its role as promoter of youth financial inclusion at the global level***. However, it cannot be claimed to have taken on this role at the regional or national level given the relatively limited interaction with macro and meso level stakeholders in the partner countries and regionally. A stronger interaction with such players, also through the more active engagement of UNCDF regional and national representatives (as envisaged by the ProDoc), could have supported a stronger visibility of the program and facilitated linkages with other youth financial inclusion and/or employment initiatives. Nevertheless, some important partnerships supporting the creation of economic opportunities for youth have been established by the partner FSP themselves (but the regional context needs more permanent and structured links with new generations of YSOs and the support of proactive labor policies).

Likely impact at client level (EQ5)

It is hard to assess the likely impact of the YS program considering the short time span and difficulties in establishing causality links between actions and results given the limited resources available and lack of baseline data. Nevertheless, findings from FGDs and interviews with YS clients (and as confirmed in some respects also by the 'financial diaries' study) suggest that the ***majority of YS clients perceive*** the YS savings and credit products as well as financial literacy training to have ***positively influenced*** their situations/lives, primarily in terms of increased financial capabilities (managing money and financial instruments) and capacities to generate some income (through increased savings or investments in business activities), but also in the form of greater independence and/or stronger self esteem. No specific gender pattern was identified with reference to improved financial capabilities/capacities or access to concrete economic opportunities by clients (even if a couple of female clients pointed to obstacles with regard to engaging in certain sectors, traditionally/culturally dominated by men)

Furthermore, one way to measure the likely impact on the beneficiaries could be through the capacity to integrate the provision of financial products (and financial education) into a broader set of institutional, social and economic youth initiatives, enforcing connections and creating synergies. A couple of FSPs have effectively engaged in such 'integrations' and it would be useful to follow-up on the results of the established partnerships some years after program completion.

Sustainability (EQ6)

With the exception of two partner FSPs, ***YS financial products are generally not (yet) financially sustainable*** and can generally not be said to have positively influenced the overall profitability of any of the partner FSPs (even if there are possible side benefits in terms of having accesses also other client groups during the course of the YS experience). Despite not (yet) being financially sustainable, the partner FSPs (all but one) ***have institutionalized the YS financial products***. This means that, after a pilot of about 3 years, the investment to offer youth products, in order to maintain them up to their actual financial sustainability, is sustainable for (9 out of 10) FSPs with no additional external support on top of their operational resources. However, as adequate 'exit strategies' have been developed in most cases, some partner FSPs will be forced to at least scale down the YS process upon the completion of the program and hence without external support (seemingly more of a challenge for those FSPs that have relied on a specialized team for the implementation of YS activities). With regard to financial education, the partner FSPs applying the unified model seem to need to reduce and minimize the quantity as well as intensity of this kind of service. This could potentially lead to problems in terms of capacity to collect savings (including reducing the number and volume of dormant accounts) as well as the portfolio quality. In this regard, the hybrid model seems to be more cost-effective and hence likely more sustainable solution.

At the global, macro and meso level, knowledge mobilization and dissemination are expected to be maintained only if the YS program continues (i.e. if a regional or global successor YS program is confirmed).

7.2 Recommendations

Based upon the findings of the evaluation, the Consultant proposes the following recommendations:

1. Such a promising pilot intervention, strongly based on the supply side of savings services, should be followed by, or integrated with, complementary interventions to 'complete the picture' in the partner countries given that youth financial inclusion is still largely 'undiscovered territory'. For a more comprehensive youth financial inclusion framework, priority should be placed on ***stimulating the demand side*** on part of young people (reasonably oriented towards job creation in the form of employment or self-employment) and on **reinforcing financial market infrastructures** (especially supporting credit information systems and research activities dedicated to youth financial inclusion). In the design of a possible successor program, UNCDF should hence consider adopting a more holistic approach with a set of actions dedicated to foster the demand for youth financial products (and non-financial services) as well as promote a conducive national context. According to recent studies, "building sustainable markets that serve the poor requires focus beyond institution building to the financial system as a whole" [82]. Looking forward this more global approach implies, first of all, to identify an independent facilitator able – among other relevant actions - to catalyze market actors to build a sustainable market serving youth.
2. With regard to the selection of FSPs, YS management (guided by indications in program design) could include the following considerations:
   - A ***mix of large and medium/small sized FSPs*** can be seen as a good approach also for future program initiatives. Thanks to the availability of internal resources and economies of scale, large institutions could possibly be expected to be more able to maintain permanent youth financial services, while smaller or medium institutions can often be more flexible and proactive with regard to introducing innovative products/services and procedures allowing immediate changes consistent with program objectives and targets. This blend of potential sustainability and short-term performance could provide a good solution for successful management of the program.
   - The ***strategic plan or intentions of the FSPs are crucial*** for defining successful partnerships and assuring consistent goals between the YS program and the partner FSPs. More specifically: (i) Are young people a strategic objective or not? If not, time, resources and efforts to buy in staff and management have to be considered; (ii) Is the FSP ready (and able given the national legal/regulatory framework) to invest in innovations and technologies (such as mobile money)? More innovative and technological instruments should be considered key in order to attract young (and mobile) clients; and (iii) FSPs with a focus (also through potential partnerships) on supporting business activities in arts and crafts and other small production in urban settings and value chains in rural settings should be given priority if the program seek to foster economic activity of young people (seeking to move away from petty commerce as main activity).
   - The FSPs selection process should ***privilege networking strategies*** through which FSPs are able to create connections with other youth initiatives, external business development services providers, and/or national/regional education and technical training systems.
   - The ***PBAs*** have proven an interesting and performing tool to select and assess partner FSPs and it

[82] See "Facilitating Market Development to Advance Financial Inclusion", Mayada El-Zoghbi and Kate Lauer, CGAP Focus Note, N.89, October 2013.

might be worthwhile to include not only quantitative, but ***also qualitative targets*** (even if harder to formulate and measure).

- A successor program should define ***more adequate provisions for 'exit strategies'*** – i.e. what will the FSP do when YS support finishes? It would also be advisable to promote specific actions to support top management during the implementation of the 'exit strategies'.

Given these considerations, a comprehensive preparatory phase on part of UNCDF (and potential donor) before designing a potential successor program would be advisable. In this regard, it would be particularly important to promote a ***more participatory approach*** involving relevant stakeholders at global, regional and national level and ensuring the engagement (as first anticipated also by the pilot program design) of UNCDF national and regional representatives as actual active of the initiative. For UNCDF as whole it would be advisable to reinforce and develop a strategic "youth system" approach in order to create a consistent internal organization and friendly environment for youth methodologies and actions.

3. While the combination of savings products with financial education has been an appropriate strategy to date (especially for the 12-24 age range), the following phase should include a ***stronger focus on youth credit products*** (always together with financial education, but also connected with other entrepreneurship or business development services). In addition, a ***segmentation among clients*** in terms of products/services to be provided would be desirable for more consistent and performing products according to clients' needs. An example could be focusing on preliminary savings accounts, maybe through schools involving parents as grantors, for minors and on fixed savings products or similar tools to support early life projects for young adults (18-24 years age), including also credit products for people beyond the age of 24 (i.e. up to the age of 30) as they are likely to still be in the initial phase of their professional life. Financial education curricula should be adapted to this segmentation. Further actions specifically for girls and young women should also addressed be in order to develop more adequate strategies towards reaching them. A specific market segmentation study could contribute towards preparing and successor initiative.

4. The ***fostering of the combined provision of financial products (savings and especially credit) with non-financial services (financial education, but also vocational and entrepreneurship training) should continue***. Even if the unified model could appear to be the most cost-effective in the short-term, the hybrid model seems to be the best solution to deliver good quality financial education in the long-term. Linked approaches to business development services should be a pre-condition for well functioning credit products. In order to foster a clear market development approach, UNCDF national and regional representatives in collaboration with some active and relevant financial and non-financial networks in the targeted countries should be called upon for the identification of potential support structures (such a vocation training schools) and the building of partnerships. Such partnerships would be important not only for the provision of non-financial services, but also for the selection of clients, the search for seed capital, and linkages to concrete economic opportunities. That action line will have to take into account specific national and regional market's dynamics to pave the way to a sustainable development of a market for youth capacity building services.

5. The ***ideal grant*** amount should be relevant for product development, giving a clear added value to the FSPs, but not crucial for their survival in order to avoid sustainability issues. Towards fostering an investment approach within the FSPs, other uses of the grant could also be effective. In particular, seed capital and financial support to build guarantee mechanisms could be useful tools in some contexts in order to reduce the risk normally associated with young borrowers. Integration with other funds providing resources for these goals could also be a good strategy. In order to implement this recommendation, it would be necessary to ***involve different typologies of actors*** (from international donors to government authorities, from rating agencies to national and regional microfinance networks). The decision to adopt a "market development approach" will have a relevant impact in terms of program budgetary structure. More specifically, it will mean minor resources for FSPs grant and more support to management unit and local staff.

6. If fostering credit is to be considered a further strategy, the selection of FSPs, and indeed the whole program approach, should ***focus more intensively on innovation***, in order to find a good solution to the issue of lack of guarantees. Innovative solutions are also necessary to foster women inclusion and to integrate technical training and business development services in order to link financial products to concrete economic opportunities. In this regard, it would be valuable for a successor program to map best practices not only with regard to the financial inclusion of youth or within the microfinance sector in general, but also in terms of innovative schemes for micro and small enterprises and job-creation programs, and especially on women inclusion.
7. Finally, in preparation of a potential successor program, it could be useful to conceive a strategy towards ***supporting a stronger market demonstration effect***. In this regard, future program management should increase the engagement of national stakeholders at different levels (particularly the MFI networks) in order for other FSPs (i.e. not only those directly targeted by the program through grants) to learn and benefit from the program. More evidence on the profitability of youth products/services would probably also be required in order to achieve a significant market effect. It would be the role of the program facilitator to define rules and procedures to assure the transfer of knowledge products from one provider to the next.

8 GENDER AND HUMAN RIGHTS

With regard to the ***consideration of gender within the evaluation*** (i.e. as part of the evaluation approach), the Consultant has:

- Considered, outreach indicators with a gender breakdown.
- Assessed the likely impact looking at potential gender differences, based on the following assumptions: (i) girls/young women often have different responsibilities ('division of labor') as well as less opportunities than boys/young men, leading to for example lower levels of school enrolment, higher school drop-out rates and early marriages; and (ii) in comparison to male youths, girls / young women commonly have limited access to and control over resources.
- Held, where possible, at least one all female FGDs with YS clients in order to better grasp potential gender specific feedback and be able to bring out possible differences in opinions in comparison to the mixed (female/male) FGDs.[83] All female FGDs were held at all but two of the eight partner FSPs visited during fieldwork.
- Finally, with regard to the intermediary 'beneficiaries' (i.e. FSP staff), the evaluation also addressed, where relevant, the gender composition (and position) of FSP staff, mostly notably the designated 'youth champions'.
- Attempted to use a gender neutral language during fieldwork (and interviews) as well as during the writing of this final evaluation report (and country reports).

In terms of the ***assessment of gender integration within the YS program per se*** (i.e. the object of the evaluation), please see Section 6.1 (EQ1.6) and Section 6.3 (EQ3.7) above.

[83] Due to logistical problems within FINCA DRC and FTB, it was not possible for the Consultant to hold an all female FGDs. In Rwanda, at the Gasarenda branch, both the 'Savings & non-financial services' group and the 'Girls & young women' group had been gathered by UFC in the morning the day of the branch visit since those attending school had to be back after lunch. Since all clients (i.e. also those in the 'Girls & young women' group) had received non-financial services, both groups (total 17 participants) participated in the same discussion. After the main discussion, the three male participants were asked to leave the room and a shorter follow-on discussion was held with only the female participants in order to further solicit their feedback on a selected number of questions/areas focused on gender issues.

Annexes

ANNEX 1: Terms of Reference (ToR)

Final Evaluation
YouthStart Programme "Building Youth Inclusive Financial Sectors in Sub-Saharan Africa"

Programme name: YouthStart

Countries: Burkina Faso, Ethiopia, Malawi, DRC, Rwanda, Senegal, Togo, Uganda

Executing Agency: UNCDF

Timeframe: 2010-2014

Budget: $11,895,876 funded by The MasterCard Foundation

Previous evaluation: Mid-term evaluation in 2012

1. **Background:**

United Nations Capital Development Fund and its Inclusive Finance Practice Area:

UNCDF is the UN's capital investment agency for the world's 49 least developed countries. It creates new opportunities for poor people and their communities by increasing access to microfinance and investment capital. UNCDF focuses on Africa and the poorest countries of Asia, with a special commitment to countries emerging from conflict or crisis. It provides seed capital – grants and loans – and technical support to help microfinance institutions reach more poor households and small businesses, and local governments finance the capital investments – water systems, feeder roads, schools, irrigation schemes – that will improve poor peoples' lives. UNCDF programmes help to empower women, and are designed to catalyze larger capital flows from the private sector, national governments and development partners, for maximum impact toward the Millennium Development Goals. Additional information on UNCDF may be found at www.uncdf.org

UNCDF is supporting 26 LDCs (20 in sub-Saharan Africa and 11 in Asia) and serving 8 million active clients through the Financial Service Providers (FSPs) in which it invests. UNCDF has focused on supporting savings-led FSPs, given the dual benefit of FSPs using local sources to fund growth and positive findings from client impact studies on the benefits of savings. Sixty-five per cent of clients are women. FIPA follows a sector-based approach and, more recently, has been implementing its programmes through a series of thematic initiatives. A detailed explanation of the approach of the Inclusive Finance Practice Area is described in: http://uncdf.org/en/our-approach-if

The MasterCard Foundation:

The MasterCard Foundation is a private, global foundation with over $9 billion in assets, and is headquartered in Toronto, Canada. The Foundation advances Financial Inclusion and Youth Learning to promote financial inclusion and prosperity in developing countries.

Their vision is to support the opportunity for all to learn and prosper. Their Financial Inclusion and Youth Learning programs provide access to the tools and opportunities to build the economic capability of the most disadvantaged, with a focus on young people. The Foundation has a particular focus on Africa where there is the greatest opportunity for impact. Programs supported by the Foundation aim to expand access to learning, employment, entrepreneurship and financial services in a region where 63 percent of the population lives on less than $2 a day.

The goal of the Financial Inclusion Strategy is to expand access to microfinance and a broad range of financial services in order to improve the quality of life for people of all ages in Sub-Saharan Africa. The Foundation is working to address this goal through three strategic objectives: 1) to scale access in Sub-Saharan Africa; 2) to pioneer financial services for youth ; and 3) to promote responsible finance in the sector.

The YouthStart Programme:

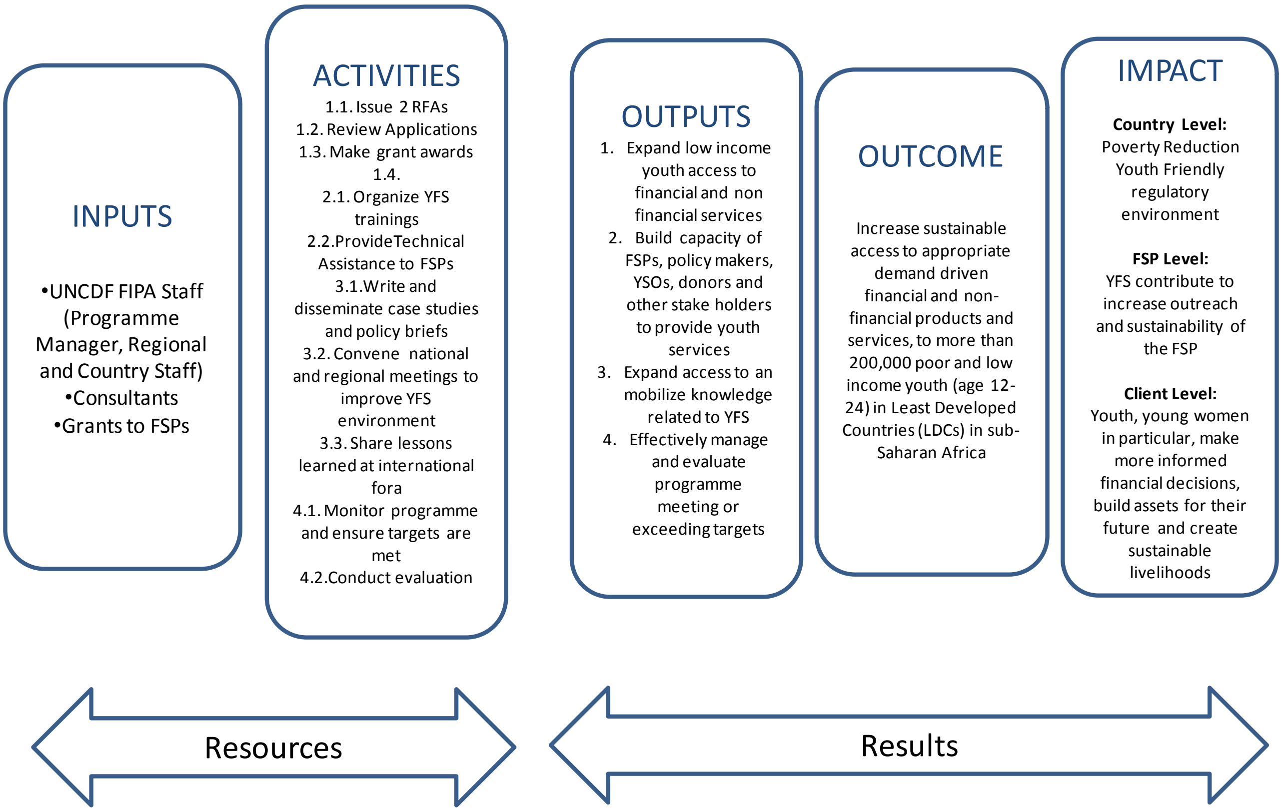
Although microfinance has been making great strides in terms of outreach and creation of sustainable organizations, the number of these organizations that consider youth as a potential new market that needs specific products is limited. And yet, youth between 12 and 24 years of age number 1.5 billion 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 years[84]. 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, in June 2010 UNCDF launched in partnership with The MasterCard Foundation YouthStart: a pilot program that builds on UNCDF's commitment to financial inclusion and that aims to increase access to financial services, with a focus on savings, to 200,000 low-income youth (defined as ages 12 to 24) in Sub-Saharan Africa. YouthStart supports 10 strong financial service providers (FSPs) in 8 African countries in developing, piloting and rolling out youth-focused financial products and non-financial services (NFS) such as financial literacy or reproductive health education. As of June 2014, 18 months before the end of the five-year programme, approximately 411,000 youth (45% young women and girls) were saving either in the form of an individual savings account or through group-based savings mechanism in the UNCDF-support FSPs; 60,000 had received an individual or a group loan to start up or expand their own business; and 388,365 had participated in financial education sessions.

As set out in the Project Document, the YouthStart Results Chain is as follows:

[84] See World Bank "World Development Report, 2007."



For more information on YouthStart, please refer to the programme's home page on UNCDF's website at: http://uncdf.org/en/youthstart. Please also see in Annex 1 the latest programme Annual Report which will provide an overview of progress across the different mechanisms being deployed by YouthStart to achieve programme objectives.

2. Purpose, scope and objectives of the Final Evaluation:

The final evaluation of the YouthStart programme is being conducted as agreed in the project document (partnership protocol with The MasterCard Foundation) and in accordance with UNCDF's Evaluation Plan 2014 – 2015 and its broader Evaluation Policy[85] which sets out a number of guiding principles and key norms for evaluation in the organisation.

Amongst the norms that the Policy seeks to uphold, the most important are that evaluation exercises should be independent, impartial and of appropriate quality but also that they should be intentional and designed with utility in mind, in other words that evaluations should generate relevant and useful information to support evidence-based decision making.

[85] *Requirements for evaluation in UNCDF sit within the broader framework of UNDP's Evaluation Policy which was approved in 2011. The purpose of the policy is to establish a common institutional basis for the UNDP evaluation function, including UNCDF. The policy seeks to increase transparency, coherence and efficiency in generating and using evaluative knowledge for organizational learning and effective management for results, and to support accountability. See the following link for more details: .http://web.undp.org/evaluation/policy.htm#vi*

With this in mind, this evaluation has been designed with dual objectives: i) to allow UNCDF and The MasterCard Foundation meet their accountability objectives, but also ii) to ensure that the evaluation can support the ongoing attempts by the programme and its funders to capture good practice and lessons to date in a sector which is still relatively new and innovative.

The Final Evaluation comes two years after a comprehensive Mid-Term Evaluation in 2012 that focused on early results and appropriateness of programme design and management in view of the results expected.

Ahead of the end of the programme scheduled for December 2015 and with a view to helping inform future decisions around replication and scalability of the regional pilot to a global level programme, the main focus of the final evaluation will be around the effectiveness, likely impact and sustainability of the programme to date; it will also revisit the question of relevance/appropriateness of design in comparison -if possible- with other approaches/programmes as well as the efficiency with which project resources have been deployed.

The evaluation will attempt to explore - data permitting - the full range of current and likely results of the programme – both immediate and longer-term, direct and indirect, whether intended or not. In this way, and in line with standard evaluation practice, the scope of the exercise goes beyond assessing whether UNCDF '*did things right'* in programme execution and management, to a broader assessment of whether on the basis of evidence available, the YouthStart approach as implemented by UNCDF and in comparison with similar approaches implemented by others is the *'right approach'* to achieving the higher-level objectives agreed at the start of programme.

The overall objectives of the final evaluation are:

- ✓ To assist The MasterCard Foundation, UNCDF, future co-financing partners and grantee Financial Service Providers (FSPs) to understand the efficiency, effectiveness, relevance, and likely impact and sustainability of programme results;
- ✓ Building on the results of previous and ongoing evaluative studies, to provide an independent assessment of the strengths and weaknesses of the piloted approach – and if appropriate - the key conditions necessary for the scaling up and replication of the model in future;
- ✓ To provide an assessment of how effectively UNCDF has positioned itself within the international development community to provide innovative solutions to build youth inclusive sectors in the supported countries.

More specifically, the evaluation is expected to provide and validate evidence on the programme's contribution to:

- <u>Changes in organisational and financial performance of UNCDF-supported FSPs</u> in providing financial and non-financial services for youth, disaggregated according to type of institution, type of product, type of delivery channel, type of client. The MasterCard Foundation has commissioned a Business Case Analysis that is conducting a profitability analysis of serving youth as customers on 3 financial institutions supported by the programme. This study will be concluded by November 2014. The Evaluation Team is expected to rely on the quantitative data and conclusions arising from the research. For more information on the scope and the FSPs participating in this analysis please see Annex 2.1 of this TORs.

- Influence of the programme on broader youth financial inclusion systems in which it has intervened, through – where relevant - demonstration effects in local markets and policy influence in national, regional and international forums in which the programme has been active.

- Evidence of any impact to date at client level from the products rolled out by the YouthStart programme, for example, in terms of improved ability to smooth transition from childhood to adulthood; improved money management skills and use of financial services and increased economic and social capital [for these questions the evaluators here should also draw on the results of the behavior impact study currently underway. The YouthStart Programme has commissioned an Assessment of the Effects and Behavioral Changes of Financial and Non-Financial Services on Youth. The study will be finalized by April 2015 although some case studies will be made available for the Evaluation Team to support their evaluative work to draw conclusions on the impact of the Programme. For more information on the scope and the FSPs participating in this assessment please see Annex 2.2 of this TORs.

3. Evaluation Methodology:

The evaluation should be transparent, inclusive, participatory and utilization-focused. It should integrate gender and human rights principles following the United Nations Evaluation Group (UNEG) *Handbook to Integrate Human Rights and Gender Equality in Evaluation* and adhere to the *UNEG Norms and Standards for Evaluation in the UN System* and *UNEG's Ethical Guidelines and Code of Conduct*[86].

It should follow a theory-of-change approach to assess the immediate, medium-term and likely final results of the different programme mechanisms, taking into account the influence of external factors that may have had an effect on the achievement of these results in the various countries in which the programme was implemented. Where outcome- and impact-level data is lacking, the methodology should allow evaluators to assess the extent to which the programme interventions have *contributed* to the achievement of those higher level results.

The evaluation should use a mixed methods approach, drawing on both primary and secondary, quantitative and qualitative data to come up with an overall assessment backed by clear evidence. To the extent possible the data should be disaggregated by age, gender, and economic status.

[86] UNEG Evaluations Norms and Standards: http://www.uneval.org/document/detail/21
UNEG Code of Conduct: http://www.unevaluation.org/document/detail/102
UNEG Guidance for Integrating Human Rights and Gender Equality in Evaluation
http://www.unevaluation.org/document/detail/980

The evaluation should seek to answer the following questions according to the 5 OECD/DAC criteria:

OECD/DAC CRITERIA	SUGGESTED SUB-QUESTIONS (but not limited to)
RELEVANCE AND QUALITY OF THE DESIGN OF THE PILOT PROGRAMME *How well designed is the pilot programme to meet its broader objective to promote youth financial inclusion?*	**Demand for youth financial inclusion:** How well does the programme support the priorities of its partner countries in the area of youth inclusive finance? How much is the demand for youth financial services linked or not to concrete economic opportunities for youth? What is missing in the YS model to make sure that these link is created?
	Nature and type of institution and FSP selection: How appropriate was the design process for FSPs? What kinds of FSP should a programme like YS consider to invest in the future? Which ones should be avoided?? How appropriate are credit unions as a target of support? Is there evidence of a "member effect" that contributes to identity, belonging, and "coming of age" for young people? Is there a CSR niche, given the credit union's social mission?
	Grant design: What should the ideal grant amount be? Was the grant amount adequate to all the partners? Should we enable them to use the grant proceeds to support youth loan funds?
	Cross cutting issues: How well has gender been integrated into programme design?
EFFICIENCY OF PROGRAMME MANAGEMENT *How well has programme management delivered the expected results?*	**Quality and efficiency of programme management and monitoring**: How well are programme activities being managed and monitored by programme staff?
	Quality and efficiency of oversight: What is the quality of technical assistance provided by UNCDF to relevant stakeholders What is the quality of programme governance and oversight at i) regional and headquarters level and ii) country level?
EFFECTIVENESS – **ORGANIZATIONAL**	**Understanding of youth financial needs and tailored services:** How much did the programme contribute to changes of FSP staff in terms of attitudes towards serving youth? Did the market research conducted by the partners really inform the services they provide? Are they just tweaking the services for adults for young people? Or

CHANGE OF SUPPORTED FSPs *Has the programme increased the capacity of partner organizations to deliver good quality and sustainable financial and non-financial services to youth?*	do they really consider the youth market as a separate one?
	Delivery and effectiveness of non-financial services delivery channels: Some partners used a link model (Finca DRC) to deliver financial education and some others used the unified model (most of them). What of those 2 models is more efficient delivery channel? What are the characteristics of effective curricula for financial education? Some partners developed partnerships with YSOs and some others did not. What are the characteristics that makes these partnerships a success/failure? How can UNCDF increase these partnership? What is missing in the YS model to ensure more linkages are created (if they are successful of course)
	Responsible financial services: To what extent have programme initiatives to promote client protection for youth been successful? Are the FSPs integrating these principles into their institutions?
	Services to girls and young women: Has the programme contributed to increased capacity of partner organizations to meet the specific needs of young women and girls?
EFFECTIVENESS – POLICY LEVEL, MARKET DEMONSTRATION, UPSCALING	**Policy influence:** Has the programme influenced key stakeholders to make relevant policy changes in the area of youth inclusive finance? How has the different regulatory frameworks influenced the results of our partners (more or less youth friendly regulatory frameworks) Are there any final lessons or impact from different countries --- around the importance of the regulatory framework and policy setting perspectives to the success of an initiative like YouthStart?

Has the programme influenced the broader financial inclusion system in the countries where it operates?	**Market demonstration effect:** Have there been meaningful "network effects" from the different types of organisation supported - e.g. the credit unions, vs the FINCAs, the OIs. How have other FSPs in the networks and federations responded to, learned from or been challenged to think about the youth market as a result of the programme? Is there evidence of a demonstration effect in local markets as a result of the programme. How many "imitators" have launched similar products? Or entered the youth market? What specific market-level levers influenced more or less the results at the FSP level?
	Up-scaling and replication: How can UNCDF increase its country partnerships to maximize its impact in the youth economic opportunities ecosystem? Have the partnerships enhanced UNCDF's comparative advantage and positioning in the area of youth inclusive finance? To what extent has UNCDF adequately fulfilled its role as promoter of youth financial inclusion?
LIKELY IMPACT *Has the programme contributed to improved access to financial products and services for low-income youth?*	**Youth needs, demands and use of products:** To what extent have the financial and non-financial services provided by YouthStart-supported FSPs led to improved access to financial products and services for low-income youth, particularly girls? How does demand for financial services by young people vary between types of financial product (e.g loans vs. savings)? What is the main target of loans being provided to young people by YouthStart-supported FSPs? What sectors of the economy are most affected, and with what results? (eg. agriculture, household enterprises etc)?

	Impact of financial and non-financial services: To what extent and in what ways have well-designed and targeted financial services and programmes led to positive outcomes (e.g., decrease in poverty rates, increased quality of life)? Has the financial capability of youth, and young women in particular, increased as a result of financial and non-financial services being jointly provided? To what extent and in what ways does increased transparency of financial services contribute to improved client access (including scale and cost) and knowledge of financial services and institutions? What mix of microfinance programming (e.g., holistic, targeted), strategy and institutions best prepare youth to integrate with the market workforce? From the financial services developed by our partners, what are those with the greatest potential to link youth to concrete economic opportunities?
SUSTAINABILITY *Are programme results likely to be sustainable*?	**FSP sustainability:** To what extent do youth-specific products and services lead to improved growth rates in outreach? To what extent are youth-specific product lines sustainable? To what extent does including youth (either through conventional products or youth-specific products) contribute to the financial sustainability of FSPs overall? How can financial services and non-financial services, such as business training and financial education, be offered sustainably and cost-effectively to ensure sustainable economic outcomes for a large number of clients, especially youth and women? Has the programme contributed to increased sustainability of partner FSPs and YSOs? Without the grant of YS, how much youth would FSPs be serving now? What do partners need to do to continue working with youth? What are their plans? How much are the products and services for youth institutionalized?

The methodological proposal should include:

- Evaluation approach and methodology that includes:

  - **Proposed evaluation matrix**, taking as its basis the overall objectives of the evaluation in Section 2 and the proposed sub-questions above organized in the form of evaluation questions and sub-questions. In doing so, interested bidders should pay careful attention to the programme's results chain and relevant assumptions from the programme's broader theory of change set out throughout the Programme Document (available in http://uncdf.org/en/youthstart). The matrix should cover the relevant UN/OECD international development evaluation criteria with a focus on programme effectiveness, (likely) impact and sustainability (as described in Section 2). As part of the matrix, bidders should propose a set of judgment criteria or performance indicators alongside a range of proposed techniques to gathering and analyzing quantitative and qualitative data that are feasible and applicable in the timeframe, budget and context of the evaluation.

  - **Proposed sampling of countries and Financial Service Providers** (FSPs) to be visited that take account of the different institutional environments in which the programme has been implemented (see Section 3.1 below).

- Proposal of **innovative ways** of:
  - Synthesising the most important sources of data collected (while allowing easy access to the raw data if necessary);
  - Ensuring that data is analyzed in a systematic and rigorous manner (for both qualitative and quantitative data); and
  - Presenting the main findings and recommendations: The format will be further spelled out in the Inception Report. Some examples could be: a short video, an infographic, etc.

- **Methods for ensuring quality** (internal quality assurance system) and **full participation** of the programme stakeholders.

- **Detailed and realistic evaluation work plan** showing the overall time commitment to the project, as well as specific tasks and timelines, to be allocated to each individual team member;

The methodology will be further developed during the inception phase and will be complemented by the data coming from the two ongoing research studies commissioned by the YouthStart programme: one focused on exploring the business case for youth financial services in YouthStart partners, and the second looking at changes in behavior of youth clients supported by the programme. In preparing the proposed evaluation matrix, interested firms should familiarize themselves with the broad scope of these two studies with a view to understanding how this data will sit alongside the other types of primary and secondary data that will be available to answer the various evaluation questions and sub-questions in the matrix.

3.1 Progress to date in each Financial Service Provider:

YouthStart currently operates in 8 countries (Burkina Faso, Ethiopia, Malawi, RDC, Rwanda, Senegal, Togo and Uganda) and supports 10 Financial Services Providers (FSPs). All the FSPs of YouthStart have tested and scaled up programmes following different approaches, business models and they have operated in different environments.

The evaluation team should visit at least 5 out of the 8 countries to provide an in-depth assessment of the programme results to date. In their technical bids, interested firms are requested to present a proposed sampling methodology in which the selection of countries/FSPs needs to be representative of the different institutional environments in which the programme is intervening (e.g socio-political; conflict vs post-conflict environments; languages spoken) as well as the different type of financial service providers the programme is supporting alongside their type and size, type of youth products/services provided, age target, marketing and delivery channels, non-financial service delivery methods and progress in implementation.

Important: The sample presented by the bidders as part of their technical proposal should not be considered as final and can be subject to change. The final sample of FSPs to be visited will be discussed and agreed between the successful bidder, the Evaluation Manager and the Advisory Panel set for this evaluation prior to the signature of the contract. This flexibility needs to be reflected in the financial proposal.

Below are some characteristics of the supported FSPs to understand the diversity and progress so far:

ACSI	
Country	Ethiopia
Number of youth served with programme (as of June 2014)	232,672 against a target for December 2015 of 169,137
Segmentation of youth	51% young women and girls 42% below 18 years old
Products offered	Savings and loans
Distribution channels and marketing strategies	Branches, schools, Kebeles and technical schools using youth ambassadors
Characteristics of the non-financial services	Unified model
Characteristics of the regulatory framework	Youth can open a savings account at 14 if emancipated. Otherwise, legal age to open and transact account is 18.
Performance of the FSPs at YouthStart	High performer

Value of grant awarded	US$798,577
Number and value of grant disbursement made as of June 2014	7 disbursements, for US$718,719
Participation in other YouthStart studies	Is currently participating in the financial diaries study with MicroSave One of the FSPs assessed during in-country missions by the mid-term evaluators
FCPB	
Country	Burkina Faso
Number of youth served with programme (as of June 2014)	15,469 against a minimum target for December 2015 of 15,494
Segmentation of youth	37% young women and girls 20% below 18 years old
Products offered	Savings and loans (loans recently launched)
Distribution channels and marketing strategies	Branches, schools, markets
Characteristics of the non-financial services	Unified model
Characteristics of the regulatory framework	Legal age to open account and access loans: 18 Parental consent require to transact account
Performance of the FSPs at YouthStart	Standard to Low performer
Value of grant awarded	US$675,339
Number and value of grant disbursement made as of June 2014	7 disbursements, for US$607,811
Participation in other YouthStart studies	Is currently participating in the profitability study with Frankfurt Business School One of the FSPs assessed during in-country missions by the mid-term evaluators

FINCA DRC	
Country	Congo DRC
Number of youth served with programme (as of June 2014)	15,761 against a minimum target for December 2015 of 15,649
Segmentation of youth	45% young women and girls 26% below 18 years old
Products offered	Savings
Distribution channels and marketing strategies	Branches, schools, POS agents
Characteristics of the non-financial services	Linked model (partnership with a youth serving organization). NFS delivered mainly at schools
Characteristics of the regulatory framework	Legal age to open account and access loans: 18 Parental consent require to transact account
Performance of the FSPs at YouthStart	Standard performer
Value of grant awarded	US$799,789
Number and value of grant disbursement made as of June 2014	7 disbursements, for US$732,087
Participation in other YouthStart studies	Is currently participating in the profitability study with Frankfurt Business School One of the FSPs assessed during in-country missions by the mid-term evaluators
FINCA Uganda	
Country	Uganda
Number of youth served with programme (as of June 2014)	11,867 against a minimum target for December 2015 of 12,270
Segmentation of youth	38% young women and girls 19% below 18 years old
Products offered	Savings
Distribution channels and marketing strategies	Branches, schools

Characteristics of the non-financial services	Linked model at pilot test. Change to unified model at roll out of products. NFS mainly delivered at schools
Characteristics of the regulatory framework	Legal age to open account and access loans: 18 Parental consent require to transact account
Performance of the FSPs at YouthStart	Low to Standard performer
Value of grant awarded	US$718,451
Number and value of grant disbursement made as of June 2014	7 disbursements, for US$638,243
Participation in other YouthStart studies	One of the FSPs assessed during in-country missions by the mid-term evaluators
FUCEC	
Country	Togo
Number of youth served with programme (as of June 2014)	33,043 against a minimum target for December 2015 of 34,950 (programme started one year later and will finish one year later)
Segmentation of youth	53% young women and girls 42% below 18 years old
Products offered	Savings and loans (loan pilot test recently launched)
Distribution channels and marketing strategies	Branches, schools, market, door to door collection
Characteristics of the non-financial services	Linked model during pilot test. Change to unified model at roll out of products
Characteristics of the regulatory framework	Legal age to open account and access loans: 18 Parental consent require to transact account
Performance of the FSPs at YouthStart	High performer
Value of grant awarded	US$641,569
Number and value of grant disbursement made as of June 2014	5 disbursements, for US$401,298

Participation in other YouthStart studies	Is currently participating in the financial diaries study with MicroSave
OIBM	
Country	Malawi
Number of youth served with programme (as of June 2014)	19,340 against a minimum target for December 2015 of 24,902 (programme and payments were frozen for a year due to macro-economic and institutional crisis and will finish one year later)
Segmentation of youth	49% young women and girls N/A below 18 years old
Products offered	Savings and loans
Distribution channels and marketing strategies	Branches, schools and partnership with youth organizations
Characteristics of the non-financial services	Unified model
Characteristics of the regulatory framework	Legal age to open account and access loans: 18 Parental consent require to transact account Waiver for youth who have registered a business or are married
Performance of the FSPs at YouthStart	Low performer
Value of grant awarded	US$800,000
Number and value of grant disbursement made as of June 2014	4 disbursements, for US$420,000
Participation in other YouthStart studies	None
PAMECAS	
Country	Senegal
Number of youth served with programme (as of June 2014)	13,965 against a minimum target for December 2015 of 15,956
Segmentation of youth	44% young women and girls

	6% below 18 years old
Products offered	Savings and loans
Distribution channels and marketing strategies	Branches, schools, markets. Recently also partnership with youth serving organizations
Characteristics of the non-financial services	Unified model. NFS delivered at branches and schools
Characteristics of the regulatory framework	Legal age to open account and access loans: 18 Parental consent require to transact account
Performance of the FSPs at YouthStart	Low performer
Value of grant awarded	US$600,000
Number and value of grant disbursement made as of June 2014	7 disbursements, for US$529,581
Participation in other YouthStart studies	One of the FSPs assessed during in-country missions by the mid-term evaluators
PEACE	
Country	Ethiopia
Number of youth served with programme (as of June 2014)	20,206 against a minimum target for December 2015 of 18,238
Segmentation of youth	47% young women and girls 58% below 18 years old
Products offered	Savings and loans
Distribution channels and marketing strategies	Branches, schools and markets. Partnerships with youth serving organizations to reach rural women
Characteristics of the non-financial services	Unified model. NFS delivered at branches and schools
Characteristics of the regulatory framework	Youth can open a savings account at 14 if emancipated. Otherwise, legal age to open and transact account is 18.
Performance of the FSPs at YouthStart	Standard performer

Value of grant awarded	US$720,657
Number and value of grant disbursement made as of June 2014	7 disbursements, for US$636,195
Participation in other YouthStart studies	One of the FSPs assessed during in-country missions by the mid-term evaluators
UCU	
Country	Rwanda
Number of youth served with programme (as of June 2014)	25,430 against a target for December 2015 of 16,804
Segmentation of youth	51% young women and girls 48% below 18 years old
Products offered	Savings, loans and leasing
Distribution channels and marketing strategies	Branches, schools, market, churches, partnership with youth serving organizations, referral incentives, testing POS
Characteristics of the non-financial services	Hybrid model where youth peers are trained as trainers for other youth coupled with unified model
Characteristics of the regulatory framework	Legal age to open account and access loans: 16 Parental consent require to transact account
Performance of the FSPs at YouthStart	High performer
Value of grant awarded	US$650,000
Number and value of grant disbursement made as of June 2014	7 disbursements, for US$590,998
Participation in other YouthStart studies	Is currently participating in the profitability study with Frankfurt Business School
Uganda Finance Trust	
Country	Uganda
Number of youth served with programme (as of June 2014)	23,445 against a target for December 2015 of 20,619

Segmentation of youth	33% young women and girls 24% below 18 years old
Products offered	Savings and loans (loans recently launched)
Distribution channels and marketing strategies	Youth groups meetings. Branches, schools.
Characteristics of the non-financial services	Unified model
Characteristics of the regulatory framework	Legal age to open account and access loans: 18 Parental consent require to transact account
Performance of the FSPs at YouthStart	High performer
Value of grant awarded	US$750,000
Number and value of grant disbursement made as of June 2014	7 disbursements, for US$675,000
Participation in other YouthStart studies	One of the FSPs assessed during in-country missions by the mid-term evaluators

4. Audience and Timing:

The primary audience for this evaluation is The MasterCard Foundation and UNCDF. It will also help broader YouthStart partners and stakeholders understand better the challenges and lessons learned around the design and delivery of inclusive financial and non-financial services for low-income youth in Africa.

The YouthStart final evaluation is scheduled to start in December 2014 and be concluded in June 2015 with the following proposed timing:

- Inception phase: December 2014 – January 2015
- Mission phase: January – February 2015
- Post-mission phase: March – June 2015

Important note: the supported Financial Service Providers (FSPs) report on their financial targets on a quarterly basis. The data available on FSP financial and operational performance at the time of the field mission will be as of 3rd Quarter; the final 4th quarter data from 2014 will be made available to the evaluation team by 15 February 2015 and it is expected that this will be integrated into the evaluation report to present the most up to date progress on the Programme at the time of final submission.

5. Management roles and responsibilities:

To ensure independence and fulfilment of UN evaluation standards, the Evaluation Unit of UNCDF in New York is responsible for the management of this evaluation and will hire an independent consulting firm to conduct the evaluation.

The consulting firm should be experienced in providing technical services to international development agencies, particularly in the area of international development evaluation, and should have broad experience of the main sectors of international development cooperation, including private sector development and inclusive finance for the poor in the least developed countries of sub-Saharan Africa.

In addition, the evaluation team should present more specific experience and expertise in the areas of 1) evaluation; 2) supporting the development of inclusive finance systems in sub-Saharan Africa and 3) supporting local financial service providers develop inclusive finance products for young people.

The Evaluation Unit will manage the evaluation process with a specific focus on administrative and methodological support at all stages of the evaluation, including accompanying the evaluation team in selected field visits if judged necessary.

As per UNDP's evaluation policy, to which UNCDF is party, the Evaluation Unit will ensure that the evaluation is conducted according to UNEG Norms and Standards in Evaluation in the UN System, UNEG Code of Conduct for Evaluation in the UN System and UNEG Guidance for Integrating Human Rights and Gender Equality in Evaluation.

With a view to ensuring ownership of the evaluation findings, an Advisory Panel for the evaluation will be set up, composed of representatives of UNCDF'S Inclusive Finance Practice Area at Headquarters and Programme Managers and the Evaluation Unit of The MasterCard Foundation. The role of the Advisory Panel is to support the Evaluation Unit in managing the evaluation by participating in the following:

- Reviewing the TOR.
- Reviewing and commenting on the inception report.
- Reviewing and commenting on the draft report.
- Being available for interviews with the evaluation team and to participate in HQ debriefing.

6. Evaluation Process:

The evaluation process will have 3 distinct phases:

a) Inception Phase and desk review:

- ✓ Methodological briefing between the evaluation team and the Evaluation Unit to ensure a common understanding of the evaluation methodology, approach and main deliverables as per TOR;
- ✓ Stakeholder Mapping and stakeholders selection for data gathering to be conducted by the evaluation team
- ✓ Validation and agreement of the programme theory of change as set out in the proposed evaluation matrix
- ✓ Inception meetings with Advisory Panel and key programme stakeholders to familiarize the Evaluation Team with the programme objectives, results to date and expectations for this evaluation.
- ✓ Finalization of the FSP selection;
- ✓ Finalization of the evaluation methodology and tools.

b) In-country phase: It is requested that the team be prepared to visit a majority of programme countries taking care to visit both English- and French-speaking countries and countries which represent as broad a range as possible of the different programme models being rolled out.

These country visits should take the form of site visits and key informant interviews of programme partners, programme beneficiaries and broader relevant programme stakeholders in each of the countries visited. De-briefing sessions with the key in-country stakeholders will be organized to present emerging trends and to build ownership of the findings with programme counterparts. The team leader may be asked to debrief the Advisory Panel and Evaluation Unit at the end of the first or second country visits. This with a view to provide a sense of the evaluation team's preliminary findings ahead of the draft reporting phase.

c) **Post-Mission Phase:** analysis and synthesis stage, interpretation of findings and drafting of the evaluation report.

7. Main deliverables:

The proposed timeframe and expected deliverables will be discussed with the evaluation team and refined during the inception phase. The final schedule of deliverables will be presented in the inception report. The Evaluation Unit reserves the right to request several versions of the report before sharing the report with other stakeholders with a view to respecting the quality standards set by UNEG[87].

The Evaluation Team Leader will be responsible for preparing and submitting the following deliverables:

Deliverables	Description	General Timeframe
INCEPTION PHASE: **Inception Report and Data Collection Toolkit**	The inception report will present a refined scope and a detailed outline of the evaluation design and methodology, including a validated programme theory of change and an accompanying evaluation matrix with questions, sub-questions, judgment criteria/indicators, data collection methods and information sources. <u>Length:</u> max 25-30 pages excluding annexes.	December 2014 – January 2015

[87] UNEG Quality Checklist for Evaluation Reports: http://www.uneval.org/document/detail/607
UNEG Quality Checklist for Inception Reports: http://www.uneval.org/document/detail/608

(including up to a maximum of three rounds of revisions)	Template will be provided by the Evaluation Unit at the start of the inception phase. **The Inception Report should include in Annex a Data Collection Toolkit** that includes a set of data collection instruments for both qualitative and quantitative data collection tools to be used in the course of the evaluation (i.e. for qualitative data: interview guides, focus group discussion guide, direct observation forms, questionnaires for consultations stakeholders, etc; for quantitative, relevant templates to assess change in basic financial and operational performance of the FSPs over the period supported by UNCDF). The toolkit should also include space for a synthesis of the main data coming from the two ongoing studies on the business case and change in client behavior which are currently being managed by the Programme.. The 1st draft of the inception report and data collection toolkit will be reviewed by the Evaluation Unit and revised by the Evaluation Team. The 2nd draft will be shared with the Advisory Panel for comments. The Evaluation Team will develop a final Inception Report integrating the feedback received. The evaluation team will maintain an audit trail of the comments received and provide a response on how the comments were address in the revised drafts.	
IN-COUNTRY PHASE: **Country Reports for the countries visited** **(including up to a maximum of two rounds of revisions)**	10-15 page country reports for each country visited, summarizing the main findings and setting out key highlights and areas for improvement for the attention of Programme Management. The goal of the country reports is to provide a concise assessment of programme results in each of the countries with a particular focus on how institutional environments and external factors in each of the countries affected the overall performance of the YouthStart model and the extent to which changes in partner performance were driven by other factors.	January – February 2015

	This will support higher-level findings around particularly around relevance and sustainability in the main report. Additional debriefings might be requested after the filed phase to present these preliminary findings.	
POST MISSION PHASE: **Draft Evaluation Report** including completed Evaluation Matrix **(including up to a maximum of three rounds of revisions)**	The draft report should outline clear evidence-based conclusions and findings, following closely the structure and logic of the Evaluation Matrix, and including focused, actionable recommendations (SMART), and a clear, stand-alone Executive Summary. A first draft evaluation report should be shared with the Evaluation Unit for initial feedback. The 2nd draft report should incorporate the Evaluation Unit's feedback and will be shared with the Advisory Panel and technical staff from FIPA. Comments will be integrated into a final draft report. The evaluation team is requested to maintain an audit trail of the comments received and provide a response on how the comments were addressed in the revised drafts. Length: maximum 50 pages excluding annexes. A template will be provided by the Evaluation Unit at the start of the inception phase.	February – April 2015
A summary of key findings from the different data collection tools should be presented as an Annex to the overall Evaluation report for the interested reader, alongside the original data presented in Excel spreadsheets and Word documents for the use of the Evaluation Unit.	Bidders are to free to propose how best to provide access to the data gathered: both in synthesized form in Annex to the evaluation report for the attention of the general reader as well as for the Evaluation Unit in case findings are challenged.	Together with draft report
Power Point Presentation for HQ debriefing (max 20	A PPT summarizing the main findings and	1 week before the scheduled HQ de-

slides and 20 minutes presentation).	recommendations.	briefing
Final Evaluation Report, Executive Summary, completed Evaluation Matrix	A final report that incorporates comments received from all partners.	May – June 2015
Summary Report **(including up to a maximum of two rounds of revision)**	The evaluation purpose, methodology, key findings and recommendations should be summarized in an 800 words Summary Report in support of UNCDF's and The MasterCard Foundation's efforts to disseminate the main findings of the evaluation.	May - June 2015
Innovative presentation the key findings and recommendations	The format will be defined in the Inception Report. Some examples could be: a short Video, an infographic, etc.	May – June 2015

8. Composition of Evaluation Team:

Bidders are free to propose the most appropriate team that will be able to meet the objectives of this evaluation.

That said, it is requested that the proposed team includes at least three professionals including a team leader with at least fifteen years of relevant experience in both inclusive finance and evaluation and two team members with at least twelve years' experience each in supporting inclusive finance in developing countries.

The team should also be capable of working in both French-speaking and English-speaking countries, have significant experience of working in the countries of sub-Saharan Africa and be able to gain meaningful access through the team proposed to the main programme partners – whether financial service providers, youth clients of the financial service providers and broader programme stakeholders in national governments and development partners.

The **Team Leader** should have the following competencies as a minimum:

Evaluation:

- Proven experience of designing and leading a mix of performance, outcome and/or impact evaluations in the area of international development, applying a variety of mixed-methods evaluation approaches (including theory-of-change-based, utilization-focused, participatory, and gender- and equity-focused evaluations).
- Demonstrated experience in evaluating interventions in the area of inclusive finance (micro, meso and macro levels) including experience using a range of qualitative and quantitative data gathering techniques to assess programme results at individual, institutional, sector and policy level.
- Proven experience in evaluating a variety of different modalities in international development evaluation (including standalone projects or programmes, or interventions contributing to broader programmatic interventions conducted by single or multiple – partners, including for the UN system).
- Evidence of formal evaluation and research training, including familiarity with OECD or UN norms and standards for development evaluation

Inclusive finance:

- Comprehensive knowledge of inclusive finance industry best practice and experience in applying CGAP benchmarks around good performance of FSPs in developing countries.
- Evidence of microfinance training and experience in providing technical assistance in the inclusive finance sector in developing countries.
- Sound knowledge and awareness of issues related to youth programming, youth serving organizations and financial products and services for youth (preferable).

General competencies:

- Strong interpersonal and managerial skills, ability to work with people from different backgrounds and evidence of delivering good quality evaluation and research products in a timely manner
- Thorough understanding of key elements of results-based programme management in international development cooperation;
- Demonstrated capacity for strategic thinking and excellent analytical and written skills.
- Fluency in English and/or French required

Responsibilities (in addition to all other generic responsibilities and expected deliverables outlined in this TOR)**:**

- Documentation review
- Developing and pre-testing the necessary data collection tools (to be presented in the Inception Report).
- Leading/managing the evaluation team in planning and conducting the evaluation
- Deciding on division of labour, roles and responsibilities within the evaluation team
- Ensuring the use of best practice evaluation methodologies
- Leading the presentation of the draft evaluation findings and recommendations for the 3 countries

visited

- Leading the drafting and finalization of the evaluation report, integrating to the extent possible all comments received from different partners
- Present the main findings and recommendations in the debriefing for UNCDF HQ.
- Regularly updating UNCDF and The MasterCard Foundation on the progress of the evaluation
- Quality control for the evaluation report.
- Adherence to UNCDF templates and other requirements as specified in this TOR.

The **Evaluation Team Members** should have the following competencies and experience:

- Minimum of twelve years accumulated experience in microfinance
- A minimum of seven years of microfinance management and/or consulting experience
- Must have experience of undertaking/participating in evaluations in inclusive finance (micro, meso and macro levels) including experience using a range of qualitative and quantitative evaluation methodologies to assess programme results at individual, institutional, sector and policy level.
- Sound knowledge and experience of issues related to youth programming, youth serving organizations and financial products and services for youth
- Thorough understanding of key elements of results based programme management.
- Extensive microfinance training and technical assistance experience
- Comprehensive knowledge of CGAP benchmarks and industry best practices
- Experience at the country wide sector level/understanding of building inclusive financial sectors, preferably in Africa
- Demonstrated capacity for strategic thinking and excellent analytical and written skills.
- Fluency in English and French required

Responsibilities Team Members (in addition to all other generic responsibilities and expected deliverables outlined in this TOR)**:**

- Documentation review
- Contributing to developing and pre-testing the necessary data collection tools (to be presented in the Inception Report).
- Ensuring the use of best practice evaluation methodologies
- Leading the presentation of the draft evaluation findings and recommendations for the 3 countries visited
- Contributing to the drafting and finalization of the evaluation report, integrating to the extent possible all comments received from different partners.
- Adherence to UNCDF templates and other requirements as specified in this TOR.

ANNEX 2: ProDoc

III. Results Framework

Table 3: 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

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	UNCDF	YPM coordinates all programmes operations and ensure targets are met or exceeded	0	94,377	197,093	220,478	229,499	741,448
-The conduct of Programme operations are performed efficiently -Mid-term and final evaluations are conducted	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

ANNEX 3: Consultant's Interpretation of the YS Program's Results Chain Components

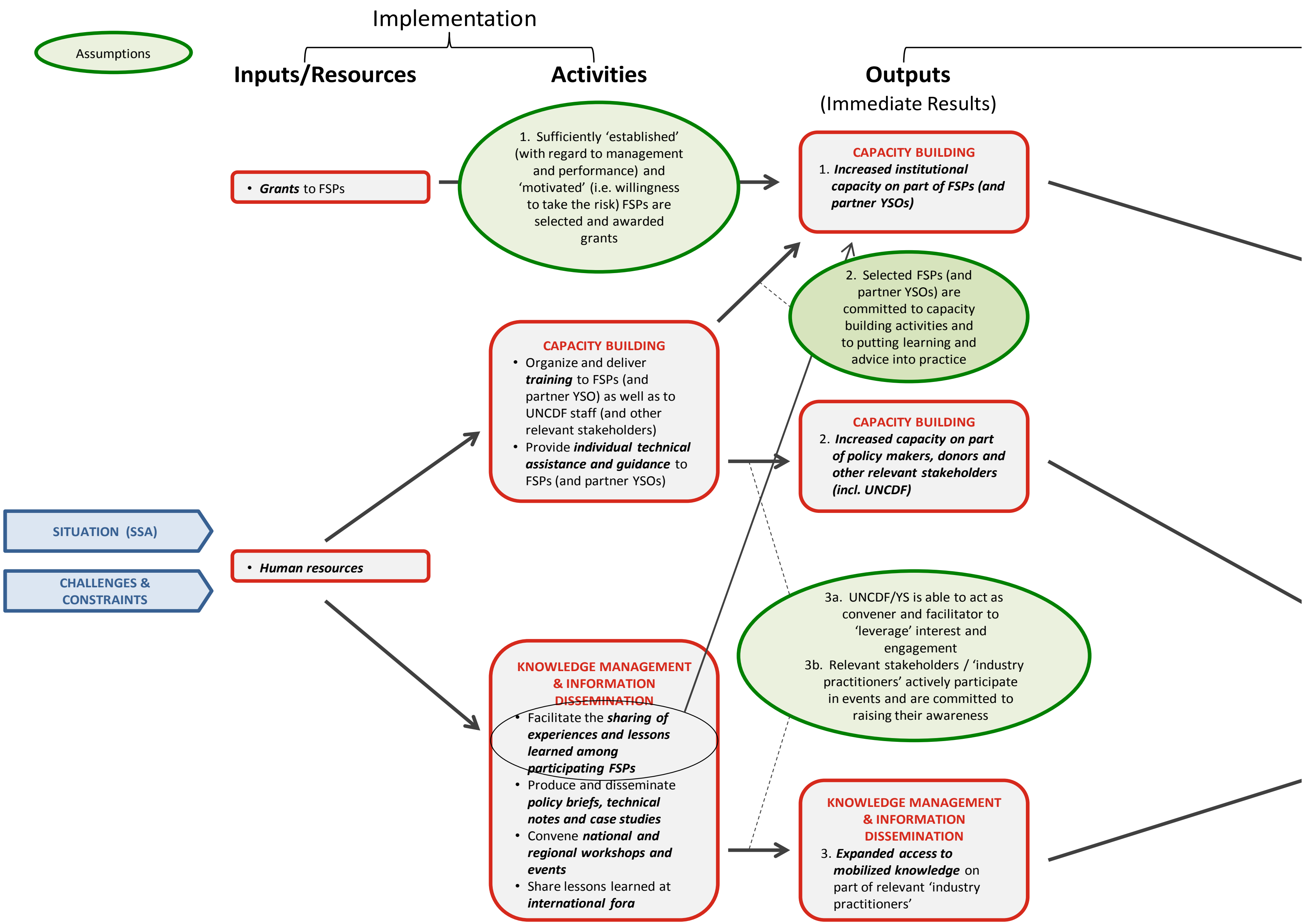
The original definition of Output 1 (as stated in the ProDoc) reads *"<u>To expand low income youth access to financial and non financial services</u> by supporting FSPs and their partner YSOs to conduct youth inclusive market research, develop and deliver comprehensive services to youth"*. However, the first part of this definition (<u>underlined</u>) is classified by the Consultant as an outcome rather than as an output. The annual work plans phrase Output 1 somewhat differently, namely as *"Financial support for market research, development, test and scale up of demand driven youth inclusive and holistic services"*, but financial support (i.e. the grants) is classified by the Consultant as an input/resource rather than as an output. Output 1 is hence redefined by the Consultant as *"Increased institutional capacity on part of FSPs (and partner YSOs)…"*, i.e. intermediate beneficiaries. Furthermore, the original definition of Output 2 (as stated in the ProDoc) also includes FSPs (and partner YSOs), but since it overlaps with what is covered by Output 1, the Consultant has merged all capacity aspects - divided into three 'steps', i.e. 1) conduct market research, 2) develop and launch/pilot and 3) scale up - related to FSPs (and partner YSOs) into Output 1. Output 2 is hence dedicated only to increased capacity on part of all relevant other stakeholders, including UNCDF.

Furthermore, while a "youth friendly regulatory environment" is listed as an impact (at the country level) in the ToR, the promotion of such an environment is rather classified by the Consultant as an outcome following from the original intention of both Output 2 (i.e., increased capacity on part of policy makers, etc.) and Output 3 (i.e., expanded access to mobilized knowledge on part of relevant 'industry practitioners').

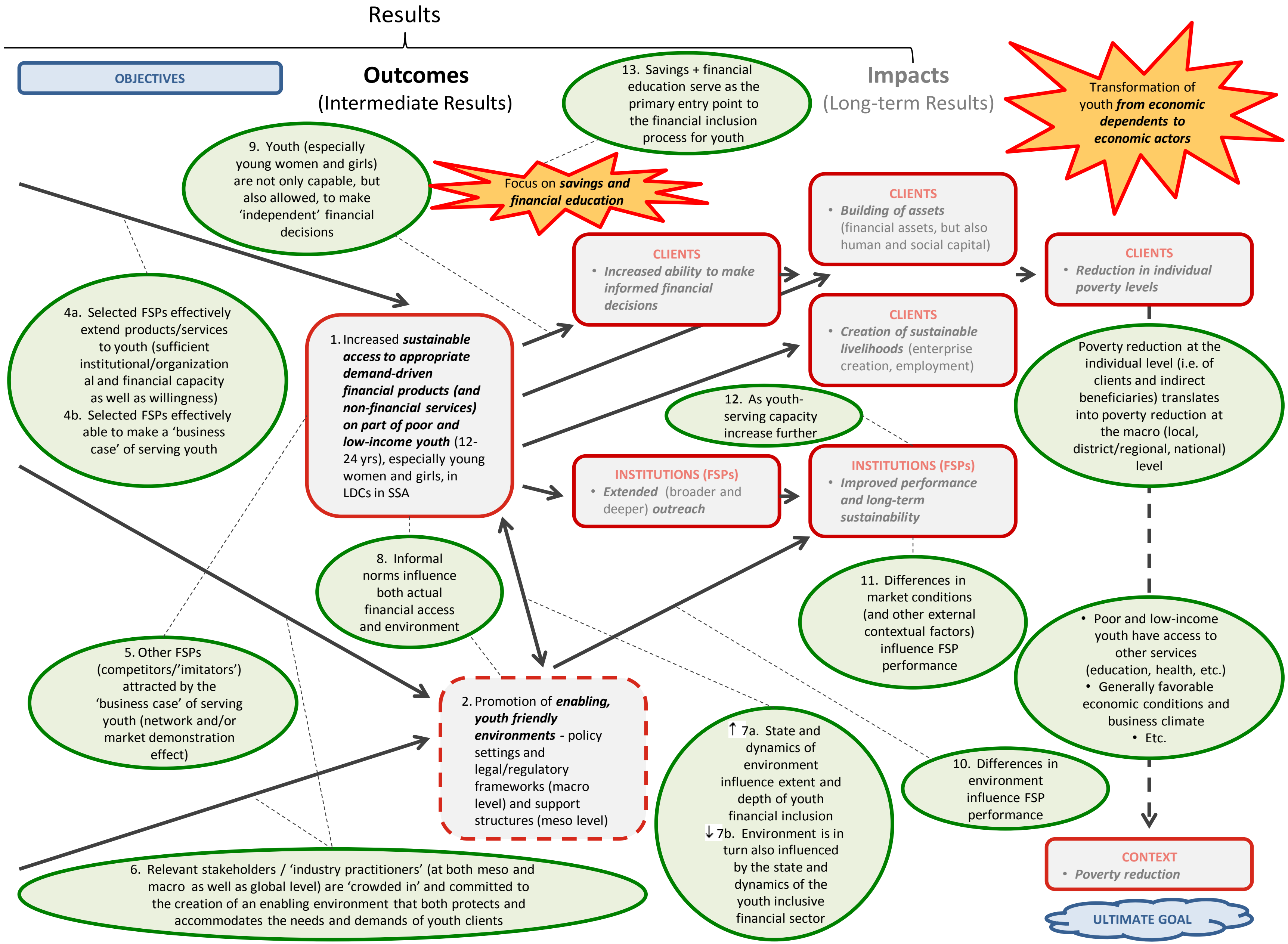
ANNEX 4: Overview of the YS Program's Theory of Change Framework

A visual presentation of the Consultants' interpretation and reconstruction of the YS program's theory of change framework is outlined on the following pages (to be laid out next to each other in horizontal order). **Results chain components are presented in red**, **assumptions in green** and **actors at various levels in purple**, while **references to initial contextual challenges/constraints and YS program objectives/goal** (as presented in the beginning of Section 3.1 above) **are set out in blue**. It is important to emphasize that ***arrows only represent intended causal links as understood by the Consultant***, and hence do not necessarily mean that these links actually hold true (or that the links can in fact be proven either because of the lack of data or evidence and/or because of the existence of many other influencing, external, factors for which the Consultant cannot control).

It should also be noted that ***part of the external context***, namely the policy setting and legal/regulatory framework at the macro level and support structures at the meso level (collectively referred to as the 'environment'), ***has been 'internalized' within the theory of change framewor***k since the promotion of an enabling, youth friendly environment is classified by the Consultant as an intended outcome of the YS program. That is, increased capacity on part of relevant stakeholders, such as policy makers, regulators, etc. (**Output 2**) as well as expanded access to mobilized knowledge on part of relevant 'industry practitioners' (**Output 3**) are understood as having the intention of promoting enabling, youth friendly environments (**Outcome 2**). Furthermore, while the state and dynamics of the environment influence the extent and depth of youth financial inclusion (**Assumption 7a**), the environment itself is in turn also influenced by the state and dynamics of the youth inclusive financial sector (**Assumption 7b**). Differences (namely between countries) in the environment are also likely to influence FSP performance (**Assumption 10**). Other external aspects (namely market conditions and reaction, but also macroeconomic circumstances) are expected to affect both outcomes and impacts. For example, the attraction, or not, of other FSPs in the market (i.e. competitors/'imitators' within or outside of the networks of the partner FSPs) to the 'business case' of serving youth ('network and/or market demonstration effect', **Assumption 5**) will likely determine actual outreach of, and hence access to, appropriate youth-targeted financial products and non-financial services (**Outcome 1**). Moreover, just as differences in the environment are assumed to effect FSP performance (**Impact**, at micro level), differences in market conditions (nature and strength of competition, size of market, etc.) and other external contextual factors (including macroeconomic conditions) could also influence FSP performance (**Assumption 11**).



Implementation
Assumptions
Inputs/Resources
Activities
Outputs
(Immediate Results)
• Grants to FSPs
1. Sufficiently 'established' (with regard to management and performance) and 'motivated' (i.e. willingness to take the risk) FSPs are selected and awarded grants
CAPACITY BUILDING
1. Increased institutional capacity on part of FSPs (and partner YSOs)
2. Selected FSPs (and partner YSOs) are committed to capacity building activities and to putting learning and advice into practice
CAPACITY BUILDING
• Organize and deliver training to FSPs (and partner YSO) as well as to UNCDF staff (and other relevant stakeholders)
• Provide individual technical assistance and guidance to FSPs (and partner YSOs)
CAPACITY BUILDING
2. Increased capacity on part of policy makers, donors and other relevant stakeholders (incl. UNCDF)
SITUATION (SSA)
CHALLENGES & CONSTRAINTS
• Human resources
3a. UNCDF/YS is able to act as convener and facilitator to 'leverage' interest and engagement
3b. Relevant stakeholders / 'industry practitioners' actively participate in events and are committed to raising their awareness
KNOWLEDGE MANAGEMENT & INFORMATION DISSEMINATION
• Facilitate the sharing of experiences and lessons learned among participating FSPs
• Produce and disseminate policy briefs, technical notes and case studies
• Convene national and regional workshops and events
• Share lessons learned at international fora
KNOWLEDGE MANAGEMENT & INFORMATION DISSEMINATION
3. Expanded access to mobilized knowledge on part of relevant 'industry practitioners'



Results
OBJECTIVES
Outcomes
(Intermediate Results)
Impacts
(Long-term Results)
Transformation of youth from economic dependents to economic actors
13. Savings + financial education serve as the primary entry point to the financial inclusion process for youth
Focus on savings and financial education
9. Youth (especially young women and girls) are not only capable, but also allowed, to make 'independent' financial decisions
CLIENTS
• Building of assets (financial assets, but also human and social capital)
CLIENTS
• Increased ability to make informed financial decisions
CLIENTS
• Reduction in individual poverty levels
4a. Selected FSPs effectively extend products/services to youth (sufficient institutional/organizational and financial capacity as well as willingness)
4b. Selected FSPs effectively able to make a 'business case' of serving youth
1. Increased sustainable access to appropriate demand-driven financial products (and non-financial services) on part of poor and low-income youth (12-24 yrs), especially young women and girls, in LDCs in SSA
CLIENTS
• Creation of sustainable livelihoods (enterprise creation, employment)
Poverty reduction at the individual level (i.e. of clients and indirect beneficiaries) translates into poverty reduction at the macro (local, district/regional, national) level
12. As youth-serving capacity increase further
INSTITUTIONS (FSPs)
• Extended (broader and deeper) outreach
INSTITUTIONS (FSPs)
• Improved performance and long-term sustainability
8. Informal norms influence both actual financial access and environment
11. Differences in market conditions (and other external contextual factors) influence FSP performance
• Poor and low-income youth have access to other services (education, health, etc.)
• Generally favorable economic conditions and business climate
• Etc.
5. Other FSPs (competitors/'imitators') attracted by the 'business case' of serving youth (network and/or market demonstration effect)
2. Promotion of enabling, youth friendly environments - policy settings and legal/regulatory frameworks (macro level) and support structures (meso level)
↑7a. State and dynamics of environment influence extent and depth of youth financial inclusion
↓7b. Environment is in turn also influenced by the state and dynamics of the youth inclusive financial sector
10. Differences in environment influence FSP performance
CONTEXT
• Poverty reduction
ULTIMATE GOAL
6. Relevant stakeholders / 'industry practitioners' (at both meso and macro as well as global level) are 'crowded in' and committed to the creation of an enabling environment that both protects and accommodates the needs and demands of youth clients

Actors

Client level

INDIRECT BENEFICIARIES
- Family members of youth clients
- Employees of youth client entrepreneurs

FINAL BENEFICIARIES
- Poor and low-income youth clients (12-24 yrs), especially young women and girls

Micro level / **Market level**

Primary level of YS intervention

INTERMEDIATE BENEFICIARIES (SELECTED INTERMEDIARIES)
- Participating FSPs (and partner YSOs)

OTHER (INDIRECT) INTERMEDIARIES
- Other FSPs (competitors/'imitators')

Meso level

OTHER RELEVANT STAKEHOLDERS
- Schools, universities, vocational training institutions
- Business organizations (chambers of commerce, industry/sector associations)
- Enterprises development initiatives
- Other relevant youth development community groups or civil society organizations (gender/social networks, cultural associations)

(INTERMEDIATE) FINANCIAL SECTOR INFRASTRUCTURE
- Microfinance networks
- Credit bureaus
- Consumer finance education and/or protection agencies/initiatives
- Other financial inclusion initiatives

Macro level / **Global level**

NATIONAL (& REGIONAL) POLICY & LEGAL/REGULATORY REGIMES
- Ministries of finance
- Central banks and other financial regulators (also at regional level where relevant)
- Ministries of social (and gender) affairs
- Ministries of education and/or labor

INTERNATIONAL STAKEHOLDERS
- UNCDF, acting also as convener and facilitator among all actors
- Other relevant international donors and actors

ANNEX 5: Burkina Faso Country Report

1 INTRODUCTION

This country report summarizes the findings from the initial documentary review and the fieldwork carried out in Burkina Faso between 4 and 13 March 2015 by Giampietro Pizzo (team leader) and Marco Pasini (junior evaluator). The ***primary focus is placed on description and summary presentation of main fieldwork outcomes***, although some preliminary analysis is also provided.

During the course of the fieldwork, the team of evaluators met with individuals from the partner financial service provider (FSP), i.e. *Faîtièredes Caisses Populaires du Burkina* (FCPB), and YouthStart (YS) clients as well as with various other stakeholders. In particular, the evaluation team held:

- Interviews with ***11 entities at global, macro and meso level***;
- Interviews with ***three FSPs***[88] (market level);
- Interviews with ***seven FCPB staff and management*** (micro level); and
- FGDs and individual interviews with a total of ***46 YS clients*** (client level).

A complete list of interviewed/contacted stakeholders at global, macro, meso and market level is provided in Appendix 1, while Appendix 2 lists interviewed FCPB personnel (micro level). Following an overview of the national context at the macro, meso and market level (Section 2), this country report presents the YS program and its results within FCPB, i.e. the micro level and primary level of YS intervention (Section 3). Finally, the report concludes with an account of the main findings at client level (Section 4).

[88] With regards to other FSPs, it must be noted that the vast majority of these do not offer services to youth, and, when they do provide some kinds of services, they are mostly integrated with NGOs' interventions.

2 NATIONAL CONTEXT (MACRO, MESO AND MARKET LEVEL)

Category	Data/information
Political and macroeconomic context	
Political context[89]	**In October 2014, a popular uprising** organized by civil society movements with its apex on October the 30th-31st, when also the National Assembly has been burned down and some clashes between police and protesters occurred in the country, **led to the resignation of President Blaise Compaoré** after 27 years in power. The uprising was originated by the attempt of the former president to modify the constitutions and allow him to run for another mandate (the forth elective one, since the constitution is in place) in the forthcoming presidential elections in 2015. The army took power with a coup and led the negotiations to define how to run the transition phase, and two weeks after the fall of Compaoré, a **transition plan was adopted by an assembly of 80 members including the army, political parties and civil society**. According to the document, transition was going to be governed by an interim president, a prime minister and a national transition council. Lieutenant Colonel Isaac Zida, self nominated head of state, immediately left power to designated interim president Michel Kafando The **transitional government is supposed to** remain in power for only one year, with the duty to **organize presidential and legislative elections that are due on the 11th of October, 2015**. Members of the transitional government will not be allowed to run in the upcoming elections. Key dates of recent country political events: • *1st November 2010* – Blaise Compaoré wins the presidential elections (4th mandate) • *14th April 2011* – mutiny at the Presidential Guard in Ouagadougou • *15th April-3rd June 2011* – wave of protests and riots among students, traders, army and police • *21st May 2013* – The National Assembly votes the creation of a Senate • *21st October 2013* – The government announces that a referendum will be held on article 37 of the Constitution (limitation of presidential mandates) • *28th October 2014* – start of protests against the referendum to modify the constitution • *30th October 2014* – The army takes over power • *31st October 2014* – Blaise Compaoré resigns • *1st November 2014* – Lieutenant Colonel Isaac Zida is nominated head of state • *13th November 2014* – signature of an agreement on the transition institutions between the army, the opposition parties, the representatives of religions and civil society • *17th of November 2014* – Michel Kafando is nominated transition President
Macroeconomic context[90]	**Due to the relative stability of the Compaoré regime, in the years immediately before his fall the annual average growth rate reached a good 6.1%, between 2003 and 2013**. The 2009 crises in the energy, cotton, food and finance sectors negatively affected the economy (3.2% growth rate against 5.2% in 2008), but then growth in Burkina Faso rose again in 2010 (7.8%) to reach 8% in 2012, profiting on good harvests and a favorable international environment. The effects of the current political transitions are yet to be estimated and quantified, otherwise the growth rate should stabilize around 7% in the coming years. Nonetheless, the **country remains vulnerable to external shocks because its**

[89] Main sources of information for this section: www.worldbank.org and www.jeuneafrique.com
[90] Main source of information for this section: Africa Economic Outlook - African Development Bank, www.worldbank.org, African Statistical Yearbook 2014

	economy is poorly diversified and strongly dependent on cotton and gold exports. A fall in gold prices, an increase in oil prices and drought are the main risks for the eocnomy in Burkina. Moreover, the relatively sustained **GDP growth in recent years has not fostered any major change in the production structure**: in 2011, the contribution of primary sector to GDP was 34.7%, that of secondary sector 23.3 and that of tertiary sector 42%. The agricultural sector still employs 80% of the population.				
Key demographic/ economic data	***2010***	***2011***	***2012***	***2013***	***2014 (est)***
GDP growth	8	4	10	7	
GNI per capita (USD)	1,440	1,430	1,480	1,440	
HDI (position and value)	(0.367)	(0.376)	181/187 (0.385)	181/187 (0.388)	
Inflation rate	-0.8	2.8	3.8	0.5	n.a.
Average exchange rate (national currency per US$)	495.28	471.87	510.53	494.04	n.a.
Poverty headcount ratio at $2 a day (PPP) (% of population)		72.56			
Financial inclusion					
Sector overview[91]	**Microfinance** started to develop in Burkina Faso about 30 years ago and **the sector strongly expanded** in the 1990s thanks to NGOs and technical and financial national and international partners. **Total outstanding loans have risen from 55.5 billion in 2006 to 79.3 billion CFA francs (FCFA) in 2010, which represent a 43% growth** over the period. The number of Financial Service Providers in the country has passed from 232 in 2000 to 263 in 2010 and the number of direct beneficiaries of microfinance services has increased by a growth rate of 52% in five years, from 773,420 in 2006 to 1,176,286 in 2010. Outstanding savings have also increased in the period, registering a 33.15% growth, from 63.1 billion in 2006 to 84.1 billion FCFA in 2010. Despite this growth, the **penetration of banking services in Burkina Faso is still weak**, at about **7,9%** of the active population in 2011, according to the annual report of the Banking Commission,				
Policy setting and legal/regulatory framework	The **country's microfinance strategy for 2012-2016** – Plan d'Actions de la Stratégie Nationale de Microfinance (PA/SNMF) – **has prioritized consolidating the sector by either strengthening or closing the weakest MFIs** that pose a threat to clients and the sector. The National Strategy has also prioritized protecting the interests of MFI clients and preserving confidence in the sector by increasing social performance management. **Burkina Faso's microfinance sector is overseen and supervised by the Ministry of Economy and Finance**, as well as two other ministry offices: the Permanent Secretary for the Promotion of Microfinance and the Directorate for Supervision and Control of microfinance institutions. **At the regional level, the West African Union's Central Bank (BCEAO) supervises the sector**, as it does for seven other West African Economic and Monetary Union (WAEMU) countries. Microfinance activities in Burkina Faso are governed by Law No 23-2009/AN of May 14th 2009, which covers regulations and BCEAO guidelines for MFIs.				

[91] Main source of information for this section: www.cgap.org, www.transparency international.org, www.seepnetwork.org and Africa Economic Outlook - African Development Bank

	The law adopted in 1993 by the WAEMU zone, known as PARMEC, was meant to favor the development of mutual savings and loans cooperatives in the microfinance sector. The new juridical framework approved in 2009 aims at coping with the dysfunctions due to the growth of the microfinance sector. Main innovations are: (i) the extension of the regulation to all SFDs (Systèmes financiers décentralisés - Decentralised Financial Systems), regardless of their legal status; (ii) the creation of a unique licensing mechanism; (iii) the participation of the BCEAO in the licensing process; (iv) the reinforcement of prudential measures and applicable sanctions; (v) the compulsory certification of SFDs of a certain dimension. More in general, the BCEAO performs control and supervision missions and requires the respect of specific prudential ratios. The SFDs have to transmit their annual reports and financial statements, as well as a series of periodic indicators to the BCEAO every month (for SFDs with outstanding loans or deposits over 2 billion FCFA). Since 1998, the Council of Ministries of the WAEMU has fixed the usury rate at 18% for banks and 27% for SFDs, starting from January 2014. No credit bureau exists for the sector. BCEAO plans to create a credit reference bureau in 2014, but it is unclear when it will be operational.

Financial inclusion data (2014 - World Bank, Global Findex)	**Definition**	**2011**	**2014**
	Account at a formal financial institution (% age 15+)	16,54	16,14
	Account at a formal financial institution, female (% age 15+)	16,88	12,99
	Account at a formal financial institution, male (% age 15+)	16,17	19,49
	Account at a formal financial institution, young adults (% ages 15-24)	10,27	10,19
	Borrowed any money in the past year (% age 15+)	51,30	66,31
	Borrowed any money in the past year, female (% age 15+)	51,00	68,07
	Borrowed any money in the past year, male (% age 15+)	51,70	64,45
	Borrowed any money in the past year, young adults (% ages 15-24)	50,00	67,26
	Loan from a financial institution in the past year (% age 15+)	9,19	6,03
	Loan from a financial institution in the past year, female (% age 15+)	11,69	7,31
	Loan from a financial institution in the past year, male (% age 15+)	6,49	4,67
	Loan from a financial institution in the past year, young adults (% ages 15-24)	4,49	5,03
	Saved any money in the past year (% age 15+) (2011)	33,00	59,71
	Saved any money in the past year, female (% age 15+) (2011)	31,00	59,27
	Saved any money in the past year, male (% age 15+) (2011)	35,23	35,23
	Saved any money in the past year, young adults (% ages 15-24) (2011	34,20	55,97
	Saved at a formal financial institution (% age 15+)	8,24	7,05

	Saved at a formal financial institution, female (% age 15+)	8,89	5,60
	Saved at a formal financial institution, male (% age 15+)	7,54	8,60
	Saved at a formal financial institution, young adults (% ages 15-24)	6,20	3,17
FSP positioning and other relevant stakeholders	**The microfinance market is dominated by RCPB** that, in 2010, had a market share **76.7% of total deposits** and of **73.7% of total performing loans**. RCPB is the only institution providing its services across the whole country, while other FSPs cover specific areas. Among them, the most developed are GRAINE Sarl (spin off of CRS), PAMF-BFA (Aga Khan Network), CVECA (CIDR), Micro-Start, ACFIME CREDO, URC-BAM et UCEC-Sahel. In recent years, commercial banks have also started to invest in the microfinance sector. The sector is represented by an **umbrella organization named Association Professionnelle des Systèmes Financiers Décentralisés du Burkina Faso** (APSFD-BF). It mission consists in defending the material and moral interests of the profession and in reinforcing the capacities of its members, through the organization of training sessions on a large variety of topics (governance, risk management, credit management, etc.). In November 2011 the APSFD has established a Collective Convention, in partnership with the Ministry of Public Works, Employment and Social Security and several trade union organizations in Burkina. This convention regulates, among other issues, the conditions of job contracts, like contractual obligations of the employer and the employee, holidays, minimum salary, etc.		
Youth sector and policies (relevant data/information for each category available at www.youthpolicy.org)			
National definition of 'youth'[92]	Young people are defined as **between 15 and 35 years old**.		
Policy and legislation	Youth policy is designed in the **national policy that has been adopted in 2008.** The policy recognizes rights of young people and builds on their active participation in elaborating, implementing and evaluating youth programs. The general objective of the policy is to contribute to "the well-being of young people by making them actors and beneficiaries of national development", by strengthening youth active role in civil society. This will be achieved, according to the policy, fostering the capacity of associative movement and civil society to raise concerns of young people and make them taken into account by local communities in their budgets and programs. Burkina Faso has also ratified the African Youth Charter.		
Public institutions	The implementation of the National Youth Strategy in in charge of the **Ministry of Youth, Professional Education and Employment is**. It is responsible for regulating and monitoring of movements and youth organizations; fostering education, entertainment and the promotion of youth outside of school; managing issues of training and employment of young people; integrating youth in national development processes; and creating forums of dialogue with young people.		
Youth and representation	In 2004 the Government of Burkina Faso created **consultative body of and for young people, the National Youth Council (CNJ)**. The role of the CNJ is to act as an interface between young people and the ministry responsible for youth and to ensure that concerns of young people at considered at governmental level. According to the National Youth Policy it is a non-political platform for youth organizations and movements that convenes regular meetings and consultations of youth, to support		

	young people to participate in and "contribute to national development".

2.1 Youth financial inclusion environment and market conditions

Burkina Faso, as most sub-Saharan countries, **has a largely young population**, with about 46% of people being less than 14 years old and only 2% being more than 64. In a country with an overall banking rate of only 26%, **financial inclusion among the youngest age frame (12-24 years) remains very weak**.

Therefore, targeting the young population means targeting a significant part of the whole population in the country. Based on this consideration, several institutional actors are starting to take into consideration the relevance of financial inclusion within the policies that support young people.

Political interest is driven by the necessity to address a growing problem in terms of unemployment, which is a significant social issue that is likely to be relevant in the forthcoming political election in October. **Financial inclusion is mainly seen**, at governmental level, **as one tool to address the problem of youth unemployment**.

The Ministry of Youth and Employment is the designated body to implement national policies to support young people and has indeed established several financial instruments, in the form of government funds, to sustain its policies. One of them, FAIJ, aims at directly supporting youth in setting up businesses, but so far has been considered as largely ineffective by the overall public. People see it as a fairly politicized instrument and hence believe it is difficult to have access to it, whereas those who have are usually not motivated to reapply. Up to 30% of loans disbursed are not repaid, according to the management body itself.

The issue of economic support to youth is directly connected with the issue of their mobility, as most young people, especially if educated, tend to leave their home communities/areas and move to cities, where economic opportunities are not many apart from petty trade and services. A former programme, implemented from 2000 under the name of "*Fixation des jeunes dans leur terroirs*", aimed at encouraging youth to stay in their communities/areas of origin and hence contrast migration to urban areas by supporting enterprise and employment-creation activities in these areas. This programme appears to have been very appreciated, especially by YSO organizations, which believe that this approach needs to be integrated in policies supporting youth.

From the FSP's point of view, young people represent a fairly untouched potential market that can be tapped into with an adapted financial products offer. This is an approach that is pretty clear to FCPB, and it's the main reason for the choice to institutionalize youth products. However, not many other FSPs, neither banks nor microfinance institutions, seem to be interested in this market segment. It must be noted however that FCPB is currently a dominant player in the microfinance market, with a strong institutional structure and a stable position over the last few years (even if the revenues from loans are somehow decreasing). Therefore, FCPB definitely has the capacity to make an investment for the future, as tapping into the youth market can be interpreted, without major concerns on the short term profitability of the products itself, the costs of which can be easily covered by the overall operational budget or though cross-selling. This is a strategic decision that can be much more complicated to implement for smaller MFIs.

The policy setting is not an obstacle to servicing young people with financial products. The new law and regulations are now effective in the country – the implementing regulations were approved in 2009 – and there is a clear framework of operation for all kinds of microfinance institutions.

In terms of legal age to access financial services, there is an age limit set at 18 years for loans, as this is the minimum age to sign a contract (a waiver can be granted on an exceptional basis to married people). Minors, on the other hand, are allowed to open a deposit account with the permission from parent/guardian (even if actual practice seems to allow for minors starting from the age of 15 with a valid ID to open and transact independently.

There is currently still no credit bureau active in the WAEMU area, which limits the capacity of FSPs to provide full protection of their clients, but progress has been made in this regard and the main actors, both at the governmental and operational levels, believe that the issue should come to a conclusion within the end of the year.

Microfinance sector policy is regulated by the Microfinance Strategy 2012-2016, which in 2015 will be fully operational in all its aspects, including the implementing bodies. The strategy mandates that vulnerable groups should be given priority in terms of financial access, and these groups consist in women and young people (up to 35 years, as per national policy). However, how this priority should be effectively put into practice is not defined, leaving the decision to the bodies that will be responsible for implementing the strategy.

More specifically, this task will be shared among the following bodies, that shall meet quarterly within the Cadre National de Concertation des Acteurs de Microfinance (CNCAM):

- Ministry of Finance – General Directorate of Treasury and Public Accounting (DGTCP): it is responsible to ensure surveillance of the whole sector. FSPs have to report monthly or quarterly to the Ministry (according to their dimension);
- SPPMF – Permanent Secretariat of the Microfinance Sector (under the Ministry of Finance): it is has an implementing role of the National Strategy’s axes and has some funds to sensitize FSPs on selected issues, but the priorities are set by the AP/SFD;
- AP/SFD – it is responsible for supporting all actors in the sector, as membership is compulsory for all FSPs. It provides mainly training of trainers (ToT) services, in the field of service delivery and loan officer/agent/other figure's responsibility and role;
- Maison de l'Entreprise (private body recognized with public utility): provides direct support to FSPs, it has a focus on business education and operates on the basis of donor-funded projects. Its activities with FSPs have not begun yet, but should be launched in 2015. Its role is not mentioned in the National Strategy, but is based on a subsequent agreement.

As far as other FSPs providing products and services to youth are concerned, very limited, anecdotal and unclear mention of these was captured during the mission. The only financial service widely provided to youth is through the FAIJ, the national fund managed by the Ministry of Youth and Employment. Even in this case, however, numbers are small, with just about 4,000 projects approved and financed since 2008.

Below is a list of other service providers offering youth financial products mentioned by stakeholders and clients (FGD respondents):

- Crédit Mutuel, mentioned by some clients, but not verifiable since it is not registered yet.
- BETEC: guarantee programmes on agricultural products
- Freedom From Hunger: women savings groups
- SOFIGIB: bank guarantee on part of the borrowed amount (50%)
- Banks, among which Coris Bank, but with no specification of actual services provided.

All stakeholders have pointed out that there is a **general perception of young people as a risky category for any financial activity**. The main reason is that they are not perceived as stable, at least not until they get married, and this is reflected also in their already mentioned widespread mobility.

It is not uncommon for youngsters to still be at school in their early 20s, which contributes to create the idea that they are not yet independent from the family.

On the other hand, we found no general understanding of young people as lazy, inactive or not proactive. On the contrary, stakeholders from other countries have in some cases pointed out how young people in their country are “not as active as those in West Africa”.

The high unemployment rate, especially among young people, is the consequence of a generalized lack of employment and economic opportunities for people in Burkina.

It appears that in an urban context self-entrepreneurship can indeed be an opportunity, especially in petty trading and small service sector (barber shops, craftsmen, artisans, etc.). Despite this evidence, however, many actors point out that these opportunities are overestimated by young people, particularly by those who migrate from rural areas to towns.

Agriculture is seen as a potentially profitable sector by different actors, especially taking into consideration that the food requirements of the country (namely for meat) are currently not met by internal production. This means that there could be a potential market for increased agricultural and, even more so, livestock production. This is one of the reasons why agricultural projects are appreciated, including the partially government-funded initiative of “Fixation des jeunes dans leur terroir”.

Apart from agriculture and livestock per se, an important market, even in urban areas, would exist for food processing activities. Even without taking into account the nationwide lack of food processing companies, small activities like yogurt, honey or jam production could be set up with limited investment and generate income in the short term. Nonetheless, what keeps many young people away from these activities is the lack of basic technical competencies, particularly since educated youth who come to town seem reluctant to undertake further training, especially in fields related to rural areas they just left. Youth in urban areas hence prefer to focus on small commercial activities, thus overcrowding the market.

2.2 YS Program at the national level

In terms of adequacy of the programme to the national context, the age frame seems to be a major issue.

As a first thing, **the 12-24 age frame of the YS Program is not aligned with the national policies** (which define youth as between 15 and 35 years old), which raises some issues in terms of support by public institutions and understanding of this decision by relevant stakeholders. It appears that there have been no changes in the perception of this issue so far by the main country stakeholders.

In light of the above, most stakeholders appreciate that YS focuses on savings and not loans, which would have been totally inappropriate in their opinion, given the mentioned age frame issue. In fact, the 12-24 age frame does not appear to be suitable for substantial interventions on the credit side. In FCPB’s strategy, based on asset building through savings in order to qualify for loans, most of the clients are considered ready to borrow at or after the age of 24. In this regard, integration of YS products with the Cred'art product (with a 20-35 age target) seems to be a viable solution, and is what FCPB declared wanting to do.

Since almost all stakeholders affirmed that financial education has to be the priority when talking to youth, partnerships with effective financial and business training providers can be a good strategy, bearing in mind also that FCPB is unable to provide extensive financial education, nor to link it with business training. Government structures do not seem to be in a position to be directly involved, nor does the AP-SFD have the capacities to be a real implementer. Maison de l'Entreprise, ACEE with Oxfam and other actors would have the capacity to play this role, but in this case cost can be an issue, and this has been claimed as the main reason for many partnerships not having become concrete during YS.

There is a growing interest at the national level on the issue of youth employment, and youth financial inclusion can be interpreted as part of it. The New Microfinance Strategy includes a stronger emphasis on youth as a target group than in the previous strategy, and also several Ministries have a youth component on their strategies. As an example, a “Forum des Jeunes” gathering the main stakeholders has been organized for the past three years, and in this occasion the issue of limited funds available for credit has been raised. Following that, the government has increased the financial allocation to FAIJ and other funds.

An integration and rationalization of the existing funds does not seem to be viable at the moment, as the funds represent a significant political dividend for the ministries, especially since 2015 is an election year.

This increased interest in financial inclusion of young people does not seem to be influenced by YS, since the high unemployment of a politically-active segment of the society, as young people, appears to be the main drive for political interest.

At the microfinance sector level, despite its inclusion in the national strategy, financial inclusion of the youth does not seem to be a major priority. Sector discussions focus mostly on Mobile Banking at the moment.

YS is largely unknown to many stakeholders in the country, at the macro (and global in-country), meso and market levels.

Knowledge of the programme is anecdotal, either coming from colleagues or peers in other countries or from third parties. People who have heard of it usually think it is a direct support to FCPB.

On the other hand, the youth products of FCPB are widely known, and stakeholders are well aware that FCPB has started a youth inclusion strategy.

Hardly any promotion on YS has taken place in the country, and, being a global program directly managed by the regional office, the UNCDF national focal point has not been extensively involved either in the implementation or in the promotion activities. One of the reasons stands in the FSP-centered strategy of the programme, which sets aside the competencies of the national focal point.

FCPB, on the other hand, has extensively communicated on its youth products, through sensitization at schools and youth associations, leaflets and other communication material, radio messages and participation to TV shows. All these communication channels promoted FCPB's youth products thought, not YS as a project.

At the moment the youth saving product is being rolled out only by FCPB, and it does not seems that there is a momentum for it among FSPs, making it unlikely that other actors may quickly step in with targeted products. The credit YS product is also fairly non-existent and perspectives seem more concrete for Cred'art rather than YS, even though FCPB will increase the maximum age for YS loan products in institutionalizing it. The main difference between the products will be that Cred'art is focused on craftsmen and artisans, hence linked to training on technical competencies, while YS is a more generic product.

The impression is that the youth products as such can work because FCPB is currently the sole financial service provider targeting young people, and others that may step in will probably have smaller resources. Anyway, to make the product really attractive for young people, some other features need to be added, namely more possibility to use it outside the branch, be it making movements available in other branches or adding ATM or mobile money tools to the saving accounts. If competition starts on this market segment, these features are likely to be quickly adopted.

In the short term, it is likely that FCPB will keep on being the sole financial service provider addressing young people. Some actors like Crédit Mutuel seem interested in the youth market, but it is not clear with which timeframe. At the moment, FSPs should see interest in youth as a potential new market to tap into, because it is unlikely that the government or support structures may promote this interest among FSPs. Moreover, the common opinion is that past and present government funds have damaged, rather than promoted, the market for FSPs, because young people have found products at very low interest rates and with very weak collection policies, both conditions which cannot be found in MFIs.

Anyway, this means that there is a wide untapped market for these kinds of services. FCPB is going to roll out the programme in rural areas in 2015, and it will be interesting to observe if there is a different response, considering that people might be out of school earlier than in urban settings, thus increasing the potential demand for targeted services, especially loans. There might be space for a potential scale-up of the product offer to more rural/agricultural-related products, with good results.

Loans are a very attractive product for young people, and this represents therefore a major opportunity for a dedicated product, as it will certainly meet the interest of the recipients. In this case, partnerships with financial and business service providers are going to be a key element in order to achieve good results in terms of repayments and performance, as well as also client protection. On the other hand, costs are likely to be an issue.

FCPB management appears rather skeptical on the potential profitability of credit products ("We are business makers, it's a task of the government to address the really poor people"), so it could be reasonable to consider a different FSP for a potential scale-up of the loan component. Directly supporting government funds, making sure that their management and monitoring procedures are properly handled, could be another option to ensure a large public is addressed, but with high risks of mismanagement of resources.

3 FSP (MICRO) LEVEL

3.1 Institutional characteristics

Name of the institution	Faitière des Caisses Populaires du Burkina (FCPB)
Legal form	Cooperative Bank
Ownership	Membership
Year of inception	1972
Value of YS grant awarded	USD 693,589 in 8 disbursements
TA received in the framework of YS project	11
Characteristics of YS financial services	individual loan, current savings and fixed term savings
Characteristics of YS non-financial services	financial education and sensitization

Founded in 1972 as a project with the support of DID, the Réseau des Caisses Populaires du Burkina (RCPB) is the biggest microfinance service provider in Burkina Faso. It operates nationwide, and over the years it has benefitted from continuous technical assistance by the Canadian Government through DID. RCPB is well represented at the national, regional and international level, and is a member of CIF (Confédération des Institutions Financières). It promotes a cooperative model that remains important, although there appears to be a progressive reduction on the ownership of the cooperative principles among clients and some staff members.

RCPB has recently completed a reconfiguration process of its structure from 3rd (Apex, Regional Unions and base credit unions) to 2nd tier (Apex and Credit Unions). The process, undertaken some years ago on a concern of rationalization and reduction of costs, has led to a lighter structure, made of 39 credit unions and 1 apex organization (faitière) – the 5 Regional Unions have been transformed into regional delegations of the apex organization, with no legal status. In July 2013, as a final step of the transformation process, the new FCPB received its license (which all the 39 unions already had).

FCPB offers the following products:

- Savings
    - Ordinary savings - that include the specific young savings and fixed term deposits
    - Specialized saving - that include the guarantee savings on loans, and a goal savings product, which, in its young component, is the precondition to have access to loans
- Loans
    - Classic loans
    - Agriculture loans
    - Commercial loans
    - Community loans
    - Special loans: Programme Crédit Epargne avec Education (P/CEE); ’Association de Crédit Intermédiaire (ACI); Crédit aux Femmes Commerçantes (CFC); crédit aux

entrepreneurs (CFE); crédit des sociétés de cautionnement mutuel; crédit programme; Créd'Art; crédit jeune

- Insurance products
- Financial services including SyTRAF and Moneygram
- Non financial services
    - Counseling
    - Sensitization
    - Financial education
    - Informal education

FSP key indicators	dic-12	dic-13	dic-14
Clients (#)	914.066	1.005.971	1.063.189
Active borrowers (#)	197.566	71.851	71.985
Active savers (#)	914.066	979.058	1.063.189
Branches (#)	179	182	186
Total staff (#)	1.022	1.077	1.058
Gross outstanding portfolio (USD)	146.669.663	160.637.862	152.494.532
PAR 30	5,3%	2,5%	2,6%
Write-off ratio	0,9%	1,2%	1,0%
Restructured loans	0%	0%	0%
Total savings (USD)	209.931.371	233.370.151	214.873.327
Total assets (USD)	295.424.522	322.337.516	298.854.644
ROA	2,5%	2,6%	3,0%
ROE	13,1%	12,2%	11,9%
OSS	130,4%	135,3%	144,5%
Equity/Total Assets	18,8%	24,1%	26,3%
Female clients	26,9%	26,7%	27,0%

FSP staff	dic-11	dic-12	dic-13	dic-14

Total staff	985	1.022	1.077	1.058
% female	69,5%	69,1%	70,7%	69,6%
Staff involved in YS	14	70	132	129
% female	71,4%	78,6%	74,2%	71,3%

3.2 YS process at the FSP level

The YS program started in 2010 at a rather slow pace. In 2011, the market research was conducted and the PBA was signed on the basis of the business plan. However, concerns on the institution's capacity to meet project results were raised until a dedicated Youth Champion, acting as YS project manager on a full-time basis, was hired in May 2012. This led to the decision to liquidate the amount even if the first target had not been met[93].

The pilot started in March 2012 in 4 branches (2 in Ouagadougou and 2 in Bobo Diulasso) and was then rolled out in September 2012 in 18 branches.

A loan product was developed and offered in 2013, but it is still in its very initial phase (33 active borrowers at the time of the field visit), so almost no comment on it viability is possible so far.

FCPB offers two YS savings products:

- Epargne Jeune (youth savings) - current saving product with lower costs than the ordinary one, but also less options
- Epargne à objectif (goal savings) - fixed term account, earning interest, which is also a pre-condition to be eligible for loans

And a YS loan product:

- Crédit jeune (youth credit) - loan available to young clients with no material guarantee or collateral, and at a lower interest rate than ordinary loans.

In addition, another product, Cred'Art, dedicated to young (18-35) artisans is available. It's a product launched by the CIF that, after an initial failure in Senegal, was piloted a second time in Burkina Faso with acceptable results. Promotion activities of Cred'art and YS have been integrated along project implementation. Training activities, on the other hand, have been kept separate as Cred'art focuses on technical competencies, while YS on financial education.

It is a widespread opinion that no other Microfinance Service Provider in Burkina Faso could have been eligible for YouthStart, and it is very unlikely that any other MFI had even thought of applying.

The selection process was judged as fair and quite demanding in terms of application procedure, compared to the final grant awarded.

Nonetheless, the FSP declared that the amount disbursed was adequate for the requirements and the activities to be implemented.

YouthStart key indicators	dic-12	dic-13	dic-14
Clients (#)	3.319	11.145	19.045
Active borrowers (#)	0	34	33

[93] See memo on PBA addendum in 2012.

Active savers (#)	3.319	13.798	21.622
Gross outstanding portfolio (USD)	0	476	121
PAR 30	n.a.	0,0%	0,0%
Write-off ratio	n.a	0,0%	0,0%
Restructured loans	n.a	0,0%	0,0%
Total savings (USD)	412.102	1.752.802	2.470.629
Rural clients	0,0%	0,0%	0,3%
Female clients	35,9%	36,9%	38,0%

As mentioned, the project started slowly not only because no dedicated youth champion was initially hired, but also because of a certain degree of skepticism on the part of the institution's management to address a market that is not widely perceived as favorable. However, the project and products were progressively appropriated by the organization and all the key management people now consider it as a useful tool to get a competitive advantage in the market.

In September 2014, during a staff meeting, FCPB decided to institutionalize the Youth products into its standard products, with a probable revision of the maximum age requirement for loans, and this includes keeping the Youth Champion and the Youth Officer among the staff (no clear message on the commercial agents). The institutionalization will be carried out with internal resources, and therefore is not subject to other external funds. These would be welcome, but are not a condition to keep the product, and have not been looked for yet.

Being the YS program highly centered on capacity building of the partner FSP, the UNCDF country representative's involvement in its implementation has been very limited, apart from some organizational and representation tasks. The regional TA has had a more active supervision role, following the project management chain in Dakar.[94]

Project management and implementation has been mainly the task of two people: the Director of the Project Development Department, who has been the official reference person for the project responsible for the major operational decisions, and the Youth Champion, the latter acting as project manager and being the direct focal point of the YS project management team in Dakar. Overall management staff of FCPB has not been extensively involved, apart for their specific areas of competence (like the Marketing Director and the Non Financial Services Manager) and is only aware of the main features and steps of the programme, referring to it as the "youth products", rather than "Youth Start project".

The operational staff has shown appreciation for the project management methodology, especially for the attitude to work on clear and progressive deadlines for any project requirement. This has been perceived as a positive approach, which has allowed the Youth Champion to cope with the requirements and to get the necessary support from the management team in key moments. This proved useful in a big organization like FCPB, where the top management is not aware of single project steps and some departments may have different priorities when project needs arise.

[94] An potential second project phase could try to not focus exclusively on the FSP (supply side approach), but also promote activities on a more global and institutional scale, for e.g. addressing demand for financial services, financial education and other NFS, and thus requiring a stronger endorsement from public institutions. This would also imply a more active involvement of the UNCDF/UNDP Country Representative, as is the case for national programmes like the Agri-finance programme, which is widely known in the country.

3.3 YS products (savings, loans and other financial products)

Epargne Jeune	***Ordinary saving product***
500 FCFA opening fee	500 FCFA opening fee
1000 FCFA membership deposit (not separated by opening fee in communication material)	1000 FCFA membership deposit (not separated by opening fee in communication material)
500 FCFA minimum deposit	3000 FCFA minimum deposit
Transaction and operations available only at the branch where the account is registered. No ATM	Transaction available at any branch, possibility to get an ATM card
No monthly fee	A monthly fee exists
Authorization from a parent or guardian if under 18	Same condition
Epargne à objectif	
Minimum 6 months	Depends on product
3% annual interest (increased after discussion with beneficiaries) after 6 months with no remuneration	Depends on product
No processing fee	Depends on product
Crédit jeune	***Ordinary loan product***
No formal guarantee required, moral or solidarity guarantees, or security savings, are accepted	Guarantees or collateral are usually required
Interest rate is 1% lower than adult interest rate	15% declining (depending on the product)
6 months fixed savings required	
Maximum amount 350.000 FCFA	Depends on loan product, but higher amounts are possible. Ex. 1.000.000 with Cred'Art
Maximum duration: 24 months for equipment, 12 months for rotating funds	Depends on loan product, but longer duration is possible. Ex 30 months with Cred'Art
Management fee: 0.5%	Depends on loan product
Application fee: 1500 FCFA	Depends on loan product

The market research provided a pretty complete market overview of financial and non-financial services targeting young people. The wide list of financial products was a good example of services offered, or that could be offered by FCPB while targeting young people, even though not much emphasis was put on what services were actually available for people under the age of 24.

The list of Non-Financial service providers too offered a good starting base for partnerships in terms of non-financial services, a base that has only partially been used by FCPB.

The client analysis was adequately detailed as well, with a focus on origin and utilization of money according to the age of the potential client, which is an important element in product design. The study gives also an indication on services (credit duration and amount) desired by clients, showing a high prevalence of interest in savings. It seems that there is a relevant interest in credit, especially in urban areas, which was observed also during focus groups (the setting of which was urban indeed), and a very weak interest in education, counseling and non-financial services. This latter element was not so evident during FGDs, where clients declared to appreciate the offer of NFS, albeit after loans in terms of importance. Actually, during the final evaluation it was remarked that non financial services are not a top priority in FCPB's strategy. Even if this has never been claimed by any of FCPB staff interviewed, we can affirm that this is consistent with findings in the market research, which indeed recommended the inclusion of NFS in the product offer, while reporting the weak interest in the service from interviewed clients.

The overall impression is that the market research was appropriate in providing tools to develop the financial and non-financial products to address the market, and most of its findings have been integrated in the subsequent strategy by FCPB.

There is no specific target for women with regards to the youth products, and women clients in focus groups and individual interviews showed no specific need for dedicated products, nor did they express any feelings of being disadvantaged in any way with respect of males. However, it has not been possible to verify whether this is due to a lack of awareness or to actual equal opportunities and conditions between males and females.

In terms of corporate responsibility of FCPB as a whole, the organization seems sensitive to gender balance. There is a specific loan product for women among the products, and women represent the majority of employees in terms of staff (roughly 70%). Women cover also managerial roles as Head of Marketing, Head of Project Development, etc.

3.4 YS non-financial services

FCPB only provided financial education as a non-financial service to its YS clients.

Financial education was initially a 2-day module to be delivered both by FCPB's officers and partner institutions. Since FCPB was failing to meet the targets in terms of outreach for NFS, it prepared a shorter module – 45 minutes to 1 hour – that could be administered also by commercial agents, who were trained for the purpose after six months of work on YS. The strategy proved to be effective in terms of outreach, both because of the higher number of people who could deliver the training, and because it was an easier module for young people themselves. In fact, securing two days of their time for the initial financial education module had proved to be a problem.

In terms of quality, the second module appears to be not much more than a sensitization meeting on product conditions. Borrowers would surely need a more in-depth training in terms of financial education, but maybe also some business training, which is still lacking. Regarding savers, the modules were enough to let clients access and use the products, but a difference in financial literacy and awareness was clearly visible during focus groups between clients who had the longer and the shorter versions of the training. Moreover, not all savers receive training, while all borrowers do.

FCPB has tried to build partnerships with a number of external service providers, both for outreach and for training purposes.

In term of outreach, several informal agreements were made with education and training centers, both private and governmental ones, and this proved to work fairly well. FCPB's youth officers or commercial agents were invited during classes to present financial products for young people and deliver basic financial literacy courses.

However, when it came to formal agreements with organizations that should deliver financial education courses directly, this did not work. YSOs, especially those involved in entrepreneurship and business promotion, usually target people older than 24 years old, and the experiment to expand training through a training of trainers (ToT) approach, as with RAJS, did not lead to the desired results. Other Non Financial Service Providers, like Oxfam and ACEE, were deemed as too expensive.

On the whole, there is a feeling that partnerships aimed at making sure that more consistent business education modules are delivered to young clients would increase the success on loan products and also the utilization of fixed term accounts. Nevertheless, we acknowledge that cost is an issue.

3.5 YS outreach

Active clients	dic-10	dic-11	dic-12	dic-13	dic-14
Total number of clients	**813.210**	**852.149**	**914.066**	**1.005.971**	**1.063.189**
% of women clients	**24,8%**	**29,3%**	**26,9%**	**26,7%**	**27,0%**
Min. target: % of women clients		30,0%	35,0%	40,0%	45,0%
Proposed target: % of women clients		33,0%	38,0%	45,0%	50,0%
Number of youth clients (12-24)	**98.995**	**100.256**	**104.263**	**114.172**	**122.642**
% of total clients	12,2%	11,8%	11,4%	11,3%	11,5%
Growth		1,3%	4,0%	9,5%	7,4%
Number of new youth clients (12-24)	0	0	853	1.435	1.494
Number of YouthStart clients (12-24) - Financial services	**0**	**643**	**3.319**	**11.145**	**19.045**
Min. target: Number of YouthStart clients (12-24)			3.300	10.329	15.494
Proposed target: Number of YouthStart clients (12-24)			3.500	12.152	18.228
Growth		N/A	416%	236%	71%
% of total clients	0%	0%	0%	1%	2%
% of youth clients	0%	1%	3%	10%	16%
% of women among YS clients	N/A	37%	36%	37%	38%
Min. target: % of women among YS clients	1%	34%	38%	43%	47%
Proposed target: % of women among YS clients		40%	45%	50%	55%
% of rural clients among YS clients	N/A	0%	0%	0%	0%
% of minors among YS clients	N/A	0%	26%	21%	20%

% of poor/low-income clients among YS clients	N/A	0%	5%	3%	4%
% of in-school clients among YS clients (all)	N/A	0%	0%	32%	39%

Building on its noteworthy youth client base (122,642 clients aged 12-24 at December 2014), equal to more than 11% of total clients, and the impressive growth rate of YS clients over the project period (236% and 71% respectively in 2013 and 2014), **FCPB has well achieved its proposed target in terms of YS clients**. At December 2014, the institution had a total of **19,045 YS clients**, which is slightly higher than the proposed target according to the addendum of the PBA signed in March 2013, in order to cope with the initial difficulties of FCPB (3.319 clients out of the initial minimum target of 4.794 which would have led to freeze the funds). Out of the total YS clients, 38% are women, also slightly short of the target for women clients (47%), and 20% are minors.

In terms of savings, the **total amount of YS savings was equal to USD 2,470,629** at December 2014, with an **average savings balance of USD 114**. In terms of loan portfolio, the **disbursement of YS loans to young clients is still at an early pilot phase**, with only 33 outstanding loans at the time of the field visit. Data available is therefore insufficient to allow for any consistent analysis. Hence, any comment of the loan product under YouthStart in this country report will be based on focus group and interviews findings, and not on performance data analysis.

FCPB performance has had some problems, as already mentioned, in achieving proposed targets in terms of non financial services (NFS) delivery, with 22,852 YS clients having received NFS as of December 2014, hence only just below the corresponding minimum target (23,800).

On the whole, notwithstanding FCPB's difficulties in achieving the specific YS targets in the course of the project, the already mentioned **decision to institutionalize YS products in its standard product offer represents a very positive achievement for the project in itself**, in that it proves the institution's commitment to such products and paves the way for a significant scale-up of these in the coming years.

3.6 Sustainability

Given the very limited impact of YS credit products, and therefore of profits that can be generated by loans, potential profitability of Youth Start products is analyzed, in this context, only considering its savings component.

As a first general consideration, **operational costs related to YS are roughly stable since product roll out in 2012,** so cost per client has significantly reduced each year.

Performance Indicators (YS)	2011	2012	2013	2014
YS Operating expenses	**11.709.254**	**107.754.270**	**103.732.011**	**105.548.243**
Cost per active client	36.421	54.394	14.343	6.992

When looking at the profitability of the product, we can take into consideration the transfer cost of savings, as estimated by Frankfurt School of Finance and Management in the YouthStart Business Case Analysis (draft version), and compare it with costs directly attributable to YS to verify if the revenue from financing loan portfolio through YS savings rather than other external resources can repay the direct cost of YS savings product. The weighted average interest used by Frankfurt school is 3%, adjusted at 2.55% considering the cash needed to honor withdrawal requests from clients.

cost/revenue from YS savings financing loan portfolio	Jan-Dec 2011	Jan-Dec 2012	Jan-Dec 2013	Jan-Dec 2014
YS direct operating costs (FCFA)	117.093	107.754.270	103.732.011	105.548.243
YS total savings (FCFA)	0	204.720.240	839.066.555	1.335.841.868
Adjusted weighted avg interest rate	2,55%	2,55%	2,55%	2,55%
YS opportunity cost (FCFA)	0	5.220.366	21.396.197	34.063.968
difference opp.cost/YS operating cost (FCFA)	**-117.093**	**-102.533.904**	**-82.335.814**	**-71.484.275**

Therefore, **at the moment the savings products does not appear to be self-sustaining**, with a breakeven point at FCFA 4,117,647,059 savings collected, so about three times current saving collection, assuming direct costs as stable at 105.000.000. At the current growth rate of 60% experienced between 2013 and 2014, this would take about 5 years to happen.

As a result, the YS products need to be financed with FCPB's operational budget that, with an OSS rate of over 130% seems easily capable to absorb such an investment.

FCPB believes it is acquiring a competitive advantage in being the first to target young people as a market segment, building potentially loyal clients.

Given the lack of competitors on this market segment, it is likely that this will prove to be true at least in the near future, even without much effort from FCPB in improving the products.

If other competitors step in the market, then FCPB should indeed endeavor to make its services more attractive to young clients, introducing features like ATMs, mobile banking, and most of all the possibility to make transactions in branches other than the one where the account is registered, which is the major remark that came out from Focus Group Discussions.

As noted above, the products have been fully integrated into FCPB's existing product offer with a management decision in September 2014. Products will remain with no need of any external resources to cover their costs.

No effects on the market of FCPB's involvement in YS have been observed so far. Competitors are aware that FCPB is targeting the youth sector, but do not seem interested in challenging it on this segment at the moment.

Considering future perspectives, the major external element that could influence YS performance and youth financial inclusion in general would occur if another FSP directly stepped in the youth market segment. This could lead to a more generalized change in the perception of young people as a market segment, and especially to a more competitive environment on the quality of services provided, forcing also FCPB to increase and differentiate the services it offers.

Some promotion of youth financial inclusion as the national/sector level, for example at the microfinance network level, would probably support this process, but it does not seem likely to occur in the short term. The evolution of the market at the moment is more in terms of payment systems and mobile banking rather than on financial inclusion of young people.

3.7 Client protection

FCPB has defined a client protection policy that seems to be known to the staff and has endorsed the Smart Campaign, showing commitment to the client protection principles.

There is a codified procedure for handling complaints, and the staff appears to be familiar with it, whereas clients seemed generally unaware of it.

Pricing is generally transparent, and all information is disclosed in the contract (which is in French and not in the local language). However, there was some confusion among clients on product costs and, to a smaller extent, on conditions. There appears to be also some different interpretations of product conditions by FCPB staff, as in some cases clients are requested to provide collateral in order to access youth loans.

Interest has been calculated with the declining balance method for a couple of years now, which is not the case of competitors. FCPB uses this methodology even if clients do not seem to appreciate and understand it so far, and would not complain on a flat method.

Clients appear to be totally unaware of being part of a cooperative. The membership fee is described as an opening fee, and therefore understood to be an administrative cost by clients.

In terms of monitoring, there is a cross-check with other FSPs and banks in place to prevent over-indebtedness, but it has not been possible to verify the effectiveness of the procedure. On the contrary, there is a much lower monitoring of the origin of money from savers and we have been informed of several cases of clients actually collecting money from the community and using their bank account as a safe for this activity. FCPB staff is aware of this phenomenon, but does not see it as a problem ("As long as transactions are below 5 million CFA it is not a problem for FCPB, above that amount it's a matter for the state to verify").

4 CLIENT LEVEL

FCPB's MIS does not trace the age of clients or whether they have received NFS or not. Therefore it was not possible to strictly follow the client sampling process as outlined in the Inception Report. The selection for Burkina Faso was carried out in the following way:

- Random selection of 60 clients among all clients of the selected branches (30 clients in the case of the women focus groups);
- Among them, 10 clients have been chosen by the YOs in order to match the pre-determined composition in terms of services received, gender, age, and schooling. The latter two conditions have been only partially respected;
- Given the limited number of borrowers, these have been selected also outside the random list when necessary, in order to get a meaningful number.

In terms of branch selection, the following methodology has been chosen:

- Include both Ouagadougou and Bobo Dioulasso, the two areas where the project has been rolled out. The product have been extended to rural branches only very recently, so we opted for the two different urban areas, rather than an urban and a rural one, because in the latter case clients would have been too few for a random selection and too recent to provide meaningful information;
- Include at least one pilot branch;
- Target one branch with a higher number of borrowers;
- Target at least a peri-urban branch (Sarfalao Koula).

The limited time between the final validation of the toolkit by the Advisory Panel and the beginning of the mission has been a challenge in terms of proper selection of clients and branches, and no selection of branches on the basis of national and regional economic statistics was possible. All these challenges have been overcome as explained above.

4 focus group discussions have been organized in 4 different branches (2 in Ouagadougou and 2 in Bobo Dioulasso), gathering a total of 45 clients.

One only client was under 18 years of age (12 indeed), and only 7 below 22 year old. 5 clients were 25 years old and 4 were 26, and they were included because they are clients who have graduated, or are about to graduate (the 25 year older) to the ordinary saving products. 4 borrowers were among these clients.

26 interviewed clients were females, counting for 58% of interviewees, hence over-representing females compared to active clients (38%). This percentage goes to 42% if we exclude the women-only FGD, in line with project percentages.

Typology of FGDs	# Respondents	Female (%)	Married (%)	Age (mean)	# in household (mean)	Yrs of schooling	New clients (%)	Employed (%)
Girls & young women	12	100,00%	33,33%	23,4	4,7	7,4	100,00%	66,67%
Savings	11	54,55%	9,09%	21,5	5,8	8,7	100,00%	72,73%
Savings & loans	12	25,00%	50,00%	24,1	8,3	5,7	83,33%	91,67%
Savings & NFs	11	45,45%	18,18%	22,9	6,8	8,3	100,00%	72,73%
TOTAL	**46**	**56,52%**	**28,26%**	**66,8**	**6,4**	**7,5**	**95,65%**	**76,09%**

Clients are mostly attracted by the perspective of a loan offered by FCPB. The process is quite cumbersome and perceived as long and difficult by clients, but they also believe that there is no viable option in the market.

The most frequent utilization of credit and savings has been for of business start-ups and petty trade (revolving funds), but this might be a consequence of the generally urban setting of clients so far. Several clients had interesting education projects, including some of them who used savings to set aside money for a period in order to later enroll in new training courses as an investment in the future.

Generally speaking, clients seemed to have a good capacity to build assets on their savings.

4.1 Feedback on YS financial products

Clients appreciate savings, and seem well literate on the matter. However, the fixed savings mechanism is not always well understood by clients, who generally perceive it only as a pre-condition to have access to credit. The main complaint on the savings product is on the obligation to perform transactions, deposits and withdrawals only at the branch where the account is registered. This is a major constraint for traders, and generally is a limit for all clients, even if they usually live close to the branch. There are a significant number of young people who, even if eligible for YS products, prefer to stay with the ordinary ones because of this reason. ATM and mobile services would be appreciated, but are not the key issue.

With regard to the loan product, the six months fixed saving procedure in order to apply for a loan is perceived as long and difficult, and often clients who apply are close to the 24 years age limit, so it become very difficult to get a second loan, whereas many clients did not have time to apply even for a first one. Longer loan repayment periods and higher maximum loan amounts would be appreciated as well. However, clients recognize that, even if this procedure is long and complicated, it is still more accessible than the competitors.

4.2 Feedback on YS non-financial services

As NFS have not been extensively delivered, feedback on this aspect was not extremely significant. Participants generally appreciate courses, even if they would have appreciated some more information in the short modules, but on the other hand those who attended the long ones complained on their duration.

Clients seem to appreciate financial education and seek for advice in their money management decisions from peers or bank agents.

4.3 Feedback on likely impact for YS clients

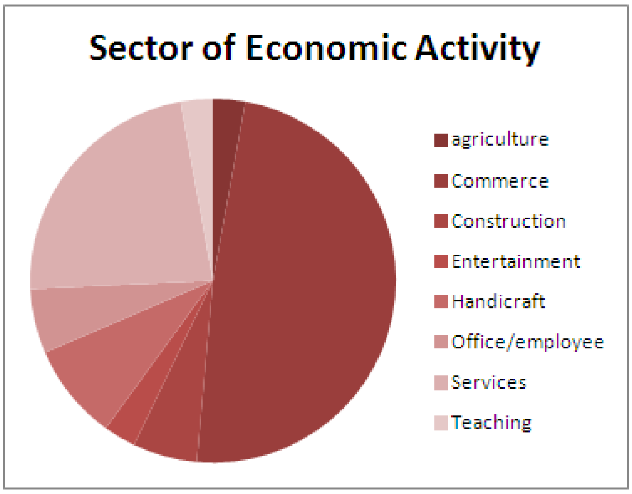
A large majority of clients claimed to have a better financial capacity, mainly referred as a better ability to save money instead of spending it in easy consumption. This perception may be influenced by their expectation of financial products, because some of these clients had a very recent experience with the products.

Generally speaking, some difference on financial literacy and awareness between trained and not trained people can be remarked, but a more significant difference can be observed between borrowers and non-borrowers.

Taking into account that YS is for the large majority of clients a savings product, it is difficult to assess any major change in life after barely 2-3 years of utilization of the services. However, a certain asset building capacity has been observed among clients. This includes: clients that, through savings accumulation, managed to obtain the resources to start an independent activity and quit their job as employees (which often has very bad conditions and irregular payments); clients that managed to reduce the time they dedicate to work and could start a higher education course; clients that invested in their business and managed to get enough resources to marry; clients that bought land, as a further savings, on top of their business…

One of the main reported improvements in clients' lives comes from the possibility to get out of informal financial practices that are perceived as dangerous. These include: the *cauri d'or* (informal money collectors) that can be unreliable (several clients claimed having lost some money); the risk of theft of unsecured savings at home, and the interference of family members ("you have to keep money away, and make calculations every evening").

According to interviewed stakeholders (see sections above), YS clients do not seem very oriented to the more promising economic opportunities in the country (food processing and agriculture/livestock). The majority of business investments (thus excluding education and simple consumption saving practices) were on petty trade and informal economy in town. As said, this might be a consequence of the urban setting of the FGDs. Those who had some small artisanal activities, like tailors, carpenters or mechanics, seemed to be in a better position to get tangible advantages by their capital investments (be they through loans or savings accumulation).



APPENDIX 1. LIST OF RELEVANT STAKEHOLDERS CONTACTED / INTERVIEWED

Institution	Person, Position	Date of interview (in case not reached, explain how did the team tried to contact the person)
SPPMF - Permanent Secretariat for the Promotion of Micro Finance (Ministry of Finance)	Roger Ouedraogo - head of department of studies, statistics and evaluation of the Microfinance sector Dissikoré Ibrango - Head of the Department of Policies, Partnerships, and Coordination of the Interventions	06/03/2015
BCEAO - Central Bank of West African States	Nabil Aimé Coulibaly - Judith Kaboré - Microfinance sector expert Adama Sankara -	06/03/2015
The Hunger Project	Jokébède Kaboré - HEad of Microfinance Programme	06/03/2015
DGPJ - General Directorate for the Promotion of Youth (Min. of Youth and Employment)	Gisele Bangré - Director	06/03/2015
AP-SFD - Professional Association of the Decentralized Financial Systems	Perpetue Coulibaly - Executive Director	10/03/2015
FAIJ - Youth Initiative Support Fund	Salimata Hie - Director .... - Head of credit service .... - monitoring and evaluation	11/03/2015
UNDP/UNCDF Burkina	Claude Ouattara	11/03/2015
DGTCP - General Directorate of Treasury and Public Accounting (Min. of Economy and Finance)	Ida Ouedraogo - Supervision Officer	12/03/2015
CIDA - Canada International Development Agency	Luc Princince - Counsellor, Head of Aid Amadou Barry - Advisor, Microfinance and Private Sector	12/03/2015
ACEE - Association of Student Entrepreneurs Clubs	Arsène Kiboré Ouampeba - CEO Honoré Patrick Nanema - Permanent Secretary	12/03/2015
RAJS - Africa Network of Youth, Health and Development	.... -	12/03/2015
CRS - Catholic Relief Services	Jacques Kaboré - Head of Unit SILC/EFI - Burkina Director	13/03/2015
Maison de l'Entreprise	Saidou Didier Lonfo - Advisor on enterprise management	13/03/2015
Plan International - Burkina Faso	Marie Cécile Siribie/Traoré - National Cooerdinator DCAJ (Develop Capacities of young People) project	13/03/2015

APPENDIX 2. LIST OF FCPB STAFF INTERVIEWED

Institution	Person, Position	Date of interview
FCPB	Justin Sandwidi - Youth Champio	05/03/2015 and following days
FCPB	Marie Pascaline Diasso - Head of project Development Department	05/03/2015
FCPB	Daouda Sawadogo - CEO	05/03/2015 and 12/03/2015
FCPB	Seydou Traoré - Commercial Agent (Ouagadougou)	07/03/2015
FCPB	Abdou Sourabie - Credit Officer Farakan (Bobo Dioulasso)	09/03/2015
FCPB	Azaratou Sondo - Head of Marketing and Communication	11/03/2015
FCPB	Omaru Yaro - Head of Service of Professional Education/Cooperative Life	11/03/2015

ANNEX 6: DRC Country Report

1 INTRODUCTION

This country report summarizes the findings from the initial documentary review and the fieldwork carried out in the Democratic Republic of Congo (DRC) between 5 and 11 March 2015 by Aldo Moauro (senior evaluator) and Marine Exposito (junior evaluator). The ***primary focus is placed on description and summary presentation of main fieldwork outcomes***, although some preliminary analysis is also provided.

During the course of the fieldwork, the team of evaluators met with individuals from the partner financial service provider (FSP), i.e. Foundation for International Community Assistance (FINCA) DRC, and YouthStart (YS) clients as well as with various other stakeholders. In particular, the evaluation team held:

- Interviews with ***10 entities at global, macro and meso level***;
- Interviews with ***two FSPs*** (market level);
- Interviews with ***11 FINCA DRC staff and management*** (micro level); and
- Focus group discussion (FGD) FGDs and individual interviews with a total of ***26 YS clients*** (client level).

A complete list of interviewed/contacted stakeholders at global, macro, meso and market level is provided in Appendix 1, while Appendix 2 lists interviewed FINCA DRC management and staff (micro level). Following an overview of the national context at the macro, meso and market level (Section 2), this country report presents the YS program and its results within FINCA DRC, i.e. the micro level and primary level of YS intervention (Section 3). Finally, the report concludes with an account of the main findings at client level (Section 4).

2 NATIONAL CONTEXT (MACRO, MESO AND MARKET LEVEL)

<table>
<tr><th>Category</th><th>Data/information</th></tr>
<tr><td colspan="2">Political and macroeconomic context</td></tr>
<tr><td>Political context</td><td><u>Political context:</u>
- <u>December 2002</u>: Global and All-Inclusive Agreement marked the formal end of the Second Congo War.
- <u>July 2003</u>: the Transitional Government came into power and faced numerous problems resulting in continued instability in much of the country and a delay in the scheduled national elections.
- <u>December 2005</u>: successful constitutional referendum
- <u>July 2006</u>: First multiparty elections in the country in 41 years (presidency, National Assembly and provincial legislatures). Joseph Kabila was elected president in the second run with 58.05% of votes.
- <u>November 2011</u>: disputed results allowed Joseph Kabila to be re-elected to the presidency. Although Kabila's party (PPRD) saw its share of the vote fall in the legislative election, it remained the biggest party in the National Assembly.
- <u>January 19th-23rd 2015</u>, apparent tactics from the government to delay the next elections (which were originally scheduled for 2016) triggered Congo's largest protest for years. The Republican Guard opened fire and Human Rights groups say at least 40 people were killed (officials say 27 died). The Senate responded quickly, striking the census requirement from its law (the census requirement would have delayed the elections). Kinshasa is calm once again but Mr Kabila's credibility has been dented and supporters are slipping away.

<u>Rebellion in Eastern Congo:</u>
In 2009, following a resurgence of conflict in the eastern DRC, the government signed a peace agreement with the National Congress for the Defence of the People (CNDP), a primarily Tutsi rebel group. An attempt to integrate CNDP members into the Congolese military failed, prompting their defection in 2012 and the formation of the M23 armed group - named after the 23 March 2009 peace agreements. Renewed conflict led to the displacement of large numbers of persons and significant human rights abuses. In March 2013, the United Nations Security Council authorized the deployment of an intervention brigade within MONUSCO to carry out targeted offensive operations, with or without the Congolese national army, against armed groups that threatened peace in eastern DRC. The government and the M23 militia, which surrendered in early November 2013 following the military victory of the FARDC (Armed Forces of DRC) on the ground, signed three "declarations" on December 12th 2013, formally ending the M23 rebellion.</td></tr>
<tr><td>Macroeconomic context</td><td><u>Structure of the Economy:</u>
The economy of the DRC is slowly recovering after decades of decline due to systemic corruption, country-wide instability and conflict, which have dramatically reduced national output and government revenue and increased external debt.
Agriculture is still the mainstay of the Congolese economy - representing about 44.3% of GDP in 2013 and 75% of the economically active population in 2009 - and main cash crops include coffee, palm oil, rubber, cotton, sugar, tea, and cocoa. The services account for 34% of GDP followed by mining and a largely underdeveloped manufacturing sector. DRC is home to vast natural resource and mineral wealth, the country has the world's largest reserve of cobalt ore, the second largest reserve of copper and is a major producer of diamonds. Mining and quarrying products</td></tr>
</table>

	(copper, cobalt, gold, diamonds, coltan, etc.) constitute the main source of government revenue and the bulk of exports in value terms. **The share of services in GDP has been increasing steadily since 2000**, as most of the restrictions on trade in services have been abolished. **A significant part of economic activity still occurs in the informal sector and is not reflected in GDP data.** **Growth:** The global recession cut DRC's economic growth in 2009 to less than half its 2008 level, but growth returned to around 7% per year in 2010-12. **GDP growth should stay up and increase from 8.5% in 2013 to 8.6% in 2014 as mining production accelerates, construction activities intensify and growth in the agriculture sector picks up.** **Agricultural output is expected to increase** as farmers and traders start to benefit from improvements in road infrastructure and the government's agricultural campaign, which aims at facilitating mechanisation and farmers' access to fertilisers and seeds. **A major source of growth will be mining**, which is expected to expand strongly, supported by robust investment inflows in recent years, demand, macroeconomic stability and road reconstruction. Copper production in 2013 increased by 52.1% compared to 2012. Gold production increased by 30.1%, due to new investment in the country's eastern provinces thanks to a more stable security situation. Although mining output is hampered by insufficient power supplies and weak infrastructure, production will continue to rise as existing mines increase capacity. In addition, **there should be strong growth in the construction sector**, mainly because of public infrastructure projects. **Services growth is expected to be robust** as telecommunications providers seek to expand their services. **The manufacturing sector has contributed little to growth,** still burdened by poor energy supply, the obsolescence of its production equipment and strong foreign competition. With almost no contribution to growth, **energy remains one of the weakest sectors of the economy**. **Inflation:** The *Banque Centrale du Congo* (BCC, the Central Bank) changed its methodology for computing the consumer price index in 2013, causing an instant drop in inflation to low single-digit figures (from around 10% previously). Overall, **inflation has picked up from an average of 1.1% in 2013 to an estimated 3.7% in 2014** as demand pressures rise with economic growth, loose monetary policy, and a lack of competition in many sectors of the economy. **The monetary policy of the BCC has limited influence on economic developments** in the DRC, owing to the low penetration of financial institutions, the high level of dollarization and the dominance of the informal sector. **Exchange rate:** **The foreign exchange rate has remained stable since 2010**, with occasional interventions by the BCC. Growth in export earnings and higher inflows of foreign direct investment will help to support the Congolese franc. However, the franc is expected to depreciate slightly - from FC920:US$1 in 2013 to FC926:US$1 in 2015 - due to the wide current-account deficit and relatively low interest rates. Nevertheless, as in the past few years, **the high level of dollarization in the Congolese economy will limit the volatility of the exchange rate.** **Poverty:** Despite the progress made through political and economic reforms over the past five years, many communities are very vulnerable, with little access to markets to buy or sell goods and little access to public services. **DRC ranks lowest (186th) on the 2013 human development index scale**, equally with Niger. **Per capita GDP was USD 412 in**

	2014, improving in the recent years. DRC counts an estimated **65.7mln inhabitants** (WB, 2013), among which **71.3% live below the national poverty line** (WB, 2005), and 95.2%11 below 2 dollars a day PPP (WB, 2006). The United Nations estimate that there are some **2.3 million displaced persons and refugees in the country** and 323,000 DRC nationals living in refugee camps outside the country. **A humanitarian emergency persists in the more unstable parts of the DRC**, armed conflicts having led to heightened **food insecurity** and **sexual violence rates are high**.				
Key demographic/economic data	***2010***	***2011***	***2012***	***2013***	***2014 (est)***
GDP (current prices, USD bln) –IMF	20.50	23.87	27.48	29.90	32.67
GDP growth	7.1%	6.9%	7.2%	8.5%	8.6%
GNI per capita (PPP, current international $) – WB	640	680	710	740	na
GDP per capita (current prices, USD) – IMF	291	329	368	388	412
HDI (position and value)	168th/169, 0.239	187th/187, 0.286	186th/186, 0.304	186th/187, 0.338	na
Inflation rate (average) – IMF	23.5%	15.4%	2.7%	1.1%	3.7%
Average exchange rate (national currency per US$) – IMF	905.9134	919.4913	919.7554	919.7927	925.2262
Poverty headcount ratio at $2 a day (PPP) (% of population) – WB	95.2% (WB, 2006)	Na	Na	Na	na
Financial inclusion					
Sector overview	**Financial sector overview:** Despite the development of banking activities over the last few years, **DRC's financial sector remains embryonic and financial intermediation is underdeveloped**. The hyperinflation seen in the 1990s destroyed the old banking system and confidence of the Congolese population in the banking system. After years of civil war, the country is now in the process of establishing a viable financial sector supportive of the country's economy. **The financial sector** supervised by the Central Bank of Congo (BCC) **is highly concentrated, dominated by commercial banks (20 commercial banks) and features a growing microfinance sector (142 microfinance institutions)**. **The banking sector is highly concentrated**: as of December 2012, the top five banks held 65%, 69%, and 65% of the industry's total assets, total deposits and totals loans respectively. There was no change to the top five banks between 2011 and 2012, and **RawBank continued its dominance as the country's largest bank**, with total assets worth USD 661mln at the close of 2012. According to the BCC, the **commercial banks' loan book amounted to about USD 1.8bln in December 2012**, 36% higher than in 2011. **Retail banking is largely undeveloped** and lending is mostly to local and regional corporates operating in the country. The successful entry on the market of Procredit Bank in 2005 triggered increased interest in retail banking amid other commercial banks and SME lending is growing. Most banking operations consist of deposit taking and short-term financing and the limited availability of long-term financing represents one of the greatest obstacles to the development of SMEs in particular.				

	According to the BCC, **total deposits amounted to about USD 2.7 bln in 2012**, a 37% growth compared to 2011. **<u>Microfinance sector overview:</u>** **Historically, the microfinance sector has been dominated by SACCOs**, which were born during colonization and expanded their operations between 1970 and 1990. In 1987, SACCOs held 7% of the savings of the banking sector. In the 1990s, the financial system was weakened by the political crisis, war and as a consequence, hyperinflation. Between 1991 and 1993, SACCOs lost about 80% of their members. **With the enforcement of the instruction n°01 regulating microfinance institutions in 2009, the first non-cooperative MFIs formally entered the sector. The microfinance sector in DRC is thus young, and has very much developed in the past few years**, with the entry of international actors such as Procredit, Advans, FINCA, Opportunity and more recently OXUS as well as the downscaling practice of some banks (BIC, BIAC, Ecobank and TMB). The BCC has improved the microfinance regulation (a microfinance law was published in 2011) and is making efforts to increase its supervision on the ground and develop a more inclusive credit bureau. The Congolese microfinance sector is very much concentrated on three provinces (Kinshasa as well as North and South Kivu) and remains quite weak in terms of overall performance, caused by weak governance and staff expertise, poor portfolio quality, lack or shortcomings of MISs and low levels of capitalization. The Congolese microfinance sector comprises a large number of actors (142 MFIs and SACCOs) and there are quite a number of international investors already supporting the sector. The market remains widely underpenetrated and has a good growth potential. **Geographic coverage is limited**, with 3 provinces – Kinshasa, North and South Kivu – accounting for over 70% of the ISFDs and almost 90% of accounts opened (data of 2012). Even though there is a wide untapped market in other populated areas of the country, it is difficult for MFIs and SACCOs to expand geographically due to very high investment and operational costs related to poor infrastructure, lack of access to electricity in most parts of the country, as well as long distance and security issues in some areas. According to the latest statistics produced by the BCC, **the microfinance sector accounted for 5% of the financial sector's total assets in 2012**, down from 5.9% in 2011. As of Dec. 2012, the microfinance sector total assets amounted to **USD 191,000,251** of which 73.9% are contributed by SACCOs and 26.1% by MFIs. **Considering the very low penetration rate, competition remains moderate**, even though there is a degree of competition and cross-indebtedness in some areas of Kinshasa and Kivu, where most financial services providers are concentrated. **The untapped market is huge** considering the country's population (about 66 mln) and the number of accounts opened with MFIs and SACCOs (only a bit over 1mln). **The Credit Bureau, set up and internally managed by the BCC, is not fully effective** due to technical shortcomings and poor participation from financial institutions. As of now, only banks participate, contributing with daily positive and negative information about their clients. There is an on-going project to open the Credit Bureau to MFIs but often their MIS is not able to generate the necessary information. A few large MFIs in Kinshasa are currently piloting their use of credit bureau with the support of the BCC.
Policy setting and legal/regulatory framework	**The BCC is the supervisory authority of the microfinance sector** and all SACCOs, MFIs and Banks involved in microfinance have to be licensed by the BCC. Microfinance activities in DRC are regulated by three laws: - The law 11/020 of September 15th, 2011 regulates **microfinance activities in general** and applies to all entities engaging in microfinance activities, whatever their legal form is, and without contradicting the banking law (law 003/2002 of February 2nd, 2002). The law 11/020 creates **two categories of**

	Microfinance Institutions (non-banking financial institutions constituted as companies limited by guarantee or shares): o Microcredit companies (*entreprises de microcrédit*) which can provide loans but are forbidden to collect savings ; o Microfinance companies (*sociétés de microfinance*), which can both provide loans and collect savings. Non profit associations are not allowed to engage in microfinance activities in DRC. - The law 002/2002 of February 2nd, 2002 regulates the **activities of SACCOs** (COOPEC-*Coopératives d'Epargne et de Crédit*) ; - The law 003/2002 of February 2nd, 2002 (banking law) regulates **the activities of all *établissements de crédit***; including Banks, SACCOs and Microfinance institutions (MFIs). A set of legal texts complement these three laws. The **Instruction n°002** of April 14th, 2012 (in effect since January 1st 2013) defines several **prudential ratios** applying to MFIs and SACCOs: - Capital adequacy ratio: prudential equity should represent over 10% of weighted assets (this does not apply to credit-only institutions - *entreprises de microcrédit*); - Immediate liquidity ratio : cash and banks should amount to at least 20% of demand deposits (this does not apply to credit-only institutions - entreprises de microcrédit); - FX risk ratios: the net open position in each currency should fall between -5% and 5% of prudential equity; but can reach 15% for the most used currencies. The sum of all net open positions should not exceed 15% of prudential equity ; - Several ratios on limitation of risks and diversification; - Coverage of long-term assets by long term liabilities: Long term assets have to be 100% covered by long term liabilities (and other ratios); - Profits of « other operations » (*activités connexes*, i.e. operations different from providing credit and collecting savings) should not exceed 20% of the previous year's total income. Such « other operations » are subject to the BCC's approval. The **Instruction n°010** of January 10th, 2013, sets the **minimum capital** at USD 100,000 for credit-only institutions (*entreprises de micro-crédit*) and USD 350,000 for deposit-taking institutions (*sociétés de microfinance*). The instruction already plans for an increase of these minimum capital requirements in 2017, up to USD 250,000 and USD 700,000 for credit-only and deposit-taking institutions respectively. The **Instruction n°003** of April 14th, 2012, regulates **provisioning and write-off of bad debts**: - PAR 1-30 days should be provisioned at 5% ; - PAR 31-60 days should be provisioned at 25% ; - PAR 61-90 days should be provisioned at 50% ; - PAR 91-180 days should be provisioned at 75% ; - PAR>180 days should be provisioned at 100% ; - Rescheduled loans should be provisioned according to their initial repayment schedule. - Loans in arrear of more than 12 months should be written-off. The **Instruction n°004** of April 14th 2012, defines a set of **performance indicators** that all Microfinance Institutions and SACCOs should respect (see Appendix 1); in relation with portfolio quality, efficiency and productivity, profitability and self-sustainability, assets and liabilities management. The **Instruction n°009** of April 14th, 2012, regulates the **reporting required from**

	SACCOs and Microfinance Institutions to the BCC. **The regulation does not define a ceiling for interest rates.** **The BCC does not plan any change of regulation in the short term** even though a modification of the law regulating SACCOs' activities (2002) could be envisioned in the medium/long term. A new regulation on consumer protection should be drafted, a CGAP study will be published on this topic, aiming at reducing the asymmetry of information between MFIs and their clients. The BCC also plans to have a policy on financial education and is planning to develop a national strategy for financial inclusion in 2015. The microfinance department of the BCC has about 15 staff. **Due to lack of resources, they focus on the supervision of the 36 MFIs/SACCOs[20] which have total assets above USD 1mln.** The BCC is currently working with Planet Rating in order to develop a tool to assess the risk level of each MFI/SACCO. The BCC estimates to receive monthly the financial statements of about 75% of the 142 MFIs and SACCOs. They manage to analyse quarterly the financial statements of the 36 largest SACCOs and MFIs. The onsite supervision of the BCC has improved, with 108 MFIs visited in 2012 against only 49 in 2011. Onsite controls can be exhaustive (*complet* – 14 in 2012), focused (*ciblé* – 19 in 2012), a follow-up (*suivi* – 26 in 2012), or basic (*sommaire* – 49 in 2012). **The government of the DRC does not have a national microfinance policy or strategy**.	
Financial inclusion data (2014 - World Bank, Global Findex)	Account at a formal financial institution (% age 15+)	10.9%
	Account at a formal financial institution, female (% age 15+)	8.5%
	Account at a formal financial institution, male (% age 15+)	13.3%
	Account at a formal financial institution, young adults (% ages 15-24)	5.5%
	Loan in the past year (% age 15+)	Na
	Loan in the past year, female (% age 15+)	Na
	Loan from a financial institution in the past year, young adults (% ages 15-24)	Na
	Loan in the past year, young adults (% ages 15-24)	Na
	Loan from a financial institution in the past year (% age 15+)	Na
	Loan from a financial institution in the past year, female (% age 15+)	Na
	Loan from a financial institution in the past year, male (% age 15+)	Na
	Saved any money in the past year (% age 15+)	65.2%
	Saved any money in the past year, female (% age 15+)	63.8%
	Saved any money in the past year, male (% age 15+)	66.7%
	Saved any money in the past year, young adults (% ages 15-24)	56.0%
FSP positioning and other relevant stakeholders	As of December 2013, the sector counts **142 ISFDs** (Institutions du Système Financier Décentralisé), including **119 SACCOs and 23 MFIs.** There are also **4 federations of SACCOs**: MECRECO, COOCEC Kivu, Nyawera and Imara. Among these 142 ISFDs, 34 had their total assets exceeding USD 1mln as of Dec. 2013 (BCC data). Some banks also have downscaling strategies to reach microfinance clients and SMEs, such as BoA, BIC, TMB and Ecobank. Advans Banque started in microfinance but is also targeting the SME market. Procredit Bank has exited the microfinance sector in 2013, in order to focus on the SME market, offering loans from USD 10,000. **The microfinance sector in DRC is very concentrated**, with few institutions (FINCA, MECRECO network, Imara network and Nyawera network) totalizing over 60% to 70% of the sector's total assets. **FINCA is the market leader in terms of total assets**	

	and loan portfolio while MECRECO network dominates in terms of savings collected, followed by Imara network and FINCA in third position. The DRC counts **two professional associations recognized by the BCC: the Professional Association of SACCOs (APROCEC[95]) and the National Association for MFIs (ANIMF[96])**. APROCEC and ANIMF were created in 2012 to separate SACCOs from MFIs and replace the former professional association - the RIFIDEC (the group of Institutions of the Decentralized Financial System[97]) - as advised by the BCC. APROCEC is composed of 126 SACCOs (MECRECO is the chairman of the Board) and its executive director, André Nkusu, is the former director of RIFIDEC. Financed by PASMIF, APROCEC offers trainings to its members and facilitates dialogue between SACCOs and the government as well as other microfinance actors. ANIMF is composed of 21 MFIs and was created in September 2012 with the support of KfW. ANIMF Board was very recently elected in April 2014 and comprises of Silver Finance, Paidek, Oxus DRC, FINCA DRC and Yoasi. Currently funded by GiZ, ANIMF has recruited a new general secretary late 2014 and is now starting its activities. The Group of Microfinance Actors of South-Kivu (GAMF[98]) is another professional association gathering 12 MFIs and SACCOs active in South-Kivu. GAMF is not recognized by the BCC.
Youth sector and policies (relevant data/information for each category available at www.youthpolicy.org)	
National definition of 'youth'	According to the national youth policy of the Democratic Republic of Congo (2009), youth is defined as **between 15 and 35 years old**.
Policy and legislation	The DRC 2009 national youth policy has the following specific objectives: - *"Améliorer le système éducatif national,* - *Promouvoir la santé des adolescents et jeunes en vue de leur développement harmonieux ;* - *Réduire la propagation des IST et du VIH chez les jeunes et adolescents ;* - *Promouvoir la formation, l'emploi et l'entreprenariat des jeunes ;* - *Assurer la prévention la prévention et la protection sociale des jeunes et adolescents;* - *Promouvoir et protéger les droits humains, la culture de la paix, la démocratie, la bonne gouvernance, l''éducation et la participation citoyenne en milieu des jeunes ;* - *Promouvoir les sports, les loisirs et les activités socioculturelles chez les adolescents et les jeunes ;* - *Améliorer la qualité et l'accès aux technologies de l'information et de la communication ;* - *Améliorer le cadre environnemental et de vie des jeunes ;* - *Impliquer la jeunesse dans la production agricole pour assurer l'autosuffisance et la sécurité alimentaire ;* - *Impliquer la jeunesse dans la maitrise de la problématique de la population ; Promouvoir et Protéger l'égalité des sexes, l'équité ainsi que l'élimination des violences ;* - *Mettre en place un partenariat national pour les interventions multisectorielles ;* - *Renforcer les capacités institutionnelles et techniques du Ministère ayant en charge la jeunesse et les organisations qui interviennent dans le secteur de la jeunesse."* **The ministry of Youth and Sports coordinates the implementation of the National Youth Policy** elaborating action plans in collaboration with all partners, including youth serving organizations. The other implementing bodies of the national youth

[95] Association Professionnelle des Coopératives d'Epargne et de Crédit
[96] Association Nationale des Institutions de Microfinance
[97] Regroupement des Institutions du Système Financier Décentralisé
[98] Groupe d'acteurs de microfinance du Sud Kivu

	policy are le "Comité de pilotage interministériel", the Technical Committee, the National Youth Council, non-profit organizations and associations as well as the Government.
Public institutions	As described in the 2009 national youth policy, **the Ministry of Youth and Sports is the main governmental body responsible for the coordination of youth activities and the implementation of youth policy in DRC**. In the area of youth, its powers include civic education, coaching youth sport talent, organizing and managing vocational and agricultural training of youth, and the promotion of the social life of young people. However, its roles are more generally focused on sport.
Youth and representation	The **National Youth Council** (CNJ) is responsible for coordinating the activities of all youth and gives advice on youth policy to the Ministry of Youth and Sports as a member of the Board.

2.1 Youth financial inclusion environment and market conditions

Financial inclusion in the DRC is extremely low in general, only 2% to 4% of the population having access to the formal financial system (having an account with an MFI or a Bank). **Savings culture in the DRC is under-developed** and the population's trust in the financial sector has not recovered from the 15 years of civil war and the collapse of several financial institutions. **Youth under 24 years old represent the great majority of the population (64.8%[99])** so youth financial inclusion is key to the development of the country and the improvement of the population's living conditions. Youth financial inclusion could definitely link youth to economic opportunities and help them create small businesses (selling phones and airtime, selling food, etc).

The regulatory framework of the DRC regarding youth access to finance is quite standard and **cannot be described as particularly supportive of youth financial inclusion.** According to the law, **youth can take a loan and manage their savings account independently from the age of 18** (the legal majority in DRC). Below 18, youth cannot access to a loan and their savings account has to be registered both in their name and in the name of their adult parent/guardian. The adult parent/guardian has to be present for any withdrawal.

The youth financial inclusion sector is still poorly developed and **there is not yet a national agenda aiming at improving youth access to finance**. The Government (through the Ministry of Finance) does not seem to have any specific strategy towards youth financial inclusion and its priorities remain broader (developing the private sector and entrepreneurship, supporting the treasury plan of the State by collecting taxes, etc.).

However, in the past few years, increased awareness of the necessity to provide financial education to youth and include them in the formal financial system has emerged among several national stakeholders, starting from the BCC. **Youth Financial inclusion is indeed considered as a priority by the Central Bank of Congo (BCC)**, which has developed several initiatives towards this goal:

- Since 2011, the BCC organizes the International Savings Day (*Journée Internationale de l'Epargne*), organized with the support of KfW: the BCC together with many financial institutions raises awareness regarding the importance of saving and especially encourages youth to open accounts.
- For the first time in 2015, the BCC organized the Global Money Week, to give the opportunity to youth between 11 and 16 years old to visit the central bank and dialogue with central bank staff, creating awareness on savings. According to the BCC, the demand from youth is huge in terms of financial education.
- On the basis of the study on financial inclusion realized by PASMIF (MAP – see below), the BCC intends to develop a national financial inclusion strategy together with the government, which will contain a financial education national program targeting especially youth and

[99] CIA data

women, in order to train them on credit and budget management as well as on how to create a small business.
- The BCC is considering the possibility to slightly change the regulation in order to allow youth to manage independently their savings accounts from the age of 15. They are also thinking about securing youth accounts by preventing parents/guardians to withdraw from the youth account until he/she is 18. No change of legislation is foreseen in terms of credit for youth.

Although there is no support structure specifically facilitating youth financial inclusion in the DRC, there are a number of structures aiming at facilitating financial inclusion in general:

- **The Program Supporting the Microfinance Sector II (PASMIF II**) is a government program offering technical assistance, jointly funded by UNDP, UNCDF, the Swedish International Development Agency and the Belgian government, covering the period 2010-2014. PASMIF facilitated the offer of diversified financial products targeting women and undeserved rural areas, strengthened the sector's structure by providing technical assistance to the sector's key stakeholders (the BCC and networks of cooperatives), and conducted a study on financial inclusion in DRC (Making Access to Finance Possible – MAP).
- **Clean Start** is a global UNCDF programme aiming to lift at least 2.5 million people out of energy poverty by 2017. It supports low-income consumers to transition to cleaner and more efficient energy through microfinance. CleanStart is currently in its early phase in DRC.
- **The Fund for Financial Inclusion** (Fond pour l'inclusion financière - FPM), managed by the Frankfurt School of Business, conducts market studies to encourage financial institutions to open branches in underserved areas and also provides technical assistance to banks and MFIs to help them broaden their outreach (among other goals).
- **The National Microfinance Fund** (Fond National de la Microfinance – FNM), a public specialized financial institution, intends to support MFIs to reach out to vulnerable populations (active poor and potentially active poor such as women, youth, disabled, etc.). The FNM started a pilot project in partnership with 4 cooperatives aiming at financing the creation of about 40 microenterprises through group loans, coupled with trainings provided to the micro-entrepreneurs (mainly adults over 25 years old).
- **APROCEC** is engaging in a youth financial education project, in partnership with Aflatoun (a Dutch organization specialized in youth financial education), the training of teachers has been completed early 2015. APROCEC will also contribute to the first edition of the Global Money Week by taking youth to visit some financial institutions in 2015.

Other FSPs provide savings accounts to the youth such as BIAC, Raw Bank, Procredit (commercial banks) and MECREBU (cooperative). However, most youth savings products target the parents and not the youth themselves. **The effect of YouthStart on the market seems limited as there was a lack of experience sharing between FINCA DRC and other FSPs.** No FSP provides loan products aiming at starting a business specifically targeting the youth.

MECREBU's participation in the first phase of YouthStart led the MFI to design, pilot and roll out youth savings account on the basis of the results of the UNCDF-funded market research. MECREBU designed two savings accounts, one targeting youth from 0 to 18 years old (Epargne pour enfant) and one targeting youth aged 18-26 (Epargne jeunesse). The account "Epargne pour enfants" is specifically tailored to minor youth: no withdrawal is authorized until the young client is 18, the annual interest rate is 6% and as for adults, the minimum deposit amount is very low and similar to FINCA's ($1). However, the account "Epargne jeunesse" has the same characteristics as the mainstream current account for adults: the minimum deposit amount is $1, there is no interest rate and no monthly fee.

2.2 YS Program at the national level

The foreseen influence of YS on policy-makers, donors and other stakeholders has not been fully achieved due to insufficient communication and involvement of stakeholders in the process. YouthStart does not have a good visibility in the sector as communication efforts to raise awareness on YS and build its "branding name" seem to have been insufficient. Very few stakeholders actually knew what the program was about and some key stakeholders did not know anything about YouthStart. As mentioned by one stakeholder, the fact of having an Anglophone project title in a French-speaking country may not have helped the visibility of YouthStart.

The YS project mainly involved 1) the UNCDF representative in DRC (to a minimal extent – see below), 2) the partner FSPs (MECREBU in the first phase and FINCA in both phases) and 3) FINCA's partner YSO (HPP). Few other actors have been involved in the process and even when they were, it was not a long-term involvement but rather a "one-time" participation in an event. For example, one stakeholder reports to have attended one YS event in Istanbul in the early phase of the project but regrets the lack of follow-up or further communication afterwards. Another stakeholder also reported having attended one YS event in the early phase of the project but was not involved in the project afterwards. As reported by one stakeholder, "YouthStart in DRC was FINCA".

The UNCDF local representative was only involved in YouthStart to a limited extent, mainly "informative": she was in copy of all communications with FINCA and other local actors, was involved in the project manager's visits in DRC and received reports about the project's achievements and developments. It seems that the YouthStart project has not used the UNCDF local representative as an advocacy/lobbying channel with national stakeholders as much as it could have.

Generally, **all stakeholders** who had heard about YouthStart **agreed on the extreme relevance of the project**. However, they all share the opinion that **the project lacked a strategy to involve national stakeholders and truly institutionalize the inclusion of youth products in the MFIs' product offer**. Some stakeholders also regret the **limited scope of YS, both in terms of geographical coverage (only Kinshasa) and numbers**: FINCA managed to reach out to about 20,000 youth under YouthStart while Kinshasa's youth population is at least 6 million.

The law requiring that a parent/guardian be the account co-holder together with the minor youth most probably slowed down YouthStart outreach growth as obtaining the authorization from the parents/guardians was sometimes cumbersome and time-consuming. There was no other particular constraint at policy/regulatory level which could have affected the implementation of the YS project. The BCC is considering the possibility to allow minors from 15 to 18 to operate their savings accounts independently but this potential policy shift is not the result of YouthStart.

The dissemination activities in DRC seem to have been few over the 5 years of the project duration. All stakeholders interviewed report that the "experience sharing" between FINCA and other FSPs/stakeholders was lacking (one workshop was organized by the UNCDF gathering the professional associations and some MFIs to discuss about financial products meeting the needs of the youth). The BCC participated in a seminar/conference in Istanbul. The FPM reports having attended one presentation of YS only. MECREBU reports not to have attended another event/received further information after the initial training in Dakar. No stakeholder (apart from the UNCDF local representative) reports having received a publication or information on YouthStart or youth financial inclusion.

The conferences, trainings and seminars among YouthStart FSPs were considered as highly useful by FINCA DRC and they were very satisfied with the quality of the trainings/presentations and the expertise of the program staff and consultants.

The UNCDF fulfilled its role as a promoter of financial inclusion with the partner FSP and YSO but does not seem to have had an influence on the Congolese financial inclusion sector as a whole. At the macro-level, the program did not have a tangible influence on policy makers and regulators, who were not very involved in the process. At the meso-level, some other financial institutions have savings accounts specifically dedicated to youth but this does not seem to be a consequence of YouthStart.

YouthStart is a very relevant project and is suitable to the DRC context. The program had a real influence on FINCA DRC (see below) and could have a similar positive influence on other strong MFIs in DRC, supporting them to emphasize youth financial inclusion. **However, the sustainability of the approach is questionable with regard to financial education** (FINCA DRC has stopped providing financial education to youth clients since the end of the project as it would be too costly without subsidies) so the program could work on more cost-efficient/sustainable ways to provide financial education.

3 FSP (MICRO) LEVEL

3.1 Institutional characteristics

Legal form	Limited Liability Company - Non banking financial institution
Ownership	FINCA Microfinance Holding (92.3%), FINCA International (3.8%), Individuals (4%)
Year of inception	2003
Value of YS grant awarded	USD 819,789
Characteristics of YS financial services	Youth Current Savings Account (*Compte Avenir*)
Characteristics of YS non-financial services	Financial literacy

FINCA DRC is a subsidiary of FINCA Microfinance Holdings (FMH), which is owned and managed by **FINCA International Inc**. **FINCA DRC started as an NGO in 2003 and was then licensed as a Microfinance Company by the BCC in 2008.**

FINCA DRC's **mission** is to offer financial services to Congolese micro-entrepreneurs, who have the lowest income in order to allow them to create jobs, build their assets and improve their living conditions.

FINCA DRC's **vision** is to become a microfinance institution of reference in the DRC serving more poor entrepreneurs than any other financial institution while operating following commercial and sustainable principles.

FINCA focuses on the low-end microfinance clients (mostly markets and streets vendors) with the village banking methodology (group loans) but also offers individual business loans and small enterprise loans. FINCA offers current accounts and fixed deposit accounts since 2009, when they started collecting savings. In the framework of YS, FINCA started offering current and fixed deposit savings accounts to youth aged 0-24 from 2012 and provided financial education to 21,283 youth aged 12-24 from 2012 to 2014. FINCA DRC is the **market leader among microfinance institutions**, providing its services to 459,587 depositors and 119,564 active borrowers through 16 branches and a multitude of points of sales (FINCA Express agents). FINCA is also engaged in biometric banking, allowing all customers to use their fingerprints to access accounts and make transactions.

FSP key indicators	Dec-12	Dec-13	Dec-14
Clients (#)	Na	Na	459,587
Active borrowers (#)	Na	Na	119,564
Active savers (#)	Na	Na	459,587
Branches (#)	Na	Na	27
Total staff (#)	Na	Na	757
Gross outstanding portfolio (USD)	22,950,184	36,544,752	56,611,072
PAR 30	Na	Na	1.6%
Write-off ratio	Na	Na	0.4%
Restructured loans	0.0%	0.0%	0.0%
Total savings (USD)	13,366,237	18,452,882	29,573,165
Total assets (USD)	31,300,551	52,657,016	72,664,098
ROA	6.2%	0.8%	0.6%
ROE	23.6%	3.5%	2.9%
OSS	115.4%	104.1%	110.9%
Equity/Total Assets	27.7%	20.3%	18.1%
Female clients	Na	Na	48.8%
Rural clients	0.0%	0.0%	0.0%

Na: not available

FINCA has not provided information regarding its staff structure.

3.2 YS process at the FSP level

The YouthStart program was initiated in 2010 when FINCA together with all potential participant FSPs received a training on how to conduct a market study to design youth products. In January 2011, FINCA completed the market research with the help of a consultant and the institution was selected by the UNCDF to participate in the second phase of the program.

FINCA started piloting a **savings account specifically dedicated to youth** called “Compte Avenir” (see characteristics below) and a **financial education program** targeting youth in schools and universities but also youth out of schools. The financial education curriculum was designed with the support of Reach Global and both FINCA staff and their partner Youth Serving Organization (HPP) were trained on how to deliver financial education to youth. The Compte Avenir and financial education program were rolled out in Kinshasa branches from mid-2012 to December 2014.

FINCA had a **team specifically dedicated to YouthStart**, composed by one program manager, one leader and 10 youth officers. There was a high turnover at the program manager’s position and FINCA faced issues in finding a resource with the skills necessary for such a position. “General” branch staff were not involved in YouthStart.

The FSP selection process in DRC was adequate and transparent. Local stakeholders such as the FPM and the UNCDF local representative were consulted but did not participate in the decision process. The other FSP involved in the first stage of YouthStart – MECREBU – confirmed that the selection criteria and decision making process were clear and transparent. They were informed that FINCA was preferred to MECREBU in terms of geographic coverage and outreach.

According to FINCA staff and management, **the grant amount was insufficient to allow FINCA to reach their YouthStart targets**, which were reported as “too optimistic”. FINCA had to recruit additional youth officers on their own budget in order to reach the targets. Moreover, the youth products were only offered in Kinshasa branches and not in other branches due to insufficient funding. YouthStart program was indeed costly to implement because financial education was externalized to a partner NGO (HPP) and because of logistics and staffing. **The grant purpose was considered adequate** by FINCA.

Although the **targets** were discussed and agreed between FINCA and the UNCDF, they **were considered as “too high” and “too rigid from a marketing point of view”**. The targets in terms of gender was not reached and considered too ambitious: in the end, in order to reach the target, FINCA was targeting girls-only schools which is a questionable strategy.

Some concerns were, however, raised with regard to the “legal conditions” in the grant agreement, considered as “harsh”, particularly with regard to the following clause: “he Grantor may at its discretion require the Recipient Institution to return some or all of the funds” in case for example the Recipient Institution has not “complied with all conditions in this grant agreement” (paragraph 5.6 page 11 of the Grant Agreement - second stage). I.e., in case FINCA had failed to reach some of the targets set in the same Agreement, the UNCDF would theoretically have had the right to ask FINCA to return some or all funds received.

Furthermore, the reporting requirements to the YouthStart team were considered “too sophisticated” for the DRC. There was a gap in terms of human resources: FINCA’s CEO reported his inability to find a qualified project manager in the DRC, able to fulfill adequately all reporting requirements even though the content of the reporting was standard for a project like YouthStart. This gap in terms of human resources affected FINCA’s reporting quality/timeliness and lead the UNCDF to hold their grant disbursement for a few months on some occasions. FINCA would have appreciated more flexibility from the UNCDF in terms of reporting; for example, a more pragmatic way of reporting could have been put in place such as a phone conference during which FINCA staff could have given information to the program staff.

The program itself was also considered as not fully aligned with FINCA’s strategy since it was very demanding in terms of necessary level of efforts and resources (both human and financial) **to reach**

high targets. Calls were made for the development of other more sustainable strategies to reach the youth; perhaps a program less ambitious in terms of numbers but more focused on behaviors, in order to learn which factors drive the youth to save and how they behave with their savings. Based upon such a "qualitative" program, a decision can then be made on whether or not to escalate it.

Technical assistance and trainings from the UNCDF were greatly appreciated, although more TA on marketing was called for since marketing techniques are really key to reach out to youth, to make FINCA more attractive to them. Furthermore, since the training/TA modules were standard for all countries, the wish was also expressed to have received technical assistance/trainings more tailored to FINCA DRC's context and market positioning. However, the YS program did make efforts to fund TA specifically tailored to FINCA's needs: in 2013, FINCA received TA (from Charles) to address their difficulties to reach the targets. Moreover, before each conference, the experts involved would contact FINCA DRC to assess their training needs and interests, which was much appreciated by FINCA's staff. FINCA's team reports that it would have been useful to receive the conference materials in soft copy rather than in hard copy, in order to be able to share it with the rest of the team in DRC.

YouthStart key indicators	Dec-12	Dec-13	Dec-14
Clients (#)	1,612	9,687	19,925
Active borrowers (#)	0	0	0
Active savers (#)	1,612	9,687	19,925
Gross outstanding portfolio (USD)	0	0	0
Total savings (USD)	48,169	129,705	276,083
Rural clients	0.0%	0.0%	0.0%
Female clients	31.1%	46.7%	45.3%

YouthStart has definitely contributed to changes in FINCA's strategy to serve the youth. Before YouthStart, FINCA did not consider the youth as a distinct market segment, they were targeting the youth's parents or youth above 18 years old with their mainstream financial products.

YouthStart program triggered several changes in the organization, which contributed to shape FINCA's strategy to serve the youth:

- YouthStart lead to the development of **2 savings products dedicated to the youth** aged 12-24 (one current savings account and one term-deposit account – see below).
- YouthStart provided the resources to offer **financial education to youth** through a youth serving organization (HPP). Non financial services were described as "capital" by FINCA management to reach out to the youth.
- YouthStart was key to help FINCA **reach out to youth below 18 years old**: for the first time FINCA was able to go and meet the youth directly, without to have to go through their parents.
- YouthStart provided the resources to recruit **staff fully dedicated to mobilize youth** which allowed to boost outreach and savings mobilization;
- YouthStart also acted as a **catalyst to develop innovative ways to improve proximity with clients** (POS agents technique and remote account opening).
- The exchange of experience with other FSPs involved in YS led FINCA to develop **savings groups** among their clients.
- YouthStart was aligned with FINCA's strategy to **change their image in the market** from a credit-only institution to a credit and savings organization and **change their staff culture towards savings**. Thanks to YouthStart, most of FINCA's staff became aware of the importance of savings for youth and opened accounts for their children.

Even if the "YouthStart model" will not be sustained as it is after the end of the project (see Section 3.6) as it is too costly and FINCA has not secured funds from other donors; **YouthStart**

allowed FINCA to get to know the youth segment and the educational sector and to become aware of gaps in the market (ex. need for school fees financing solutions). **YouthStart was key to shape FINCA's strategy towards the youth** (see Section 3.6).

YouthStart also contributed to changes in FSP staff attitude towards serving youth, especially with management and Kinshasa branches staff. All staff interviewed agreed that youth represent the great majority of the population and should be a key target for FINCA. However, as the YouthStart project was not rolled out in other branches and the evaluation team did not visit other branches, it is difficult to assess the attitude of staff of other branches towards serving youth.

All key stakeholders involved in YouthStart have a high esteem of the Program Manager, described as being a "key-person", "very professional", "knowing how to attract performing resources to work with her". Her management and supervision skills were described as **"outstanding"**: she "sets high standards for everyone" and puts "pressure which helps you move forward". Her excellent communication skills, transparency and availability to provide adequate advice when needed were praised by all interviewees.

3.3 YS products (savings, loans and other financial products)

FINCA developed a current savings account and a term-deposit account targeting youth aged 12-24. As shown in the table below, FINCA's youth savings products characteristics are different from products targeting adults:

- The youth current savings account has a better interest rate than the adults' account, in order to be attractive. As for the adult's account, the youth current account is free of charge and has a very low minimum deposit amount ($1), which makes it easily accessible.
- The youth term deposit account has a lower minimum deposit amount ($20) compared to adults ($100), making it more accessible. However, it also has lower interest rates than for adults (in line with lower expected amounts).

	Current accounts		Term-deposit accounts	
Savings Products	**Compte Avenir (YS)**	**Standard current savings account (Lisungi)**	**Compte Avenir (YS)**	**Standard term deposit (Panier d'or)**
Currency	USD	USD	USD	USD
Interest rate (%)	3.0%	2.0%	3 months: 3.5% 6 months: 3.75% 12 months: 4% If amount>$100,000 over 12 months: 7-10%	1 month: 2.5% 3 months: 3-4% 6 months: 4-5% 9 months: 4.5-6% 12 months: 5.5-7% If amount>$100,000 over 12 months: 7-10%
Fees	None	None	None	None
Min. accepted balance	$1	$1	$20	$100
Term (months)	Any	Any	3-12 months	1-12 months
Penalty in case of anticipated withdrawal	None	None	Loss of accrued interests	Loss of accrued interests

FINCA and to a larger extent the financial sector in DRC do not offer specific credit products to the youth, believed to be a risky target as they do not have a collateral, have a low level of experience, and are a very mobile population (difficult to track during loan recovery). FINCA is now in the process to develop an **education loan** targeting youth and parents but is not planning to develop a loan product to finance start-up businesses (for the reasons mentioned above), although there is a large credit demand from the youth. The Belgian Technical Cooperation is developing a credit product for the youth and is currently selecting FSPs to partner with (FINCA has been contacted).

The UNCDF-funded training on how to conduct a market research focused on youth financial products was greatly appreciated FINCA (as well as by MECREBU). FINCA conducted a youth savings market research with the support of a consultant (January 2011). The market research included collection of data from 1) focus group discussions with youth in school and out of school and 2) “different donor and industry sources including program descriptions, marketing materials and research papers”.

The market research was adequate and is reported to have been useful by FINCA staff, even though its output was not integrated in the product development. The market research indeed advised to develop 3 distinct savings accounts, targeting 3 different segments of youth, namely children (primary school), teens (secondary school) and young adults (university/technical school) without however specifying the foreseen characteristics of these products. Following this market study, FINCA designed both current and fixed deposit “compte avenir” which target youth from 12 to 24 and have distinctive features, adequate to the youth. However, the market research was still considered useful as it displayed some empirical results on youth financial behaviours and allowed to see 1)the existence of a wide potential market for youth savings and 2) the need for non-financial services.

The gender issue was taken into account during the market study , which concluded that “although gender specific products may not be useful, the consultant does recommend that the Financial Literacy program should include specialized training designed to help young women manage their life circumstances and challenges (i.e. managing household finances).” **The results of the research were partially integrated in the product design**: FINCA did not develop specific financial products targeting women (considered unnecessary by the research) but FINCA did not develop a specific financial literacy trainings targeting women either, although this was recommended by the market study.

The market study enhanced the need to open points of services close to schools and residential areas as branches proximity to youth was a challenge. This finding was very relevant to FINCA’s context of operations and FINCA later developed the POS technology, an innovative outreach method allowing for proximity with clients.

3.4 YS non-financial services

One of the major added values of the YouthStart program is the non-financial services: thanks to the funding from UNCDF, FINCA delivered financial literacy trainings to youth in school and out of school. The financial literacy module was developed with the help of Reach Global and was revised a few times until the **“critical minimum” approach** was adopted, in order to make the training shorter and strengthen its impact on youth. **The last version of the curriculum is considered by FINCA as very adapted and useful to the youth.** FINCA and HPP were trained by Reach Global to deliver financial literacy trainings to youth.

FINCA chose the linked model to deliver financial literacy to youth and partnered with Humana People to People (HPP) in February 2012, a Congolese NGO specialized in working with youth. FINCA chose to partner with HPP because it was the **only option at the time as they did not have enough staff internally to be able to reach the YS targets in terms of number of youth trained**. FINCA did consider recruiting staff internally but it would have been to time-consuming and would have prevented them to reach the YS targets in time. Furthermore, recruiting a certain number of staff internally risked to be costly in the long run as firing staff is made difficult by the Congolese law, so FINCA preferred to outsource the non-financial services delivery.

Looking back, **FINCA’s management and YS team think FINCA would have benefited more to provide the non-financial services internally**, without partnering with a YSO. If FINCA had been given time, they could have recruited staff, which would have allowed to 1) reduce costs (the partnership with HPP was very costly), 2) train their own staff to deliver financial literacy trainings and keep these skills internally even past the end of the program.

Overall, the partnership with HPP was still considered as successful and brought some added value to FINCA, mainly facilitating FINCA's outreach to youth (HPP had experience in training youth). However, the early stages of the partnership were described as difficult due to the non-alignment of FINCA's and HPP's targets and to a perceived lack of understanding of the respective roles of each organization. While HPP was mostly focusing on the number of youth trained, FINCA's main objective was the number of accounts opened. Although both targets in terms of number of accounts opened and number of youth trained were defined in the agreement with HPP, some extra time and communication (including holding the payments to HPP) were necessary to get the partnership rolling.

3.5 YS outreach

As of December 2014, FINCA DRC has reached all proposed targets related to YS clients, except the percentage of women YouthStart clients (even the minimum target was not reached for this indicator). However, the outreach of the YouthStart program remains negligible, both in terms of geographic coverage (the program was only rolled out in Kinshasa) and numbers (about 0.3% of the youth population of Kinshasa was part of the project).

	Active clients	Dec-11	Dec-12	Dec-13	Dec-14
Total	**Total number of clients**	**Na**	**Na**	**Na**	**459,587**
	% of women clients	**Na**	**Na**	**Na**	**48.8%**
	Min. target: % of women clients	58.0%	58.0%	58.0%	58.0%
	Proposed target: % of women clients	64.0%	64.0%	64.0%	64.0%
Youth	**Number of youth clients (12-24)**	**Na**	**4,680**	**17,832**	**35,219**
	% of total clients	Na	Na	Na	7.7%
	Growth	N/A	Na	281.0%	97.5%
	Number of new youth clients (12-24)	Na	Na	Na	Na
YS	**Number of YouthStart clients (12-24) - Financial services**	**1,858**	**1,612**	**9,687**	**19,925**
	Min. target: Number of YouthStart clients (12-24)	347	3,912	9,389	15,649
	Proposed target: Number of YouthStart clients (12-24)	1,675	8,076	15,088	18,363
	Growth	N/A	-13%	501%	106%
	% of total clients	Na	Na	Na	4%
	% of youth clients	Na	34%	54%	57%
	% of women among YS clients	42%	31%	47%	45%
	Min. target: % of women among YS clients	50%	55%	58%	58%
	Proposed target: % of women among YS clients	64%	64%	64%	64%
	% of rural clients among YS clients	0%	0%	0%	0%
	% of minors among YS clients	6%	26%	20%	13%
	% of in-school clients among YS clients (all)	Na	Na	Na	Na

Na: not available
N/A: not applicable

In the early stages of the YS program (2011 and 2012), FINCA did not have the right tools to ensure a good uptake of the youth savings account and the target of number of YouthStart savers was not reached. At the time, it was indeed impossible to open accounts in the field, which made account opening a cumbersome process for youth officers (see below). Furthermore, the branch network was insufficient and there was a lack of proximity with clients. **FINCA invested in innovative technology from 2013, allowing for a great increase in the number of youth reached** (+501% in 2013) **and the amount of savings collected** (+169% in 2013). In 2013, FINCA developed the **Point Of Service (POS) technology** to improve their proximity with clients: POS terminals from which FINCA clients can deposit and withdraw using their fingerprints as a means of identification are set in small shops and managed by FINCA agents (usually small shop keepers) in multiple locations. The POS technology really boosted the "client conversion rate": in 2012, only 24% of the youth trained actually opened an account with FINCA but this ratio increased to 65% in 2013. Since early 2014, FINCA has also acquired the **technology for remote account opening** (through the orbit light system). The remote account opening coupled with POS agents enabled FINCA to open accounts and collect the minimum deposit amount directly on the field, just after the financial education session.

Over the duration of the program, FINCA has provided financial education to 21,283 youth among which 60.7% are women and 38.1% are minors. As of December 2014, FINCA reaches out to 19,925 youth active clients among which 45.3% are women and 12.9% are minors. Overall, the "client conversion rate" is good as about 93.6% of the youth trained opened an account with FINCA (as of Dec. 2014). However, the percentage of women and minors are much lower among the active savers than among the youth trained, indicating some difficulties in having these 2 segments open accounts after the training (compared to men and youth above 18). YouthStart was only rolled out in Kinshasa which explains the null percentage of rural clients.

Challenges to reach minors come from:

- the necessary approval to be given by their parents/guardian: FINCA staff faced challenges to convince parents/guardians to allow their children to open accounts, mostly due to low trust in the financial system and poor savings culture.
- the cumbersome and time-consuming process to open accounts for the youth: one youth officer had to come first to the school to make the youth fill-up the account-opening form, then obtain the signature of the parent/guardian, then go back to the branch to open the account in the system and finally return to the school to give the account number to the youth and ask them to come and deposit the minimum amount ($1) in their account.
- the difficulty for the youth under 18 to come to the branch to deposit, due to the lack of proximity of branches (insufficient branch network) and the limited freedom of movement of minors (often not authorized to leave their boarding school or lacking money to pay for transportation).

Challenges to have girls/women open accounts can be due to the fact that 1) socially girls/young women are less empowered to manage money or have a small income generating activity; 2) FINCA mostly reached out to private schools where boys are the majority (it was indeed difficult to reach out to public schools due to bureaucracy). YS women outreach (45% of YS clients) is slightly lower than FINCA's general women outreach (48.8% of clients).

Generally, **other challenges** were:

- the lack of identity cards for the youth, issue which was solved when FINCA decided to consider the youth' school cards as an ID;
- Lack of savings culture among the youth and their families;
- FINCA's reputation as being a credit-focused FSP with sometimes harsh practices during loan recovery.

FINCA achieved to collect a savings amount of $276,083 from YouthStart savers. The average savings balance per youth saver is very low, standing at $13.8, which is due to the limited means of the youth to have an income generating activity (especially for youth below 18 years old) and is of course lower than adults' savings balance ($64.3).

3.6 Sustainability

FINCA's management reports that it is too early to assess if the youth savings accounts are a sustainable product. The YS program was only rolled out for 2.5 years so it is still too early to know to which extent the youth are using their accounts. FINCA has not made any profitability/sustainability analysis of the youth savings account yet. FINCA's management team assumes that even if the youth savings accounts are not sustainable per se, they allow for cross selling opportunities (to parents, schools, relatives) and will become sustainable in the future. As the youth grow up, they should have a better ability to save and could even become loan clients (future client base and cross-selling opportunities for FINCA).

So far, YouthStart cannot be said to have contributed to the overall sustainability of FINCA: the program involved more costs than the grant amount received and YouthStart savings only represent

0.9% of FINCA's total savings as of Dec. 2014, so the influence of YS as a contribution to a lower cost of funding is still minimal. However, FINCA's management recognizes that YS could have an influence on FINCA's overall sustainability in the long run: youth clients are indeed a future client base for the MFI and when these youth reach the legal age, they might become a loan client or be able to deposit larger amounts.

The YouthStart operating model cannot be sustainably carried out by FINCA DRC without subsidies. Since the end of the project, FINCA's strategy to reach out to youth has changed as it would be too costly in terms of financial and human resources to continue rolling out the YS program without UNCDF support. Since January 2015, FINCA has transferred the youth officers to other positions, has stopped reaching out to youth in schools and providing them with financial education. However, the YouthStart savings account is integrated in FINCA's product offer and keeps being offered to youth clients. A decrease in the growth of number of youth savings account is expected as FINCA does not have officers specifically targeting youth anymore and savings officers now have general targets (there is no specific target for number of youth accounts opened).

FINCA's strategy towards youth is now threefold:

- **Capitalize on the side benefits of YouthStart**: FINCA reached a good understanding of the education sector and now have a **database of over 400 schools and universities to which they can offer a package of products**: educational loans for parents/youth (see below), overdrafts to schools, payroll for faculty members, SMS alerts, youth savings accounts, the school can become a POS agent, etc.
- **Reach out to schools and universities directly** (not to youth specifically) **to provide them with school fee collection services**, FINCA becoming an "interface" between the school and the parents/youth. One person in the savings team is now fully dedicated to sourcing school/universities clients. FINCA has already signed one deal with a university, which has opened an account with FINCA through which are collected all fees from students/parents. The aim is that students/parents also open accounts with FINCA so the fees are automatically transferred to the university account.
- **Develop an educational loan** targeting students/parents to fill the gap in the market in terms of school/studies funding: the loan amount would be automatically transferred to the school/university's account to avoid any diversion of the loan use.

In terms of staffing, **there seems to be a conflict between the project's implementation** (requiring a fully-dedicated team to reach the targets) **and the project's sustainability** (which would require all "mainstream" branch staff and managers to be involved/trained on the project). YouthStart's targets required to have a team fully-dedicated to the project whose salaries were funded by the project. However, this solution is not sustainable in the long run as such a team is too costly to maintain after the end of the project. FINCA ended up reallocating the youth officers to other positions, losing or "diluting" the expertise they had with youth.

3.7 Client protection

FINCA received a training on client protection principles in 2012, which was attended by the CEO and the Youth Champion at the time (who is now the delivery channel manager). The training was described as very useful and triggered a number of changes in the institution especially regarding transparency and complaint resolution.

Following the training, meetings were organized with all FINCA's departments in order to create awareness on client protection. FINCA staff worked on an action plan to improve client protection and submitted it to the UNCDF. The main changes so far are the following:

- A **complaint resolution mechanism was implemented**, through suggestion boxes and a call center.

- **The transparency level was significantly improved.** FINCA redesigned its marketing materials to make them display all costs of the different products and services. FINCA also raised awareness with their staff to be more transparent when they explain the price structure to the clients. A detailed repayment schedule was added in the loan contract. SMS alerts were developed to update clients after every transaction on their account.
- More generally, FINCA made efforts to improve responsible treatment of client. A department focusing on customer experience was created and FINCA launched “mystery shopping” visits in branches over 2 years ago. FINCA also tried to reduce the waiting time for their clients.

There was no significant change regarding prevention of over-indebtedness or confidentiality of clients’ data as FINCA was already strong in these fields. FINCA participates in the Credit bureau since late 2014 although they are not benefitting much from it because of low participation on part of other institutions and incomplete/outdated data.

4 CLIENT LEVEL

Four focus group discussions were held: 2 in schools (around Kintambo and Victoire branches), one in an office of HPP (around Limeté branch) and one in FINCA's Limeté branch. In total, 26 clients were interviewed including 62% women and 42% minors. As FINCA does not offer any YS loans, three FGDs focused both on savings and financial education and one FGD focused only on savings. There was no FGD specifically focusing on female clients due to logistic challenges within FINCA.

FINCA has not conducted any impact study of the YouthStart products (financial and non-financial).

Typology of FGD	Respondents (#)	Female (%)	Age (mean)	Married (%)	# in household (mean)	Years of schooling	New clients (%)	Working (%)
Savings & NFS	7	43%	18	0%	8.1	11.7	57%*	29%
Savings & NFS	6	67%	17	0%	6.5	10.3	100%	0%
Savings & NFS	7	71%	23	0%	6.6	13.6	86%*	86%
Savings	6	67%	17	0%	4.7	9.8	83%**	0%
Total	***26***	***62%***	***19***	***0%***	***6.5***	***11.5***	***81%***	***31%***

*The remaining participants in FGDs are not clients of FINCA (youth who were trained but did not open an account).
**The remaining 17% was a client of FINCA before opening a youth savings account.

75% of the working youth work in the service sector and 25% in small trade.62.5% of the working youth are self-employed.

4.1 Feedback on YS financial products

50% of the interviewees think savings is the most important service they need to have access to. Feedback from youth clients on the savings account is generally very positive. Youth consider the savings account tailored to their needs and really appreciate that it is completely free of charge (no opening fee or monthly fee) and guarantee the safety of their money. Youth clients are also very satisfied with the POS agents which allow for a real proximity of the services and facilitate transactions. Youth clients can make deposits and withdrawals from any POS agent (FINCA Express) without paying a fee.

The majority of youth clients are not aware of the interest rate on the current savings account and of the conditions of the fixed deposit account. However, all youth clients are aware of the minimum deposit amount ($1) and that the account is free of charge.

Girls/young women do not feel the need to have a specific savings product targeting only females, they are satisfied with the existing savings account.

Interviewees report that they would be encouraged to save more if FINCA could increase the interest rate on the savings account and give small presents when they come to deposit, organize lotteries, etc. They would also be encourages to save more if FINCA contributed to paying their school fees and was able to help them develop their income generating activity with a loan.

Youth clients from 18 years old expressed the **need for a specific youth credit product to start/maintain an income-generating activity**, with better conditions than for adults (lower interest rates, small installments). 19% of the interviewees consider that it is most important to have access to a loan (compared to savings and financial literacy). The **need for scholarships** appeared striking as most of the participants confided to struggle to pay their school fees. Youth reported other needs such as **mobile banking and ATM cards**. Some minors would like to be able to withdraw without their parents.

Most youth clients wished FINCA could provide them with **employment/internship opportunities** in addition to financial services.

4.2 Feedback on YS non-financial services

31% of the interviewees consider that financial education is the most important service to have access to.

All participants in the FGDs were very satisfied with the financial literacy training, which they described as tailored to their needs, very clear, lively and enlightening. Participants however expressed their disappointment that the training was only one session and was no followed-up by additional trainings, such as a training on loan features and management or more information on the savings account characteristics (interest rates, fixed deposits).

Female participants also considered the financial literacy training adequate to meet their needs.

4.3 Feedback on likely impact for YS clients

92% of the participants in FGDs recognize that the financial literacy training/opening a savings account had an impact on their lives and improved their financial capability.

The joint provisioning of financial literacy training and savings account especially seems to have been key to improve the youth financial capability. The financial literacy training really acted as an **empowerment tool that triggered changes in the youth financial behaviors**. FGD participants report that the training taught them two main elements: 1) they learnt how to differentiate their desires from their needs so they managed to reduce their expenses and 2) they learnt to set a goal for their savings so their motivation to save increased. After the training, most youth felt empowered, which led them to take initiatives to strengthen their financial capacity, start making plans for the future and be more ambitious with what they want to achieve in life.

85% of the FGD participants confirmed that the financial literacy training/opening a savings account changed their money management habits, mostly by making them spend money in a more responsible way, only for items really necessary. **61.5% of the participants confirmed to be able to save more** than before they had a savings account. All self-employed participants (5) confirmed to be able to invest more in their business since they have received financial literacy training/opened a savings account.

Although the financial literacy training/opening a savings account empowered the youth and triggered changes in their financial habits, their poverty level does not seem to have been reduced as most youth are still lacking the means to save (no income-generating activity, unemployment). It does not seem that the YouthStart program helped the youth to seize economic opportunities; the impact of the program appears to be more tangible in terms of mentality change and youth empowerment.

The results of the FGDs do not show a difference of impact according to gender.

APPENDIX 1. LIST OF RELEVANT STAKEHOLDERS CONTACTED / INTERVIEWED

Institution	Person, Position	Date of interview (in case not reached, explain how did the team tried to contact the person)
UNCDF	Monah Andriambalo, Inclusive Finance Program Specialist	March 5th, 2015
UNDP	Etienne de Souza, Team leader, Inclusive Growth and Sustainable Development Unit	March 6th, 2015
Fond pour l'Inclusion Financière (FPM)	Jean-Claude Thetika, General Manager	March 5th, 2015
KfW	Alethea Mushila, Project Coordinator Financial and Private Sector	March 11th, 2015
Finance Ministry	Honoré Tshiyoyo, Coordinator Gratias Kayibabu Kabuya, Project Manager	March 10th, 2015
Central Bank of Congo (BCC)	Marie-José Ndaya Ilunga, Deputy Director	March 11th, 2015
Fond National de la Microfinance (FNM)	Thierry Ngoy Kasumba, General Coordinator	March 11th, 2015
Association Nationale des Institutions de Microfinance (ANIMF)	André Mayala Lutete, General Secretary	March 11th, 2015
Association Professionnelle des Coopératives d'Epargne et de Crédit (APROCEC)	André Nkusu Zinkatu, General Secretary	March 11th, 2015
MECRECO - MECREBU (one cooperative of the network) was involved in the first stage of the YS program	Pacifique Ndadango, Marketing and Development Director	March 9th, 2015
OXUS RDC	Eric Marquer, General Manager	March 11th, 2015
Advans Banque	Sandrine Ngassam, Deputy Managing Director	The evaluation team contacted Advans Banque several times but they were not available for a meeting.
Procredit	Andre Radloff, CEO	The evaluation team contacted Procredit but was unable to get an answer.
Humana People to People (HPP)	Jean-Paul Mbuyamba, Deputy Coordinator of the project "youth, prepare your future"	March 10th, 2015

APPENDIX 2. LIST OF FINCA DRC STAFF INTERVIEWED

Institution	Person, Position	Date of interview
FINCA DRC	Alejandro Jacubowicz, CEO	March 5th, 2015
FINCA DRC	King Kingwaya Matthias, Chief Operations Officer	March 7th, 2015
FINCA DRC	Papy Osango, Sales Manager	March 6th, 2015
FINCA DRC	Guy Mambueni, Savings Manager	March 9th, 2015
FINCA DRC	Jean Kabongo, Delivery Channel Manager	March 7th, 2015
FINCA DRC	Marien Kenzi, New Product Development Manager	March 9th, 2015
FINCA DRC	Ben Kalala,	March 7th,2015
FINCA DRC	Patrick Biki, Branch Manager Limeté	March 6th, 2015
FINCA DRC	Ais, Youth officer	March 6th, 2015
FINCA DRC	Albert, Youth Officer	March 6th, 2015
FINCA DRC	Freddy, Youth Officer	March 6th, 2015

Annex 7: Ethiopia Country Report

1 INTRODUCTION

The Ethiopian country report summarizes the main findings coming from a preliminary documentary review and fieldwork carried out from **19th March to 3rd April 2015** by Giampietro Pizzo (Team Leader and Senior Evaluator) and Valeria E. Pujia (Junior Evaluator).

The field visit includes meeting with two financial services providers (FSPs), namely PEACE headquartered in Addis Ababa, and ACSI in Bahir Dar, in the Amhara Region. Moreover, a number of stakeholders were interviewed, as follows:

- Interviews with ***ten entities at global, macro and meso level***;
- A focus group discussion (FGD) with ***four FSPs*** (market level);
- Interviews with ***seven PEACE and eleven ACSI staff, management and governance*** (micro level); and
- FGDs and individual interviews with a total of ***25 YS clients of PEACE and 29 YS clients of ACSI*** (client level)
- One case story with a YS client (male, minor who received non-financial services) for the storytelling exercise.

The Consultant also took part to the Association of Ethiopian Microfinance Institutions (AEMFI) Annual General Assembly, on 20th March 2015, whose main topic in the agenda was youth-owned MSEs.

A consistent number of stakeholders, mainly at national and market level, were contacted through different channels (email, phone or also personal contacts arranged in the field), and never met, or because it was impossible to establish a contact, or in few cases because they gave the availability but never set a meeting appointment.

The list of people interviewed and contacted at global, macro, meso and market level is provided in Appendix 1, while Appendix 2 and Appendix 3 list PEACE and ACSI personnel (micro level). Following an overview of the national context at the macro, meso and market level (Section 2), the report presents the YS program and its results within PEACE and ACSI, i.e. the micro level and primary level of YS intervention (Section 3). Finally, the country report concludes with an account of the main findings at client level (Section 4).

2 NATIONAL CONTEXT (MACRO, MESO AND MARKET LEVEL)

Category	Data/information
Political and macroeconomic context	
Political context	Ethiopia, the sole country in Africa that **maintained freedom during the Scramble for Africa**, is a federal parliamentary republic headed by the Prime Minister. In the last five decades, **Ethiopian political scenario was characterized by conflicts and instability** between different ethnic groups, above all with those at the border, namely Tigrayan, Eritrean and Somali. After the repression of minorities carried out by Mengistu, Ethiopia saw a relative stable period. Since 2012, after the dead of the Prime Minister, Meles Zenawi who had led the government since 1991, Ethiopia is undertaking an improving political situation and modernization of the country. Nevertheless, the **long period in power of the *Ethiopian People's Revolutionary Democratic Front (EPRDF)*** is posing some **concerns over political rights**. The upcoming elections (in May 2015), so far are being promoted with a limited electoral campaign. In the last decade, **freedom in the country has declined** (ranking among the less press free country in the world with a score of 83 in the Freedom of the Press 2015[100]). And, according to the Democratic Index 2014 of the Economist, Ethiopia belongs to the "**authoritarian regime**" category, mostly affected by the weak electoral process and pluralism[101], with a high level of corruption (ranking 110th out of 175 countries in the Corruption Perceptions Index 2014[102]).
Macroeconomic context	Ethiopia, defined as a low income country, in the last years registered a **robust growth rate, reaching 10.3%** in 2014, and positions itself as the seventh fastest growing country in the world in 2013. The economy also registered one of the **highest inflation rates** that peaked 33.2% in 2011. A tight monetary policy and a prudent fiscal policy, accompanied with the slowdown in global commodity prices, **has progressively reduced the inflation** that in the last two years was at one digit, 8.1% in 2013 and 7.4% in 2014. Despite the **economic improvements, and increasing level of GNI per capita** (from 380 USD in 2010 to 470 USD in 2013), Ethiopia is **one of the poorest country in the world** and in 2010 (last statistics available) the headcount ratio ($2 PPP a day) stands at 72.2%. Ethiopia is also defined as a country with **low level of human development**, ranking 173th out of 187 in the list of the Human Development Index (HDI) with small improvements between 2008-2013 (it gains only two positions). **Ethiopian economy is mostly based on agriculture** (contributing 45% of GDP in 2013 and about 80% of employment) and services (43%). Industry counts only for 11.9% of the total economy but reports higher level of growth. **Ease of business in Ethiopia is still low**, and according to the World Bank Doing Business indicator[103], Ethiopia stands at 132th position out of 139 countries. Ethiopia is **second biggest country in Africa** (after Nigeria), with a population of over 94 million of people (2013)[104], its distribution is

[100] https://freedomhouse.org/report/freedom-press/2015/ethiopia#.VUOBOJPMglA
[101] http://www.sudestada.com.uy/Content/Articles/421a313a-d58f-462e-9b24-2504a37f6b56/Democracy-index-2014.pdf
[102] http://www.transparency.org/country#ETH
[103] http://www.doingbusiness.org/rankings
[104] World Bank Indicators: http://data.worldbank.org/indicator

	pyramidal with a very wide base; in 2010, ***65% of the population was under the age of 24 years***.[105]				
Key demographic / economic data[106]	***2010***	***2011***	***2012***	***2013***	***2014***
GDP growth (annual %)*	12.60	11.20	8.60	10.50	10.30****
GNI per capita, Atlas method (current US$)*	380	390	420	470	n/a
Poverty headcount ratio at $2 a day (PPP) (% of population)*	72.20	n/a	n/a	n/a	n/a
HDI (value)**	0.409	0.422	0.429	0.435	n/a
Inflation, consumer prices (annual %)*	8.10	33.2	22.8	8.1	7.4
Average Marginal Exchange Rate (Birr per USD)***	12.89	16.1	17.3	18.3	19.1
Financial inclusion					
Sector overview	**Financial inclusion in Ethiopia is characterized by low level of formal access** and it is concentrated mainly in three regions (Addis Ababa, Oromiya and Amhara). In 2014, 21.8% of the adult population had access to formal financial services, this ratio falls at 18.6% in rural areas. Households also register a low level of use of sophisticated financing instruments, such as debit or credit card, ATM, mobile money, etc. On the other side, **informal financial mechanisms are more widespread** and 43.5% of population has ever received a credit in any form (i.e. *tontine*, rotating saving and credit associations, called *equb* in Ethiopia) while only 7% has received a credit in formal financial institution. As of December 2014, the financial sector was composed by **3 public and 16 private banks**, with a high concentration in Addis Ababa (34.9% of their operations), **17 insurance companies, 32 microfinance institutions, and more than 8200 Saving and Credit Cooperatives (SACCOs)** in both rural and urban areas. **The sector is dominated by state-owned banks,** mainly the Commercial Bank of Ethiopia (CBE) that counts for the 35.4% of the total capital of the banking system (30.2 billion of Birr, approximately 1.58 billion of USD), Development Bank of Ethiopia and Construction & Business Bank. Microfinance sector is relatively young but well developed and characterized by a rapid growth, doubling its performance in terms of deposits and volume of disbursement in two years. In December 2014, it was composed by **32 MFIs** with **portfolio of 17.8 billion of Birr (≈930 million USD)** and it **mobilized 13 billion of Birr (≈680 million USD)**[107]. Informally, some NGOs not licensed are also active in the sector. Also the microfinance sector is characterized by the dichotomy big-state-owned (namely ACSI, DECSI, ADCSI, OMO and OCSSCO) and small-**privately-owned MFIs that mainly face funds shortage** as they are not allowed to raise equity from international investors. If compared to other African microfinance sectors, Ethiopia can be considered as big, with one of the biggest MFIs of the continent.				

[105] UN Department of Economic and Social Affairs

[106] * World Bank Indicators: http://data.worldbank.org/indicator
** UNDP, 2014 Human Development Report, Human Development Index: http://hdr.undp.org/en/data
*** NBE, Annual report 2013-2014: http://www.nbe.gov.et
**** IMF http://www.imf.org

[107] http://www.nbe.gov.et/pdf/quartelybulletin/Vol31%20Q2/Overview.pdf

	In the country there are some **important initiatives on financial education**, mainly addressed by the Ministry of Education (including modules on savings in the scholastic system), and other private stakeholders (see **Errore. L'origine riferimento non è stata trovata.** for more details).	
Policy setting and legal / regulatory framework	The **Ethiopian microfinance sector was formalized in 1996** with the government proclamation (No.40/1996) that allows MFIs to register and deliver financial services, and then replaced by Micro-Financing Business Proclamation No. 626/2009. **The industry is governed and supervised by the National Bank of Ethiopia (NBE)** that in 2012 launched the **national Credit Reference Bureau** for all the financial institutions undertaking banking business, licensed by NBE. It issued directives containing the legal **requirements and prudential guidelines**: **minimum paid-up capital** (10 million Birr, approx. 520,000 USD), **capital adequacy requirements** (12% over risk-weighted assets), **liquidity requirements** (20% of liquid assets over sight deposits), and **governance-related matters** among others, prohibitions of the participation of NGOs and **foreign ownership** into the sector. This last condition poses **severe problems above all to small MFIs** that are not allowed to receive grant capital from foreign entities and have difficulties in mobilizing money in the local market. To be in line with the development of the sector, in 2012 NBE has also issued a "**Regulation of Mobile and Agent Banking Services** Directives No. FIS /01/2012" to allow technology and innovative financial service delivery channels. Since 2003, the sector is supported by the **Rural Financial Intermediation Program (RUFIP)** – financed by IFAD, African Development Bank, Development Bank of Ethiopia and other participating Commercial Banks, now in its second phase, that aims to enhance access of the rural poor to regular and reliable financial services.	
		2014
Financial inclusion data[108]	Account at a formal financial institution (% age 15+)	21.8%
	Account at a formal financial institution, female (% age 15+)	21.0%
	Account at a formal financial institution, male (% age 15+)	22.6%
	Account at a formal financial institution, young adults (% ages 15-24)	*14.3%*
	Any loan in the past year (% age 15+)	43.5%
	Any loan in the past year, female (% age 15+)	42.9%
	Any loan in the past year, male (% age 15+)	44.2%
	Any loan in the past year, young adults (% ages 15-24)	*40.6%*
	Loan from a financial institution in the past year (% age 15+)	7.3%
	Loan from a financial institution in the past year, female (% age 15+)	7.6%
	Loan from a financial institution in the past year, male (% age 15+)	7.1%

108 World Bank, Global Findex: http://datatopics.worldbank.org/financialinclusion/

	Loan from a financial institution in the past year, young adults (% ages 15-24)	*3.6%*
	Saved any money in the past year (% age 15+)	48.1%
	Saved any money in the past year, female (% age 15+)	44.9%
	Saved any money in the past year, male (% age 15+)	51.4%
	Saved any money in the past year, young adults (% ages 15-24)	*38.4%*
	Saved at a financial institution in the past year (% age 15+)	13.6%
	Saved at a financial institution in the past year, female (% age 15+)	12.4%
	Saved at a financial institution in the past year, male (% age 15+)	14.9%
	Saved at a financial institution in the past year, young adults (% ages 15-24)	*10.8%*
FSP positioning and other relevant stakeholders	ACSI and PEACE differ for ownership and size. While **ACSI, state-owned, is the biggest MFI** in the country, with 3 million of depositors and almost one million of borrowers (Dec 2014); **PEACE, privately-owned, can be considered as medium size**, with more than 50,000 savers and 22,000 borrowers (Dec 2014). **The market is competitive** with pressure felt from state-owned and supported MFI's[109], leaving private MFIs in a disadvantaged position in terms of access to funding, cost of funds and TA. In terms of youth products, **other FSPs are offering youth saving products**: from one side, together with NGOs or other partnership, they offer specific products to disadvantaged young people; on the other side they offer the same product offered to adults, adding the co-signature from the guardian. At meso level, the **Association of Ethiopian Microfinance Institutions (AEMFI)**, of which both ACSI and PEACE are members, set up in 1999, is a non-governmental association of the Ethiopian microfinance institutions. It is the support structure of the microfinance sector that aims at sharing knowledge and information, and lobbying. It provides training, performance monitoring and benchmarking, technical assistance and performs academic researches. It also promotes client protection and transparency of the sector having endorsed the Smart Campaign and participating to the Social Performance Task Force and MFTransparency initiatives. In March 2015, the General Annual Meeting was dedicated to talk about youth in order to raise a public debate.	
Youth sector and policies[110]		
National definition of 'youth'	According to the Ethiopian National Youth Policy (2004)[111], youth belongs to the age group between **15-29 years old**.	
Policy and legislation	**The national youth policy (2004), formulated by the Ministry of Youth, Sports and Culture (MYSC)**, aims at "enabling youth to participate, in an organized manner, in the process of building a democratic system, good governance and development endeavors, and benefit fairly from the outcomes". The main topics addressed are: i) Youth democracy and good governance; ii) Youth and economic development; iii) Youth education and training;	

[109] Priority is given to the government supported institutions in terms of funding accessing 90% of the RUFIP funding as well as guaranteeing loans while the eligibility criteria for private MFIs is strict. Regional governments also have programs to push for increased outreach and priority is given to regional MFIs.
[110] www.youthpolicy.org
[111] http://www.youthpolicy.org/national/Ethiopia_2004_National_Youth_Policy.pdf

	iv) Youth and health; v) Youth and HIV/AIDS; vi) Youth and social evils; vii) Youth, culture, sports and recreation; viii) Youth, environmental protection and social services; ix) Youth and internationalism; x) Youth that needs special attention. While great emphasis is given to the social and economic development of the young people, through the job creation and training opportunities, there is no reference about the need of encouragement for financial inclusion.
Public institutions	**Ministry of Youth, Sports and Culture** (MYSC), established in 2001, is in charge of following-up, directing and coordinating youth affairs at federal level; and **Youth bureaus** have also been organized in regional states. To support the youth initiatives, MYSC in the youth policy foresaw the creation of an **Inter-Federal and Inter-Regional Government Offices Committee and a Nationwide Youth Forum**.
Youth and representation	**Ethiopian youth are supported by the MYSC** that encourages the following partnerships, along with the governmental committee: - Youth councils to coordinate and integrate youth associations, clubs, etc; - Consortium of Non-Governmental Bodies at federal and regional level to coordinate youth initiatives. The current ruling party, Ethiopian People's Revolutionary Democratic Front **(EPRDF) has founded the Youth League in 2009** with the aim of "implementing programs and objectives of the EPRDF." Nevertheless, its role is not clear. According to a UNCDF Study[112], MYSC created 54 youth development centers for FSPs to facilitate collaboration with YSO in the offer of non-financial services.

2.1 Youth financial inclusion environment and market conditions

At a macro level, youth financial inclusion in Ethiopia is a topic transversally addressed in the government agenda, mostly by the Ministry of Finance and Economic Development (MOFED), Ministry of Youth, Sports and Culture (MYSC) and Ministry of Education (MOE), with the support of the National Bank of Ethiopia (NBE), but not in a direct and systematic way.

The **2011-2015 Growth and Transformation Plan (GTP) is the core strategic national plan** that guides all the other policies, it aims **to reduce poverty and promote economic growth,** towards the achievements of the MDGs. **Promoting youth (and women) employment and self-employment**, through education and job creation, is one of the pillar of the GTP, as well as, **strengthening the financial sector**, which includes the innovation of national payment system. MOFED is indeed involved in developing branchless environment, supported by the NBE that legalized a regulatory framework for mobile and agent banking. However, discussion on **youth financial inclusion is improvable.** In the country there are several institutional programs focused on financial inclusion that cover youth indirectly**:**

- 2010 **Ethiopian Financial Inclusion Project (EFIP)**, financially support by Bill and Melinda Gates Foundation aims at improve rural financial inclusion and literacy;

112 http://www.uncdf.org/sites/default/files/Download/AccesstoYFS_05_for_printing.pdf

- 2011 **Maya Declaration**, launched by Alliance for Financial Inclusion (AFI), endorsed by the NBE aims to increase institutional commitment to expand financial inclusion;
- 2013 a f**inancial inclusion initiative**, supported by Bill and Melinda Gates Foundation, UNDP, KIFIYA as technological provider and the collaboration of the FSP ACSI, to create a supportive financial technology environment through the use of innovation (i.e. biometrics) for client identification and innovative delivery channels.

In terms of legislation, **Ethiopia registers a youth-friendly and prudent regulatory environment**. Minors (below 18 years old) are not allowed to assume legal responsibilities (i.e. signing a contract). Hence, to overcome this restriction and allow children to financially operate, a guardian needs to undertake legal responsibilities by co-signing operations for opening a saving account and withdrawing. In addition, the Labor Law and Civil Code recognize the possibility of "**children emancipation**", respectively for those that are employed at the age of 14 or for those that receive a "special authorization" from the family. In these cases, children are considered as adults and can sign a contract. Some among stakeholders interviewed considered these two exceptions as a unique opportunity to be exploited. On the other side, **youth can take a loan at the legal age** (18 years old) and no exceptions are foreseen.

In the country, **an important role played by the government in promoting youth financial inclusion is within the Education Sector Development Program (ESDP)**, managed by the MoE, that embedded Civic and Ethical Education in the education system from grade 5 to grade 10. **Curricula want to overcome the culture barrier on lack of savings and include basic lessons on financial education**, addressed in a theoretical way. Among others, topics deal with the concept of savings (and waste of money), the importance of planning and setting a goal, and the idea of savings as source of wealth, asset building, methods of savings, etc.

Other **stakeholders at meso and global level** show a growing interest **on the youth topic**, because of the raising concerns on the high level of youth unemployment and the lack of effective political responses. Hence, they are involved in youth financial **inclusion through public debates, workshops, conferences, and some of them are also launching initiative to promote financial education.** These include (but are not limited to) the following institutions:

- **AEMFI**, national microfinance network, is engaging in promoting financial inclusion with several workshops and fora, also with a focus on youth. In 2011, together with MAIN (see below), organized the event "*5th African Microfinance Conference*", that among others topic addressed how to improve youth employment through access to finance[113]. Its **last Annual General Assembly, on 20th March 2015, was also focused on youth-owned MSEs**, analyzing government support programs, growth of the sector, financial access and role of the private sector in generating youth employment. According to their research, youth financial exclusion is mainly driven by the lack of collaterals, not affordable interest rate, complicated procedures to access to finance and excessive requirement of compulsory savings. Another constraint stand in the mismatch between demand and supply side, as the market is not adequately tailored to serve young people;
- **Microfinance African Institution Network (MAIN)**, an international non-profit association set up in 1995, includes 77 members in 23 countries mainly from West and East Africa, with few members also from Middle East and Europe. Its main objectives foresee to improve members' operational capacity and promote exchange of best practices. Among members, two of them, namely PEACE and Fucec from Togo, participated to YS Program and to this regard, in the internal communication they have disseminated PEACE's experience;

[113] http://www.microcapital.org/microfinance-event-fifth-african-microfinance-conference-addis-ababa-ethiopia-september-19-%E2%80%93-september-22-2011/

- **World Learning Inc.**, a non-profit organization operating in 60 countries in the world, in Ethiopia launched the Project "Enhancing Child Social and Financial Education" to promote light entrepreneurial training curricula in primary schools;
- **Women's World Banking (WWB)** is a global non-profit organization aims at supporting low-income women in access to finance. It supports 38 financial institutions, members of its network, in targeting women and addressing their specific needs. It provides technical assistance on market research, design of financial products and financial education;
- The **Department for International Development (DFID)**, founded in 1997, is the United Kingdom government department responsible for administering overseas aid. Together with **Development Alternatives, Inc. (DAI)**, a global development company, it is engaged in the PEPE Project, Private Enterprises Ethiopia that promotes access to finance to increase economic opportunities and reduce unemployment. One of their projects promotes financial education for unbanked women to be connected to savings associations in urban area;
- **Digital Opportunity Trust (DOT) Ethiopia,** established in 2009, is the local antenna of the Canadian social enterprise that with youth-led programs seeks to empower young people (17-30 years old) through technology, business, and entrepreneurial learning experiences. Supported mainly by the MCF and the Canadian International Development Agency (CIDA), it has launched two training programs for young people below 30 years old: Reach Up! for young university (and under-employed) graduates and Start Up! for micro-entrepreneurs.
- **Other players with regard to the youth segment** can be found in the partners that organized the 2015 **Global Money Week**, namely PEACE Microfinance, RandD Group (network of Nisir Microfinance, Oromia Bank, Commercial Bank of Ethiopia and Cordaid) that is launching a national wide financial literacy campaign, and CoYDOE, Consortium of Youth Development Organizations in Ethiopia.

At market level, also other FSPs are offering products to young people more or less specifically tailored to their needs[114]:

- **Commercial Bank of Ethiopia (CBE)**, after YS, has launched a saving product for young people, according to which also minors can open an account. Product development was influenced by other players in the market, and seemingly they have based the product design on PEACE's experience and on AEMFI studies.
- **Vision Fund**, since 2007, supported by World Vision Ethiopia (WVE), is promoting savings among vulnerable children (orphan, low income, etc.) between 4 and 14 years old. On the basis of a list proposed by WVE, children receive a small grant of 15 USD and can open a saving account and start depositing. Money cannot be withdrawn before they reach the age of 18 years, except under specific circumstances. To all other children, Vision Fund also offers the possibility to open a saving account with a guardian using an adult product.
- **Eshet MFI** creates a specific saving account for young people, from 0 to 18 years old, that can be opened only with guardian and money are frozen until the client reaches the legal age. The product offers a higher interest rate for young people, 6.5% (while adults' have 6%), with 50 Birr (2.6 USD) as minimum opening balance.
- **African Village Financial Services** has launched a project for mobilizing savings in partnerships with schools, according to which teachers receive saving box that in turn form clubs of savings with students.
- **Aggar Microfinance** is running an occasional project in only one branch together with local NGOs to mobilize savings among disadvantaged minors (i.e. orphans) with the presence of a guardian.

[114] Due to the lack of collaboration, the selection of FSPs that offer or are interested in offering youth products was carried out straightaway and some important stakeholders may have not been involved FGDs; other did not accepted the invitation (see **Errore. L'origine riferimento non è stata trovata.** for more details). Moreover, consultants put considerable effort in trying to contact CBE, without any success.

- **Oromia Credit and Saving Share Company (OCCSCO)** launched a saving account for people below 18 years old, according to which with a guardian they can open an account for future expenditure, school fees, and wealth.
- **Debit Credit and Savings Institution (DECSI) and ADCSI apparently also serve youth**. According to the experiences reported by two FSPs that participated to the FGD, **the product development phase was problematic because it was not based on a market research**. Rather, the idea came from on a theoretic research made among competitors, including the experience of both PEACE and ACSI. However, the lack of capacity, both in terms of financial resources and human resources, has negatively limited their strategy implementation.

Non-financial services, and in particular financial education, have been recognized as strategic for the promotion of financial inclusion; however, especially small organizations may encounter difficulties in finding the necessary resources to cover the costs.

The **youth segment is considered as riskier** because of several factors that weaken their stability: lack of professional experience, limited income, lack of collateral, short term vision and high propensity to move to other cities or change activity. For these reasons, **investing on this category is considered important** for introducing a saving culture and above all for building a brighter future.

In terms of informal norms and attitudes, **cultural barriers that prevent the accumulation of savings are dominant in the Ethiopian society**, "*people prefer to buy a sheep rather than putting money into a bank account*" and "*national policy promotes savings since it is not really belonging to our culture*". For this reason, interviewed stakeholders pointed out that **Civic and Ethical lessons at school**, as well as the celebration of the **Global Money Week, are considered as a good starting point to promote youth financial inclusion in the communities.** Furthermore, financial education delivered to young people may produce interesting externalities towards their parents and family, "*youth can handle also their family linking illiterate [the families] with literate*". Culturally, families prefer man getting a loan and having FSPs encouraging women financial inclusion, may drive to important change and empowerment.

Finally, the national strategy pushes to **increase the economic opportunities for youth**, creating new jobs and stimulating the start-up. Youth are present in the agriculture sector, lagging behind in the manufacturing that is increasing with a slow rate and requires to be developed. The limited availability of lands brought people (and mainly young) to move from the rural areas to the city, making them more vulnerable; and the mismatch between their aspirations and jobs available, increase rate of unemployment. For these reasons, youth need to be encouraged in developing their own activity also in rural areas.

2.2 YS Program at the national level

All the stakeholders interviewed, with a more or less in-depth knowledge, were aware of the YS Program, and in general terms, all of them **recognize the important role that YS is playing in promotion of youth financial inclusion** in the country. From stakeholders at market level, **YS Program is considered as a good opportunity to expand the outreach and gain a competitive advantage.**

In terms of **program design, some weaknesses arose**. **FSPs selection process did not involve any microfinance networks in the country** (namely AEMFI, the national microfinance association, and MAIN, the African microfinance association), and for instance some MFIs potentially interested in the process were not aware of the opportunity. Apart from PEACE and ACSI, only another FSP, Specialized Financial and Promotional Institution (SFPI)[115], applied and conducted the market research, but was not involved in the second phase of pilot and roll out.

Another limit identified in the program is the definition of the youth range of age (12-24 years old), that is not perfectly aligned with the definition adopted in the national policy (15-29 years old). Among stakeholders interviewed, different opinions emerged. From one side, for young people that save for a future purpose, the range is considered appropriate; but for those that accumulate savings with a short term plan of getting a loan, it may premature to make use them adults products, "*a young people prepares himself to get a loan, save but finally at 24 years old cannot access anymore to "favorable" products*".

Furthermore, **micro-insurance was identified as a missing element in the YS Program**, since it aims at stabilizing family financial resources with a clear and positive impact for young people (financial management and capacity to save).

Given the specific Ethiopian macroeconomic context, characterized by a high inflation rate (7.4% in 2014) and a negative real interest rate on deposits (5-8% nominal interest rates), "a*sset building is what YS should teach to them* [youth]". However, **savings is still recognized as an important element to instill in the Ethiopian culture** and create better condition for young people to access to loans and other financial services.

On the basis of information gathered, **both PEACE and ACSI will continue promoting youth financial inclusion**, and according to PEACE "*our results should encourage other MFIs.*

In terms of policy and regulatory framework, **ACSI considers the current legislation** (described in **Errore. L'origine riferimento non è stata trovata.** above) **too restrictive and does not fully comply with it**. According to ACSI internal procedures, under no circumstances guardian signature is required. This breach is consciously applied and it was discussed also at YS level, nevertheless ACSI believes that with financial education this legal risk is mitigated. On its side, **PEACE considers the national policy as supportive and complete, able to protect youth**. However, also PEACE commits a small violation, allowing minor to withdraw small amount under 30 Birr (1.57 USD) autonomously without the guardian signature.
According to the stakeholder interviewed, **YS Program registered limited effects in raising a public debate on youth financial inclusion**, and indeed in the political agenda the bid issue is mostly youth employment. At macro and meso level, **nor involvement neither interactions were registered between the main stakeholders and YS Program Manager or UNCDF regional officer.** Of course, other stakeholders not interviewed may have positively contributed[116]. On the other side, **indirect YS dissemination activities** were carried out by the microfinance networks, both AEMFI and MAIN, which have widespread YS results among their members through workshops or newsletters.

On the other side, **stakeholders at meso level actively stimulated a public debate on the youth financial inclusion topic**. The main role is played by AEFMI, but also by MAIN, that widespread YS results through their members. In 2013, AEMFI organized the Africa Microfinance Network (AFMIN) conference and in 2014 the Association of Ethiopian Microfinance Institution Conference where PEACE has presented its experience and results from YS Program.

[115] SFPI was met by the consultant at the AEMFI Annual General Assembly and invited to participate to the FGD with other FSPs, however it did not accept the invitation.
[116] From consultants' side, the impossibility of interviewing UNCDF Regional Technical Advisor in charge of YS Program in Ethiopia (due to the end of her mandate and no one else appointed) has probably limited the perception in terms of dissemination activities and organization of public events.

Nevertheless, **YS Program has seemingly produced positive externalities at market level**. As already mentioned, Commercial Bank of Ethiopia (CBE), the oldest and biggest state-owned Bank in the country, launched a specific saving account for minors. According to our information, CBE has based its product development on a case study from AEMFI on the importance and advantage of reaching young people, and also, according to interviews gather at PEACE, it learnt best practices during some visits at their institution. Other FSPs demonstrated the interest in developing products for youth (and above all the market feels the lack of tailored credit product for young people) but lack of capacity requires supports from donors or the creation of partnerships.

Another positive sign from YS Program derives from the fact that according to NBE law, MFIs need to present the list of the top 20 biggest saving balance, and in the last year PEACE has presented also some names coming from its youth product, so "*also NBE started understanding that young people are active citizens*".

3 FSP (MICRO) LEVEL -PEACE[117]

3.1 Institutional characteristics

Name of the institution	Poverty Eradication and Community Empowerment (PEACE) MFI S.c
Legal form	Microfinance Share Company
Ownership	Agri-service Ethiopia and 15 private shareholders
Year of inception	1999
Value of YS grant awarded	739,557 USD
Value of grant(s) awarded as of Dec. 2014	676,432 USD[118]
Training/TA received in the framework of YS	6 training sessions
Characteristics of YS financial services	Lenege products (current and time-deposit saving account, youth loan)
Characteristics of YS non-financial services	Financial education training (Unified model)

Poverty Eradication and Community Empowerment (PEACE), is a Microfinance Share Company set up in November 1999 by a local NGO, Agri-Service Ethiopia, and fifteen Ethiopian shareholders. It was established under the Ethiopian law, licensed and regulated under Proclamation 626/2009 by the National Bank of Ethiopia (NBE) to provide microfinance services.

Its **mission** is "to serve the entrepreneurial poor by providing sustainable and quality services for employment and income generation with the ultimate objective of enhancing household food security". Its **vision** is to see that poverty is eradicated and the productive poor, especially women, are empowered through sustainable micro-enterprises. Since the beginning of YS, both mission and vision definitions remained unchanged.

PEACE aims to **empower low income people and fight poverty.** It mostly serves **entrepreneurs in rural areas with a focus on women**, through providing savings (current account as well as time and fixed term deposits) and credit products, mainly with group methodology. In 2012, thanks to the support of YS Program, PEACE has started targeting intentionally the youth segment (between 12 and 24 years old) with products and services, called Lenege (for more details see sections **Errore. L'origine riferimento non è stata trovata.** and **Errore. L'origine riferimento non è stata trovata.** below).

As of December 2014, **PEACE has 57,038 clients, all of them active savers, 63% of which is represented by women**. It also reached **21,792 borrowers, with 4,409,010 USD of outstanding portfolio**, through a network of **22 branches in three regional states** of Ethiopia: Amhara, Oromiya, and Southern Nations, Nationalities, and People's Region (SNNPR).

FSP key indicators		Jun-12	Jun-13	Jun-14	Dec-14
Clients (#)		22,758	37,110	48,671	57,038
	% female	80.7%	70.7%	65.9%	63.1%
Active savers (#)		22,758	37,110	48,671	57,038
Active borrowers (#)		18,088	22,935	21,845	21,792
Branches (#)		22	22	22	22

[117] According to the accounting standards implemented both by PEACE and ACSI, financial statements are issued at June 30, each year. Moreover, for PEACE data and information in the following chapters are computed using this breakdown. Moreover, information at December 2014 was also included to give a comprehensive framework of the YS Program implementation.
[118] Last tranche was received at the beginning of 2015

Gross outstanding portfolio (USD)	3,003,473	4,048,625	4,314,259	4,409,010
Total savings (USD)	857,749	1,276,409	1,462,326	1,613,395
Total assets (USD)	3,722,552	4,579,321	5,036,256	na

Moreover, as of December 2014, PEACE staff and management include **203 personnel, with a small presence of women (14.3%).** At the end of YS Program, a youth dedicated department has been established, with a youth champion at headquarter, and a child and youth loan officer in almost all branches. Between youth staff the presence of women is higher than the proportion at institution level, but still low (18.8%). In some branches, women staff was appointed as child and youth loan officer in order to facilitate the relationship with young women.

FSP staff	Jun-12	Jun-13	Jun-14	Dec-14
Total staff	142	157	188	203
% female	16.9%	15.3%	14.4%	14.3%
Staff involved in YS	8	11	15	16
% female	0.0%	0.0%	20.0%	18.8%

3.2 YS process at the FSP level

In August 2010, **PEACE was invited by Women's World Banking (WWB) to participate to the first YS call for proposals** and received support to prepare and submit the application form. According to PEACE management, the selection process was not difficult but it required some efforts, mainly in terms of time.
In September 2010, the CEO and Operation Manager participated to the Making Cents International's "Global Youth Enterprise Conference & Youth Financial Market Research" and received training on how to conduct a market research. Once passed this first step, PEACE was asked to carry out a **market research on youth financial services**, that was conducted with the assistance of WWB between November 2010 and January 2011. After that, **PEACE submitted a business plan** to design, pilot and roll out products and services tailored to youth needs.

Following the main findings from the market research, together with the technical assistance of WWB, PEACE has **developed youth specific products and services** under the new established Lenege Program (see Sections **Errore. L'origine riferimento non è stata trovata.** and **Errore. L'origine riferimento non è stata trovata.** for more details), **piloted** for in-school and out-of school youth in semi-urban areas in Bereh Alelitu, in December 2011. Then it **extended to all 22 branches** by the end of September 2012. The roll out phase did not see any significant change in the implementation. Some branches decided to make lighter the process of opening the savings account to match clients' needs but at the cost of not fully comply with the regulation.[119]

To perform all these activities, **UNCDF awarded PEACE of two grants of the total value of 739,557 USD,** 18,900 USD dedicated to the market research and 720,657 USD to the second phase of the program. The Performance Based Agreement directly allocates a consistent part of the grant (249,369 USD, 35% of the total amount) to WWB for its technical assistance during the marketing research, development of products, pilot and roll out phase. At the end of the YS Program, in December 2014, PEACE had not received the last tranche of the grant that was disbursed with some delays at the beginning of 2015.

PEACE appreciated the flexibility of the use of grant since it was not constrained to any typology of expenses, but only need to quarterly report the effective use of funds. Grant was mainly used to

[119] According to the law, to open a saving account two guardian's photos and his/her ID card are compulsory. However, PEACE internally decided that they can skip this request in rural areas where these requirements are considered too much costly and not affordable for the client.

cover salary of staff involved in YS implementation (youth champion at headquarter and at branch level), for marketing purposes and 7% was used for youth loan disbursement.

Within the YS framework, **PEACE received six training sessions**, considered of good quality, "*useful and needed to implement YS*". Table below presents the list of training, topic addressed and PEACE personnel that attended them:

List of training (location, topic addressed and people participating)		
13-18 Sept 2010	Global Youth Enterprise Conference &Youth Financial Market Research in Washington, USA	CEO and Operation Manager
04-14 July 2011	Youth start Training in Dakar, Senegal	Finance & Accounts Manager and Youth Champion
19-22 Mar 2012	Client protection for youth in Addis Ababa, Ethiopia	Youth Champion and Branch Youth officer
02-04 Apr 2012	Annual Summit for Child and Youth Meeting in Amsterdam, The Netherland	CEO
01-10 May 2013	Lot quality Assurance sampling training and child &youth finance international Summit in Istanbul, Turkey	CEO and Youth Champion
9-11 Sept 2014	Knowledge sharing and Best practices work shop among UNCDF partners in Kigali, Rwanda	CEO and Youth Champion

Management has also participated to webinars that were appreciated and considered useful mainly because all FSPs involved in YS Program, from different countries, could share their experience and challenges, and create a genuine exchange of best practices.

YS management required data and report periodically but according to the opinion from PEACE management's this task was **not considered as excessive**, mostly because they provided template and orientation on how to report.

At the beginning of the YS process, PEACE management expressed some concerns on the cost-effectiveness and capacity of the segment, as the youth was considered risky to approach, and "*at that time PEACE did not know that youth was an economic actor*". Nevertheless, since in the Ethiopian population youth represents a big portion, it was considered a good opportunity to start investing in the segment.

Thanks to the strong leadership and commitment from the top, PEACE has demonstrated to have a long term vision regarding the youth segment, **confirmed by the change in the organizational structure and by the upgrade of the YS products from a vision of project to program**. A new "*Child & Youth Inclusive Finance & Education*" department was established and youth has been included in the business model. **PEACE strongly expresses its willingness to continue serving the youth**, above all to strengthen its loan offer, albeit some challenges in terms of lack of resources, both in terms of financial funds and capacity building, are still a concern. PEACE declares that they are finding new resources but no agreements have been finalized yet, and during YS Program implementation, no new relationships with relevant actors to promote youth financial inclusion emerged.

Business plan 2014/2015 – 2018/2019 foresees an expansion of outreach, also including projections of the youth target, as follows:

2014/2015 – 2018/ 2019 projections	2014 - 2015	2015 - 2016	2016 - 2017	2017 - 2018	2018 - 2019
Number of loans	28,025	31,962	38,940	47,014	54,118

Lenege loans	889	1,689	3,209	4,814	6,740
Number of savings (Birr)	34,254,410	47,567,656	59,237,299	73,426,531	92,125,697
Lenege savings	3,500,000	4,419,105	5,299,545	6,210,345	7,181,865
Lenege savers	31,035	38,427	46,083	54,003	62,451
% women	50%	55%	60%	65%	70%

3.3 YS products (savings, loans and other financial products)

Within YS framework, PEACE has launched the **"Lenege" (meaning for tomorrow in local language) Program that provides savings (current and time deposit accounts), credit and financial education to youth between 12 and 24 years old**.

Saving products have two options, the current account, the most commonly used, accrues 6% of interest rate, and the time deposit with 7% of interest rate if amount are bigger than 5000 Birr (260 USD) and capital locked for at least one year.

Besides the lower minimum opening balance, **Lenege savings conditions are the same than those of the equivalent account for adults**, and it seems that for young people this slight difference is not even perceived as determinant to open or not the saving account. However, it is worth to notice that savings for adults are more favorable if compared with the market. For instance, Commercial Bank of Ethiopia, one of the biggest PEACE competitors, requires 1.31 USD as minimum opening balance and offers 5% of interest rate. The main difference with adults' products stands in the marketing campaign and ways how youth are approached. Promotion and recruitment of new YS clients are mostly carried out in schools (primary, secondary school and also Technical Vocational Educational Training (TVET) centers, sport fields, markets and clubs.

Safe box is a creative solution designed within the YS framework and offered to youth free of charge, rather non-Lenege clients can receive it under payment of 25 Birr (1.3 USD). It is a locked box that clients can bring home to accumulate small amount of money. Keys are with the branch to disincentives to be opened and use the money.

Including the practice of some branches, where not all the requirements are respected (see footnote 119 above), PEACE partially complies with the national law because minors are supposed to not operate account without guardian, rather PEACE has internally decided to allow them to withdraw autonomously for small amount (less than 30 Birr, 1.57 USD). When YS clients overpass the age of 24, nothing changes in their operations, in case they change the passbook there is an extra fee to be paid.

Name of product / Characteristics	*LENEGE*	Savings for adults
Currency	Birr	Birr
Min. interest rate (%)	6%	6%
Max. interest rate (%)	7%	7%
Fees	10 Birr (0.52 USD) for the passbook deducted only when closing the account	10 Birr (0.52 USD) for the passbook deducted only when closing the account
Min. accepted balance (USD)	5 Birr (0.26 USD)	10 Birr (0.52 USD)
Initial capital	5 Birr (0.26 USD)	10 Birr (0.52 USD)
Interest repayments frequency	Semi-annually	Semi-annually
Penalty in case of anticipated withdrawal	n/a	n/a

In terms of credit products, youth above 18 years old considered credit-worthy and capable can apply only for group loans where solidarity enforcement replaces the collateral requirement. This **loan product, also under the umbrella of the Lenege Program, is the same of adults one**. Its characteristics are not described into any operational manual. **The market research for youth was focused only on savings and non-financial services**. For this reason, client behaviors and needs in terms of financial credit were not investigated, and a youth specific loan product was not effectively designed. Despite PEACE understands the need of finding tailored solutions for meeting youth credit needs, the new business plan (2014/2015 – 2018/2019) does not mention the implementation of a market research (rational behind might be the fund shortage that would limit PEACE in disbursing loans).

The implementation of Lenege Program has a strong accent in developing an appropriate marketing strategy, rather than in developing attractive youth products for specific terms and conditions. Main findings from the market research have guided PEACE in developing the Lenege strategy as follows**:**

- **Youth, also children, can be considered as an interesting segment with financial capacity**, even though they do not have regular income and younger receive only money from the family. For this reason, PEACE has built a Lenege seasonal activity calendar to perform marketing campaigns with different workload;
- **Youth have the ability to save through small amount on irregular basis.** To address this feature, Lenege saving accounts offer a low minimum opening balance and the possibility of receiving a locked safe box to accumulate money at home before depositing at PEACE.
- **Youth are characterized by lack of financial education**. From 5th to 10th grade at school they receive civic courses on savings, that are considered too much theoretical, for this reason, financial education modules includes practical examples to increase awareness in money management (see **Errore. L'origine riferimento non è stata trovata.** for more details);
- **Youth did not perceive FSPs as potential deposit taking**, because of lack of information (not in terms of reliability). This finding incentives PEACE in conducting several marketing campaign in different places (markets, churches, schools, etc.);
- **No significant differences between male and female emerged in terms of financial needs.** Rather, they required a different approach in the saving mobilization phase. Due to the more disadvantaged situation, limited economic opportunities, and higher level of poverty, girls need a specific attention in order to be empowered. For this reason, **to encourage female participation** PEACE has created an **incentive system** (with small gifts) for women clients that bring a certain number of other female clients. Moreover, a different color of passbook, blue for male and pink for female, was adopted addressing responses came from the market research.

3.4 YS non-financial services

Financial education is another component of the Lenege Program, considered one of the main achievements reached thanks to YS Program, and it was recognized as the most important element on which focus on. It has a great impact on families since "*children go home and talk with their parents on what have learnt at financial education classes, that in turn ask PEACE to offer also to them FE*".

PEACE applied a unified model, delivering training in-house by branch staff. This choice was based mainly on two considerations: first of all, it was considered as affordable because PEACE was supposed to have the internal capacity and long term vision in carrying out these activities; secondly in the areas where PEACE operates there are not so many YSO to which rely on. With this regard, during market research some Youth Service Organizations (YSO) were identified and started negotiations with two of them, namely Population Council for the Amhara region and German Foundation for World Population (DSW) for the Oromiya region. Due to problems/challenges not imputable to PEACE, these partnerships were not carried out. So, in the end **a unified financial education delivery channel was adopted,** according to which **branch staff delivers group sessions in**

schools where informal agreements with the directors are concurred, **individual training at youth workplace or at the branch**. To promote these activities, PEACE organizes youth clubs

To support these activities, PEACE has then invested in training and coaching activities at branches, indeed a consulting company**,** Reach Global, provided ToT to the youth champion and branch managers, that in turn trained staff from the branches.

Financial education training moduli were also developed with the assistance of Reach Global. Sessions consist of approximately of thirty – forty five (30-45) minutes of lesson where the following topics are discussed:

- Importance of savings and having savings goals
- Identifying challenges to savings
- Learning how to reduce expenses so we can save more
- How to begin saving for your goal
- Practice how a savings account works
- Learn about the new Lenege youth savings accounts & how to open one

Length of the training, considering that includes also a part of promotion of YS products, seems to be very concise and may need further development.

To facilitate the task of trainees, **a detailed guide was developed and all the activities are described in a precise manner**: estimation of time to be dedicated to each session, materials and tools to use, how to organize the lesson (group or individual work), and how to proceed. The guide also includes examples, sentences to say, practical exercises, case studies differentiated per level of client education. The last session is dedicated to the promotion of Lenege Program with details on PEACE products.

3.5 YS outreach

By the end of YS Program, **PEACE has reached at least the minimum target proposed in the Performance Based Agreement (PBA), and in some cases overpassed it, except the target related to the percentage of YS women reached.** Even though, among PEACE clients a large percentage is represented by women (63.1% in December 2014), presence of women in YS program is lower (48%).

YS clients (28,871 in December 2014) represent 51% of total outreach and 74% of youth clients. This means that PEACE is still serving young people with products for adults, albeit over the years this proportion is reducing. **YS outreach is composed by 60.0% of minors, 71.0% attending school, and 46% from rural areas**. Drop out ratio among YS clients (14% in 2014) is lower if compared with the global clientele (23% in 2014) and it seems not to be a concern for the institution.

In terms of data at client level, PEACE is conducting the Progress out of Poverty Index (PPI) survey but since it is not performed in a systematic way for all clients, it was not possible to calculate the percentage of YS clients poor or with low income. With YS by the end of 2013, it has conducted the LQAS survey, which included one poverty proxy indicator, but never repeated.

Active clients	Jun-11	Jun-12	Jun-13	Jun-14	Dec-14
Total number of clients	20,935	22,758	37,110	48,671	57,038
% of women clients	80.7%	78.5%	70.7%	65.9%	63.1%
Min. target: % of women clients*	78.0%	78.0%	78.0%		78.0%
Proposed target: % of women clients*	80.0%	80.0%	80.0%		80.0%

Number of youth clients (12-24)	6,139	7,799	17,497	30,329	38,994
% of total clients	29.3%	34.3%	47.1%	62.3%	68.4%
Growth		27.0%	124.3%	73.3%	28.6%
Number of new youth clients (12-24)		1,046	7,740	11,420	9,171
Number of YouthStart clients (12-24)	201	1,046	8,786	20,206	28,871
Min. target: # YouthStart clients (12-24)*	8,705	10,404	18,014		24,530
Proposed target: # YouthStart clients (12-24)*	11,607	13,872	24,019		32,707
Growth		420%	740%	130%	43%
% of total clients	1%	5%	24%	42%	51%
% of youth clients	3%	13%	50%	67%	74%
% of women among YS clients	53%	40%	45%	47%	48%
Min. target: % of women among YS clients*	68%	72%	76%		78%
Proposed target: % of women among YS clients*	80%	80%	80%		80%
% of rural clients among YS clients	0%	0%	95%	38%	46%
% of minors among YS clients	33%	61%	66%	57%	60%
% of poor/low-income clients among YS clients	n/a	n/a	n/a	n/a	n/a
% of in-school clients among YS clients (all)	0%	70%	70%	70%	71%

* targets from PBA are set for the end of the year (December), not June as written in this table. Data are not fully comparable.

Within YS framework, **loan disbursement to young people did not represent the core activity**, mostly because of funds shortage and secondly because a specific product for young people were not designed. At the end of YS program, **PEACE had 106,134 USD of gross outstanding portfolio distributed in 719 loans, 69% of which to women and 72.3% in rural area**. Loans to young people are characterized by a lower average loan size (207 USD) if compared with the total portfolio (230 USD) and better performance, since a zero tolerance policy is applied.

TOTAL Portfolio Features	Jun 11 - Jul 12	Jun 12 - Jul 13	Jun 13 - Jul 14	Jun 14- Dec 14
Gross outstanding portfolio (USD)	3,003,473	4,048,625	4,314,259	4,409,010
Growth (local currency)	5.3%	16.3%	42.6%	11.2%
Number of active borrowers	18,088	22,935	21,845	21,792
Average disbursed loan size, USD	187	198	219	230
Average outstanding balance per borrower (USD)	153	131	185	198
Average disb. loan size on p.c. GDP	50.5%	40.2%	41.7%	40.1%
Average outstanding balance on p.c. GDP	41.4%	26.6%	35.3%	34.5%
PAR 30	0.1%	0.4%	0.6%	0.7%
YS Portfolio Features				
Gross outstanding portfolio (USD)		25,082	68,431	106,134
Growth (local currency)			188.6%	61.9%
% of total portfolio		0.8%	1.7%	2.5%
Number of YS active borrowers		180	523	719
Growth			190.6%	37.5%
% of Female borrowers (among YS borrowers)		56.1%	61.6%	69.0%
% of Rural borrowers (among YS borrowers)		95.0%	74.8%	72.3%
% of in-school YS borrowers (all)		5.0%	5.0%	5.1%
Average disbursed loan size, USD		188	177	207
Average outstanding loan balance, USD		139	131	148
Average disb. loan size on p.c. GDP		38.1%	33.7%	36.0%
Average outstanding balance on p.c. GDP		28.3%	24.9%	25.7%
PAR 30		0.0%	0.0%	0.0%

In terms of mobilization of savings, **PEACE has registered good performance, reaching 136% of the proposed target in December 2014**. At the end of YS Program, **PEACE counts 24,054 savers** with an accumulated balance of 162,361 USD that represents 10% of the total amount of savings. Young clients report an average saving balance equal to 7 USD, smaller than adults (28 USD). Moreover, 247 safe boxes have been distributed to 99 females and 148 males by the end of 2014.

TOTAL Deposits Features	Jun-12	Jun-13	Jun-14	Dec-14
Amount of savings (USD)	921,681	1,350,189	1,526,253	1,613,395
Growth (local currency)	3.3%	17.7%	57.4%	19.6%
Number of voluntary depositors	22,758	37,110	48,671	57,038
Min. target: number of voluntary depositors*	23,531	30,251		37,753
Proposed target: number of voluntary depositors*	26,145	33,613		41,948
% Women voluntary depositors	78.5%	70.7%	65.9%	63.1%
% Rural voluntary depositors	73.0%	74.0%	75.0%	75.0%
Average saving balance per depositor (USD)	40	36	31	28
YS Deposits Features				
Amount of savings (USD)	10,849	95,702	136,155	162,361
Growth (local currency)		848%	50%	24%
Number of voluntary depositors	1,046	8,786	16,319	24,054
Growth		740%	86%	47%
% Women voluntary depositors	40%	45%	47%	48%
% Rural voluntary depositors	0%	95%	38%	47%
% Minors voluntary depositors	61%	66%	57%	60%
% of in-school YS savers (all)	70%	70%	87%	85%
% of in-school YS savers (compulsory school age)	0%	0%	0%	0%
Average saving balance per depositor (USD)	10	11	8	7

* targets from PBA are set for the end of the year (December), not June as written in this table. Data are not fully comparable.

At the end of YS Program, **PEACE has almost double the target on number of clients that received non-financial services, reaching 63,691 young people**. This number overpasses the number of active clients because it includes also those young people that received the financial education training and do not open the saving account. **343 partnerships with schools were informally agreed** (83% with elementary schools, 13% with secondary schools, 3% with TVET Schools and 1% with colleges).

Non-financial services	Jun-12	Jun-13	Jun-14	Dec-14
Number of youth clients having received non-financial services	2,358	22,083	44,953	63,691
% of total youth clients	30.2%	126.2%	148.2%	163.3%
Number of YS clients having received non-financial services	2,358	22,083	44,953	63,691
Min. target: # YS clients having received non-financial services*	2,475	14,250		24,450
Proposed target: # YS clients having received non-financial services*	3,300	19,000		32,600
Growth	691.3%	836.5%	103.6%	41.7%
% of YS clients	30.2%	126.2%	148.2%	163.3%
% of YS women having received non-financial services	225.4%	251.3%	222.5%	220.6%
% of YS rural clients having received non-financial services	49.8%	49.9%	51.4%	51.2%
% of YS minors having received non-financial services	0.0%	58.4%	83.9%	78.4%
% of in-school (all)	52.8%	61.4%	61.1%	61.6%
% of in-school (compulsory school age)	75.1%	58.3%	62.1%	66.4%

* targets from PBA are set for the end of the year (December), not June as written in this table. Data are not fully comparable.

For the entire period of YS implementation, the main challenge registered by PEACE was **reaching a higher proportion on female among its YS clients**. The main reason stands in the fact that girls, above all in rural area, have fewer economic opportunities and access to income than men. Indeed, they mostly work at home and do not have money to save. On the other side, women have a higher propensity and discipline to save. To address this limit, PEACE has created an incentive system to encourage women in savings (see **Errore. L'origine riferimento non è stata trovata.** above), and this effort was awarded by UNCDF during the "Second Annual Child & Youth Finance Summit" in 2013 for its innovative model to increase up taking of young girls.

Dormant clients seem to be a consistent problem (17% of the total accounts), regularly monitored and reported to management, but not deeply addressed. Youth clients' inactivity can be caused by the lack of regular savings, high mobility and lack of follow up from the branches. Another reflection can be seen in the massive marketing promotion that PEACE undergoes: reaching children through schools from one side may bring to a high outreach, but on the other side students may open the account because encouraged by teachers but without a real interest they do not make operations.

3.6 Sustainability

The computation of YS product sustainability comes from an estimation carried out by PEACE (and guided by the consultant team) since no breakdown analysis is carried out by the institution.

Estimation of YS expenses include the staff salary involved in YS activities, operational expenses related to savings and credit (cost related to the passbook, brochures, LOs per diem, fuel costs and transportation, utilities, etc.), other expenses related to non-financial services (cost of marketing campaign, organization of the Global Money Week, staff training costs, rewarding item costs for child and youth, etc.). Moreover, since a zero tolerance policy for loans is applied, PEACE has not any further costs linked to the loan provision. **Estimation of YS revenues** includes earnings from loan disbursement (interest rate and additional commissions and fees). Hence, **OSS ratio calculated for YS products is very low (9.4% in 2014), even though on an increasing path**.

Profitability and Sustainability (FSP)	Jul 10 – Jun 11	Jul 11 – Jun 12	Jul 12 – Jun 13	Jul 13 – Jun 14
Return on Equity before donations (ROE)	97.1%	97.8%	95.9%	101.4%
Return on Assets before donations (ROA)	39.4%	43.5%	41.8%	43.7%
Operational Self-Sufficiency (OSS)	143.0%	132.0%	127.7%	136.5%
Min. target: OSS	118.0%	120.0%	124.0%	128.0%
Proposed target: OSS	157.0%	160.0%	165.0%	170.0%
Profitability and Sustainability (YS)				
OSS	1.0%	2.2%	6.9%	9.4%

PEACE recognizes that **targeting youth has cost implications that need to be considered as an investment to reach the social mission**, and at this stage it is not possible to reach sustainability of the product itself. For this reason PEACE thinks that an increasing loan portfolio dedicated to youth may create benefit to the global sustainability of the institution over time. However, the **fund shortage is a strong constraint** in the development of this strategy. Hence, the **idea of cross-selling is somehow a strong incentive** to keep continue in serving young people as "*with youth you also reach adults and increase awareness in the communities*". Indeed, they observed an increasing participation trend even with adults.

3.7 Client protection

In 2012, **PEACE participated to the workshop on client protection with focus on youth** organized by YS and delivered by Reach Global. Training was attended by the youth champion and one branch youth officer that in turn trained 31 internal staff. **It demonstrates its fair commitment** through the endorsement of the Smart Campaign and the participation to the MFTransparency Initiative, even though its last data update goes back to 41 months before the writing of this report.

In general terms, PEACE is on an initial path towards the implementation of the international practices, and since the beginning of YS Program, **few improvements have been carried out**, as follows (with reference to the Smart Campaign's client protection principles, CPPs, in parentheses):

- Introduction of the client exit survey for clients that leave the institution (CPP1)– even though an in-depth analysis of drop out should be carried out
- Introduction of the loan schedule in the loan agreement (CPP3);
- Improvement in the complaint mechanisms in place, introducing suggestion boxes in branches and writing a procedure to use it (CPP7);

On the other side, other important steps to carry out are the following:

- Support product development with market research (CPP1)
- Conduct regular satisfaction survey to gather feedback from clients (CPP1)
- Consider to remodel the zero tolerance policy, as a stringent PAR target for delinquency can increase the risk of aggressive recovery tactics (CPP5) and discourage loan officers or recovery agents from taking the time to assess (CPP2)
- Include clause on protection of client's privacy in passbook and loan agreement (CPP6)

4 FSP (MICRO) LEVEL - ACSI[120]

4.1 Institutional characteristics

Name of the institution	Amhara Credit & Saving Institution (ACSI)
Legal form	Microfinance share company
Ownership	Regional government (25%), ORDA (35%), ADA (20%), AWDA (10%) and Endeavour (10%)[121]
Year of inception	1996
Value of YS grant awarded	816,777.00 USD
Value of grant(s) awarded as of Dec. 2014	816,777.00 USD
Training/TA received in the framework of YS	7 training sessions
Characteristics of YS financial services	Saving account, loans (individual and group methodology) and leasing
Characteristics of YS non-financial services	Financial education and entrepreneurial training (Hybrid model)

Amhara Credit & Saving Institution (ACSI) was set up in 1995 by a local NGO, ORDA, in the Amhara region. Operations started in 1996 and the following year was licensed by the National Bank of Ethiopia as a microfinance share company.

Its **mission** is "to improve the economic situation of low income, productive poor people in the Amhara region primarily through increased access to lending, saving services, and through participating in other payment systems" with the **vision** of "seeing a society in which people are free from the grips of abject poverty, with all the power determining their future in their own hands".

ACSI operates only in the Amhara region, targeting mainly low income people in rural area. It offers savings (current account, as well as fixed time deposit, savings without interest) and credit products (based on both individual and group methodology), fund management, insurance, leasing, and local money transfer. With YS Program, it launched **products** for youth (between 12 and 24 years old): **current saving account** (called *Raey* that in local language means vision), **loan and leasing,** as well as **non-financial services** that comprise financial education and entrepreneurial training (for more details, see **Errore. L'origine riferimento non è stata trovata.** and **Errore. L'origine riferimento non è stata trovata.** below). Before YS, ACSI already had a product for children below 17 years old. For more details see sections **Errore. L'origine riferimento non è stata trovata.** and **Errore. L'origine riferimento non è stata trovata.**.

ACSI is a government-owned MFI, the biggest MFI in the country, and also one of the biggest in Africa. As of December 2014, **ACSI has 2,909,356 active clients, with a consistent portion of active savers (2,873,836) and 957,104 borrowers**, reached through a network of almost 350 branches.

FSP key indicators	Dec-12	Dec-13	Dec-14
Clients (#)	2,108,231	2,504,339	2,909,356
% female	49.5%	45.0%	46.2%
Active savers (#)	1,895,171	2,475,718	2,873,836
Active borrowers (#)	775,399	894,867	975,104
Branches (#)	228	300	346

[120] This section contains some missing information and data because of the poor collaboration from dedicated staff in terms of: prompt replies and commitment, delivery of required documentation, completeness of data provided.
[121] Organization for the Rehabilitation and Development in Amhara (ORDA), Amhara Development Association (ADA) and Amhara Women's Development Association (AWDA).

FSP key indicators	Jun-13	Jun-14	Dec-14
Gross outstanding portfolio (USD)	173,867,421	235,681,178	277,649,619
Total savings (USD)	103,854,932	133,860,910	231,050,448
Total assets (USD)	253,323,024	321,051,440	442,943,262

In 2014, **ACSI employed 4,721 personnel**, on a constant annual growth of nearly 25%. Among them, 12% is involved in YS activities, two people full time at the head quarter (we consider that the dedicated YS human resources at central level is clearly understaffed) and the remaining at branch level. A weighted estimation has been carried out to compute the number of staff involved: in those branches where YS clients count less than 30% of the total clientele, it was assumed that 10% of branch staff efforts go to YS activities, rather 20% elsewhere.

FSP staff	Dec-11	Dec-12	Dec-13	Dec-14
Total staff	2,998	3,736	3,914	4,721
% female	25.0%	24.0%	25.0%	26.0%
Staff involved in YS	52	272	382	544
% female	29.0%	39.0%	42.0%	49.0%

4.2 YS process at the FSP level

The YS process of ACSI started in 2010 when ACSI was **invited directly by the YS Program Manager (PM) to the YS call for proposal** and participated to the Making Cents International's "Global Youth Enterprise Conference & Youth Financial Market Research". They then received a visit by the YS PM and submitted their expression of interest (EOI). According to ACSI opinion, the **selection process was very easy** as it consisted in providing some data on their outreach and a brief profile of the institution. Once selected, in December 2010 a **market research to understand youth needs** was conducted, internally with the support of external consultants from MicroSave and Freedom From Hunger. On the basis of the main findings from the market research, ACSI developed a YS business plan and developed specific youth products and services. According to ACSI, while the market research was a task within their reach, as they are familiar with these techniques, business plan required a lot of effort. In October 2011, the pilot phase started in 10 branches and in July 2012 they rolled out YS products and services in all branches, except the new ones.
At the beginning, in the pilot phase they experimented to sell (for 50 Birr, 2.6 USD) a book on financial education and a branded bag to all participants of the financial education. This was found out too much expensive and cancelled during the roll out phase. After the roll out phase, ACSI enriched the relationships with YSOs and transformed its non-financial services business models from in-house to a hybrid one, adopting internal staff but also external partners.

From YS Program, **ACSI received two grants of the total amount of 816,777.00 USD,** 18,200 USD were dedicated to the market research and the remaining 798,577 USD for the phase two of program implementation. According to ACSI, the amount was adequate and supportive for the institution that together with their capacity put them in conditions of implementing the project.

With regard training received from YS, they received seven trainings on market research, the one on product development, client protection, LQAS, and others. ACSI appreciated the approach of giving grants together with technical assistance that was defined as good. ACSI also received training and technical supports through webinars. Staff enjoyed the opportunity of receiving training with different channels, even though they prefer face-to-face training, also considering that they experienced problems with internet connection and webinar is not always the right instrument to receive TA.

List of training (location, topic addressed and people participating)		
Washington DC, September 2010	Conference and training on the youth-targeted market research	2
Dakar, July 2011	Training on product development for youth, pilot phase steps	2
Addis Ababa, March 2012	Training on youth client protection	3
Istanbul, May, 2013	Training on monitoring and evaluating (LQAS methodology)	3
2013	Financial Education Training of Trainers	5
2013	Familarization training on the new UNCDF designed YouthStart Report format	5
Kigali, September 2014	Workshop on sharing best practices and knowledge	2

In terms of **YS management and supervision role**, ACSI declared that the communication was good and periodic with the YS PM and her team. Nevertheless the YS quarterly reporting activity required effort in terms of accuracy of data and timely reports due to limits in the MIS and workload in the branches.

The idea of targeting youth as a specific segment is not a new concept for ACSI, indeed before YS implementation, ACSI was already serving youth with a saving account for minors. Moreover, with UNDP, ACSI also participated to the LED (Local Economic Development) Project that aimed at supporting unemployed and low income youth of the Bahir Dar, among other people. Hence, ACSI did not demonstrate a clear change in strategy and attitudes, rather a **continuation of a path started before YS**, however "*YS gave us the energy and the models*" to continue serving the segment and "*accelerate the process*". Indeed, in the course of YS implementation several opportunities arose to better serve youth. One example is the cooperation with Ethiopian Electric Service Authority to economically support youth involve in government programs of rural electrification. So far ACSI did not raise other funds from donors to ensure the continuity of YS, albeit management realized that more resources could increase their capacity to better perform.

Since ACSI is now in process of writing the new business plan, it is not possible at this stage to effectively verify whether they effectively consider youth segment important and **to what extent they want to embed it into their next strategy**. Nevertheless, a focus on youth was already present in the previous business plan (2010/2011-2014/2015), written before YS, and according to the interviews with management emerged a strong interest in continuing with youth products since ACSI recognized the capacity of youth to financially operate. They declare to plan to provide youth with other financial products, namely the money transfer, insurance and payment services, using products for adults.

4.3 YS products (savings, loans and other financial products)

Understanding products' features from ACSI staff was a complicated and time-consuming task. Staff interviewed partially presented the complete picture of all products. ACSI indeed has a number of products, program/donor-based, very similar each other. Nevertheless, it emerged that there is not a clear identification of youth products.

Before YS, **ACSI was already targeting young people with a dedicated saving account for minor**, according to which minor (below 18 years old) can open a saving account and are enable to withdraw starting from 12 years old. With the YS Program, ACSI created the *Raey saving account* for people between 12 and 24 years, according to which all operations, including the opening of the account, can be done by the children without a guardian. These two products have the same conditions (minimum opening balance, interest rate and cost of the passbook) but differ for a slight mismatch in the age of the target, the minor account compulsory requires the presence of the guardian for all the operations, and it is not linked to financial education training. Hence, according to ACSI the attitude of the youth make the difference: while the minor account is mostly opened by the guardian's decision, in **the *Raey* saving account it emerges a clear willingness of the youth**.

On the other side, **Raey account has the same conditions of the correspondent adult products** (passbook savings), including the possibility of buying a safe box (for 50 Birr, 2.6 USD) to accumulate money at home.And, above all, as it was already mentioned, no guardian is required for opening the account or doing operations.

ACSI differentiate products mainly for marketing strategies, Raey saving products are innovatively promoted at schools, through clubs, churches and government local offices (Kebele).

Name of product / Characteristics	Raey Account	Minor Account	Passbook saving
Currency	Birr	Birr	Birr
Min. interest rate (%)	5%	5%	5%
Max. interest rate (%)	5%	5%	5%
Fees	5 Birr passbook (0.26 USD)	5 Birr passbook (0.26 USD)	5 Birr passbook (0.26 USD)
Min. accepted balance (USD)	5 Birr (0.26 USD)	5 Birr (0.26 USD)	5 Birr (0.26 USD)
Initial capital	5 Birr (0.26 USD)	5 Birr (0.26 USD)	5 Birr (0.26 USD)
Interest repayments frequency	monthly	monthly	monthly
Penalty in case of anticipated withdrawal	No	No	No

In terms of credit products, **ACSI youth loans per se have similar characteristics to those of adults with more prudent rules**:

- Youth must have the Raey account and attend the financial education training;
- Family of the youth need to be co-responsible;
- Loan amount cannot exceed 10 times their saving balance.

Given the number of credit products that ACSI offers (Youth Loan, Women Loan, Micro Small Enterprise, Technology Loan, Housing Loan, Agricultural Loan and Settlement Loan), youth are allowed to use also all the other products.

Name of product / Characteristics	Youth Loan Account	Adult Loan
Credit methodology	Group and individual	Group and individual
Currency of the credit	Birr	Birr
Type of interest	Declining	Declining
Interest rate (%), annual	13% individual 15% group (monthly instalments) 18% group (agri purposes w/ balloon)	13% individual 15% group (monthly instalments) 18% group (agri purposes w/ ballon)
Insurance	Yes (for groups) 1-1.5%	Yes (for groups) 1-1.5%
Loan commissions	150 Birr to see collateral (ind. Loan)	150 Birr to see collateral (ind. Loan)
Up front fee (USD)	1%	1%
Max. credit amount (USD)	Max 1% of ACSI social capital (Ind. loan 1,500 USD (group loan)	Max 1% of ACSI social capital (Ind. loan 1,500 USD (group loan)
Collaterals / guarantees	Physical (ind. loan) Peer enforcement (Group loan)	Physical (ind. loan) Peer enforcement (Group loan)
Target population	12-24 years	all

Finally, ACSI also offer a **leasing product**, managed by specialized company (Walya) owned by ACSI (50%) and the government (50%) in partnership with Bureau of Agriculture. It is not a product clearly aimed to youth, but it can be adequate to overcome their lack of collateral. It offers agricultural mechanization and investment group loans, especially for graduated youth from technical and vocational schools. Also with leasing ACSI applies conservative rules and as guarantees asks for the youth and family's original educational diploma, held until the debt is paid.

Before YS, **ACSI already have another leasing product for youth**, with the purpose of providing the funding for the purchase of machineries needed for the fabrication of bricks for house construction.

The market research supported ACSI in designing the youth products, albeit a not clear difference between youth and existing products is not there. Indeed, **ACSI developed different marketing strategy**, rather than adopting significant difference in product characteristics.

According to the **market research**, youth are economically active, need savings and use loans effectively as adults. Primarily, youth did not save because of the legal constraint of involving an adult, then because registers irregular income and also due to branch distance. To address these limits, ACSI has decided to take the legal risk and do not ask for a guardian in minor operations, offer the safe box to accumulate money at home and investing in mobile banking technology. With this regard, it will be not a specific delivery channel for youth, even though they are inclined to use innovative products and might also support the family.

In terms of credit, based also on a previous collaboration with ADA (Amhara Development Association) with the Packard Foundation-supported 'Credit with Education' program, ACSI understood the importance of offering loans jointly with financial education.

During the market research phase, **gender was taken into consideration**, however according to the findings, there were **no needs to develop separate products or slightly change the conditions**. Gender issue was rather **addressed in the marketing strategy**. For instance, to ensure an equal involvement between the male and female, the savings clubs are mandatory formed by 3 male and 3 female. Moreover, mobilization activities are also carried out in specific place where women meet, as market place or women associations.

The disadvantaged condition of women is recognized, and above all it was observed that women borrow less than man because in the majority of cases they do not have the title of property. This specific constraint was however not addressed in the product design as it should have been.

4.4 YS non-financial services

In terms of non-financial services, **ACSI provides financial education and entrepreneurial training**. This is not a new product developed within the YS Program, even though it was specifically adapted to youth needs. Starting from a module of 8 sessions developed with Freedom from Hunger, ACSI shorten and simplify it, addressing the following topics:

- Introduction of ACSI (mission, branch, working time, products)
- Financial education for youth: Introduction
- Financial goals setting
- Savings and savings options
- Savings plan and spending decision
- Equity or debt financing
- Risk management and insurance (partially addressed with minor)
- Budget and budgeting

Non-financial services can be delivered to existing clients or potential ones recruited in schools, churches, local governmental administration (Kebele), meeting place, etc.

Topics seem to be adequately addressed, each module takes more or less 30 minutes and training should be divided at least in two meetings. Modules are also adapted according to the level of education of youth, and for instance in training at higher level of schooling, they use a version more elaborate. To support staff in delivering the training, **a trainer guide was draft**. It comprises a summary of the topic, history and practical examples to use, questions to pose to youth to stimulate a debate and a better comprehension.

To deliver training, ACSI adopted a **hybrid model using internal staff but also created partnerships with YSOs**. Internally, a system of ToT and training to branch staff was in place, according to which the YS team delivered training to branch office managers that in turn train branch staff, mainly Client Relation Officers-CROs. After this stage, branch staff is required to form youth clubs (composed by 3 boys and 3 girls) headed by an "ambassador", then can directly deliver training in different places. Schools (primary, secondary and also vocational training schools) represent a great source of potential clients, and with this regard ACSI has signed a formal agreement with schools at regional level and Ministry of Education (MoE).
One significant partnership, started in 2014, is with the **training vocational school (TVT) of Bahir Dar University**, focused on business self-employment. According to their agreement, ACSI is allowed to deliver financial education training to students in TVT's campus and encouraged them to open a saving account; on the other side, when needed the school links its training graduated to ACSI's loan products. Previously, TVT had a similar agreement with Commercial Bank of Ethiopia, but the limited focus on disbursement loan to youth stopped the relationship.

Another strategic partnership, signed in 2014, is with **DOT Ethiopia,** with which they have created the Business Development Center (BDC), sharing costs and personnel (ACSI involve one person, and offer the room, DOT pays the trainers). DOT, with a system of peer-trainers (trained for 21 days, 2 hours per day), trains existing clients (suggested by ACSI) directly at ACSI branches or schools on three areas:

- Life skills
- Entrepreneurship
- ITC

Once beneficiaries are trained, they can be linked to ACSI financial products to start up new business. According to DOT models, they work with people below 30 years old, and think that it would be important also to cover that missing segment.

Finally, another agreement for delivering non-financial services was signed with the **Bureau of Agriculture to work in rural area and create business self-employment** supported by youth loans and training.

4.5 YS outreach

Before the implementation of YS, **ACSI was already targeting youth** with other projects and products. In 2010, 11.6% of the total number of clients was young, below 24 years old. With YS, this portion slightly increased to **17.6% in 2014** and 10% comes from YS.

At the end of 2014, **ACSI did not reach the minimum target set in the Performance based Agreement (PBA)** signed in August 2011 with UNCDF in terms of total number of YS clients reach and percentage of women clients in the overall portfolio. Moreover, ACSI reached more than 500,000 youths and only 54% are using YS products. This means that **ACSI did not fully exploited its potentiality in serving youth with these specific products, rather it uses also others**. On the other side, **ACSI reached, and in some cases largely overcome, the other targets in terms of savings, non-financial services, and sustainability**.

As of December 2014, **ACSI reached almost 3 million people, half of them women; disbursed 278,620 loans, 43% of which to minors, 54% to women and 60% in rural area**.

In terms of data at client level, ACSI had provided information on poverty ratio among YS clients. However, during interviews, it was declared that they gather income information during loan assessment, without putting it into the MIS. No further explanations were provided on how the poverty ratio has been calculated hence it is not clear how this information is computed. Nevertheless, according to their estimation, YS clients register an instable poverty rate, reaching 90% in 2012, 49% in 2013 and 34% in 2014.

Outreach	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
Total number of clients	1,486,702	1,697,045	2,108,231	2,504,339	2,909,356
% of women clients	50.5%	51.5%	49.5%	45.0%	46.2%
Min. target: % of women clients		45%	48%	52%	52%
Proposed target: % of women clients		45%	50%	55%	55%
% of youth clients (12-24) over total	11.6%	15.0%	19.4%	15.8%	17.6%
Number new youth clients (12-24)	0	834	77,849	48,327	95,886
Number of YouthStart clients (12-24)		927	78,683	158,762	278,620
Min. target: # YS clients (12-24)		151,978	212,192	259,522	290,834
Proposed target: # YS clients (12-24)		178,798	249,638	305,320	342,158
Growth			8,388%	102%	75%
% of total clients			4%	6%	10%
% of youth clients			19%	40%	54%
% of women among YS clients		37%	49%	54%	54%
Min. target: % of YS women		43%	47%	51%	54%
Proposed target: % of YS women		50%	55%	60%	60%
% of rural clients among YS clients		0%	0%	0%	60%
% of minors among YS clients		14%	32%	41%	43%
% of poor/low-income YS clients		78%	90%	49%	34%
% of in-school clients among YS clients (all)		90%	100%	80%	80%

Given its size, ACSI has a **limited portfolio dedicated to youth, almost 7 million USD with 65,948 clients,** and in 2014, **YS loan outstanding counts for 2% of the total portfolio**. Average disbursed loan size is sensibly lower among youth, with an average of 70 USD versus 336 USD of the adults. Youth registers better quality of portfolio, with a lower par30. YS borrowers are mainly women (64%) in rural area (79%).

TOTAL Portfolio Features	Dec-11	Dec-12	Dec-13	Dec-14
Gross outstanding portfolio (USD)*	118,384,519	173,867,421	235,681,178	277,649,619
Growth (local currency)*		57.8%	43.4%	23.0%
Number of active borrowers	694,993	775,399	894,867	975,104
Average disbursed loan size, USD	198	269	292	336
Average outstanding balance per borrower (USD)	170	224	263	285
Average disb. loan size on p.c. GDP	53.4%	54.8%	55.6%	58.5%
Average outstanding balance on p.c. GDP	46.0%	45.6%	50.2%	49.6%
PAR 30	4.0%	1.4%	1.7%	1.0%

*This data refers to the fiscal year (July-June)

YS Portfolio Features	Dec-11	Dec-12	Dec-13	Dec-14
Gross outstanding portfolio (USD)	570,982	1,261,029	4,411,431	6,922,814
Growth (local currency)		137.3%	270.0%	63.8%
Number of YS active borrowers	197	3,313	36,835	65,948
Growth		1581.7%	1011.8%	79.0%
% of YS Female borrowers	72.1%	63.0%	66.4%	64.1%
% of YS Rural borrowers	na	na	na	79.1%
% of in-school YS borrowers (all)	na	na	na	na
Average disbursed loan size, USD	170	381	120	70
Average outstanding loan balance, USD	2,898	381	120	105
Average disb. loan size on p.c. GDP	46.0%	77.4%	22.8%	12.2%
Average outstanding balance on p.c. GDP	782.0%	77.4%	22.8%	18.3%
PAR 30	0.1%	0.3%	0.5%	0.6%

In terms of savings, **ACSI has far exceeded the proposed target since the beginning of YS Program**. Currently, number of active savers, as reported from ACSI, seemingly double counts borrowers with compulsory savings and Raey account, nevertheless even without the number of borrowers, targets are overcome.

YS share is low (3.7% in 2014) if compared with the total amount collected. As of December 2014, **278,620 YS clients have accumulated more than 8 million USD with an average balance of 31 USD**. Adults save the double (60USD) than youth. Within YS clients, 43% are minors, 54% women and 60% come from rural areas. A huge share of them (80%) is composed by students. According to interviews, dormant accounts are not a concern, in Durbatie branch reach 5%, and in Darbre Tabor 10% . Main reasons stand in the income volatility of clients.

TOTAL Deposits Features	Dec-11	Dec-12	Dec-13	Dec-14
Amount of savings (USD)*	84,803,158	103,854,932	133,860,910	231,050,448
Growth (local currency)*		31.6%	36.3%	80.2%
Number of active depositors	1,325,353	1,895,171	2,475,718	2,873,836
# depositors minus borrowers		1,511,953	2,083,483	2,907,905
Min. target: number of voluntary depositors	788,309	1,150,931	1,438,663	1,726,396
Proposed target: number of voluntary depositors	875,898	1,278,812	1,598,515	1,918,218
% Women voluntary depositors	55.8%	57.0%	56.0%	58.0%
% Rural voluntary depositors	74.8%	75.0%	75.0%	75.0%
Average saving balance per depositor (USD)	53	45	45	60

*This data refers to the fiscal year (July-June)

YS Deposits Features	Dec-11	Dec-12	Dec-13	Dec-14
Amount of savings (USD)	8,884	1,778,290	4,845,679	8,511,424
Growth (local currency)		21409%	188%	83%
Number of voluntary depositors	730	78,683	158,762	278,620
Growth		10678%	102%	75%
% Women voluntary depositors	47%	49%	54%	54%
% Rural voluntary depositors	na	na	na	60%
% Minors voluntary depositors	17%	32%	41%	43%
% of in-school YS savers (all)	114%	100%	80%	80%
% of in-school YS savers (compulsory school age)	99%	90%	49%	34%
Average saving balance per depositor (USD)	12	23	31	31

Also in terms of non-financial services, ACSI registered great performance, overcoming the targets proposed by PBA within the YS framework. ACSI trained 42% of minors, 52% of women and 36% of people living in rural areas.

As of December 2014, **ACSI has trained 214,188 clients** that is less than the total YS clients (278,620 in Dec 2014). This means that not all clients with savings and loans received the compulsory training.

Non-financial services	Dec-12	Dec-13	Dec-14
Number of youth clients having received non-financial services	16,724	144,064	214,188
% of total youth clients	4.1%	36.3%	41.8%
Number of YouthStart clients having received non-financial services	16,724	144,064	214,188
Min. target: # YS clients having received non-financial services	60,437	105,981	136,019
Proposed target: # YS clients having received non-financial services	71,102	124,684	160,022
Growth		761.4%	48.7%
% of YS clients	21.3%	90.7%	76.9%
% of YS women having received non-financial services	37.3%	47.5%	52.0%
% of YS rural clients having received non-financial services	0.0%	0.0%	36.8%
% of YS minors having received non-financial services	13.0%	38.1%	42.0%
% of in-school (all)	470.5%	88.2%	104.1%
% of in-school (compulsory school age)	423.4%	53.6%	44.2%

4.6 Sustainability

Since ACSI is not conducting a breakdown analysis of costs and revenues per product, this YS sustainability exercise was based on estimation. Expenses include:

(i) Average salary of staff involved in YS;
(ii) Operational expenses linked to YS;
(iii) Expenses related to YS non-financial services; and
(iv) Provision expenses on YS portfolio.

The revenue side includes earnings from lending (interest rate) and interest spread from Raey savings, assumed to be 10% per annum on average.

According to this information, in 2014 ACSI YS products registered an Operational Self-Sufficiency (OSS) of 122%, level that is far behind the OSS at institutional level, but **still a good performance**.

Profitability and Sustainability (FSP)	Jun 11	Jun 12	Jun 13	Jun 14
Return on Equity before donations (ROE)	46.3%	28.3%	26.2%	25.9%
Return on Assets before donations (ROA)	12.9%	7.9%	7.1%	6.5%
Operational Self-Sufficiency (OSS)	214.1%	242.9%	223.6%	215.3%
Min. target: OSS	177%	200%	213%	213%
Proposed target: OSS	208%	235%	250%	250%
Profitability and Sustainability (YS)	**Dec 11**	**Dec 12**	**Dec 13**	**Dec 14**
OSS	32.3%	86.7%	106.9%	121.8%

During the YS implementation, ACSI realized the extent of economic potentiality of youth, in terms of ability to create income, as well as the magnitude of youth financial needs, that a part from credit and savings, include local money transfer, insurance, payments services and innovative delivery channels, such as mobile banking and ATM. Youth is also considered an opportunity to cross-sell products within the same household. For these reasons, YS products may influence the overall financial sustainability, and "*youth is the next generation, if we miss this opportunity we will not reach sustainability*".

Sustainability is facilitated by the size of ACSI and its visibility at market level. Moreover, its linkage with regional government facilitated the creation of important partnerships in terms of YSOs and agreement with schools that have enlarged their clientele. And, huge youth outreach of loan and savings portfolio brought to generate economics of scale and reduction of unit costs. Also the lack of competition in terms of credit offer also favored ACSI in attracting clients.

4.7 Client protection

Together with the other FSPs involved in YS Program, in 2012, **ACSI participated to the workshop on client protection with focus on youth** delivered by Reach Global. After that it performed a self-assessment of client protection principles promoted by the Smart Campaign and a business plan to improve internal practices. ACSI demonstrates commitment towards client protection having endorsed the Smart Campaign, participating to the MFTransparency Initiative, even though its last data update goes back to 41 months before the writing of this report, and finally being member of the SPTF.

During the field visit, little information was collected on client protection topic as it was difficult to verify whether a change happened. However, in terms of internal practices it seems that ACSI needs to improve several aspects to reach international standards, (with reference to the Smart Campaign's client protection principles, CPPs, in parentheses):

- Products are based on market research and client feedbacks, but the idea that products are mainly program-based may not effectively match clients' needs (CPP1);
- Transparency is improvable: for instance loan agreement does not report the APR (annual percentage rate) and does not describe terms and conditions of the loan (pre-payments, penalties, etc.) (CPP3);
- Also communication with clients, in terms of products conditions and terms need to be enhanced (CPP3);
- Privacy of data also needs to be strengthen, for instance both loan agreement and saving application do not contain a privacy clause on the use and protection of clients' information (CPP6);
- Privacy of information is not kept during recruitment at school where all the class knows who, after the training, opened or not the account.

On the other side, loan appraisal is not collateral-based but analysis of the business activity, as well as credibility of the client, is carried out (CPP2). Moreover, it seems that ACSI has an adequate mechanism of management complaints in place, with at least two different channels (suggestion box and book at branch), staff dedicated to handle complaints linked with product development manager and improvements (CPP7).

5 CLIENT LEVEL - PEACE

PEACE operations are widespread in three regions in the country, namely Oromiya, Amhara and Southern Nations, Nationalities, and Peoples' Region (SSNRPR). Due to logistic reasons, the stratification rule, according to which two different regions with different levels of poverty and employment should have been selected, was not feasible at country level. Branches were then selected only in the Oromiya region, that is wide and heterogeneous in 284,538 km^2, and this segmentation logic was applied within the region itself.

Bereh Alelitu, relatively close to headquarter, in the North Shoa district, has been chosen as **urban branch where YS has been piloted**, it is relatively big with high level of competition (6 other MFIs). **Dodola**, rather, 336km from the capital city in Bale district, is considered as **rural branch with lower level of competition** (3 other MFIs).

During client selection, **another adjustment was carried out to adapt our methodology to the effective branch configuration**. The FGD held with borrowers was limited in number (only 5 clients) and included only women because total YS loans is still small (as of January 2015, 67[122] loans were disbursed in the entire branch) and only a small percentage (3%) is represented by male. PEACE also claimed that random selection for this group was not possible because clients from the first selection were not close to the branch location and it was necessary to introduce in some cases a second choice.

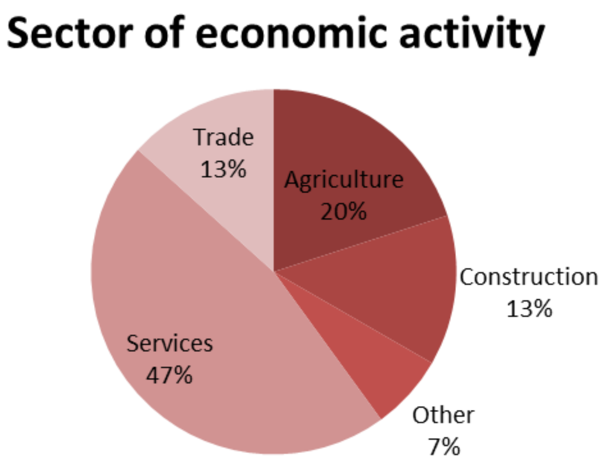
In total, FGDs and interviews were carried out with ***25 YS clients, 76% of whom were women and 44% minors***. The table below summarizes some of their key socio-demographic characteristics:

Typology of FGD	Respondents (#)	Female (%)	Age (mean)	Married (%)	# in household (mean)	Years of schooling	New clients (%)	Working (%)
Savings	6	50%	17.3	16.7%	4.8	8	100%	33%
Savings & loans	5	100%	22.4	20.0%	3.0	7	100%	100%
Savings & NFS	7	57%	19.8	14.3%	5.0	9	57%	71%
Only females	7	100%	18.3	14.3%	5.3	6.2	100%	43%
Total	***25***	***76%***	***19.3***	***16.0%***	***4.6***	***7.5***	***88%***	***60%***

All clients interviewed have the Lenege current saving account, six of them have also a loan and all, except two respondents, have received the financial education training. A **high percentage of YS clients (88%) are new** after the launch of Lenege products, reached through marketing campaign at school, efforts from the staff, and for a consistent part (36% of respondents) saving mobilization passed through existing clients that invite their sons or friends to open an account. Indeed, PEACE strategy is mainly based on word of mouth and clients confirmed that community is reactive in procuring new clients.

Respondents declared of having some source of income. Students mostly receive pocket money from their family, and only 3 of them works with the family in the fields; while the others have their own business or they are employed, and the main activities come from services (running a restaurant or café), agriculture and breeding (poultry, cattle), constructions and trade.

[122] Among PEACE YS portfolio, Bereh Alelitu is the third largest branch in terms of number of loans disbursed, and the biggest ones, Molale and Kuy, in the Amhara region, were proposed to PEACE but not chosen because too far to be reached.



Before the launch of YS products, **financial inclusion among respondents seems to be very low**. Both informal channels (16% used to play *equb*) and formal channels (16% has saving account with other banks, mainly CBE) were barely used. *Equb* is seen as different from a saving account, it is riskier because group member can escape from the village, but it is more effective for getting a loan and faster in money accumulation. One client said that uses Lenege for emergency purposes, and *equb* for repaying the current loan with PEACE. Currently, 20% of respondents is still using it.

All borrowers also have micro-insurance as it is compulsory with the loan. **No further financial need emerged**, except for few cases. One client that does not satisfy the requirements for individual loan (because of the lack of collateral) and finds difficulties in forming a group, claimed that PEACE should develop a new product tailored to this kind of situation. Another one asked for money transfer.

In terms of gender issue, **female did not ask for products with different terms or conditions**. They confirm the findings from the market research, according to which they do not need specific requirements. They also appreciated the pink color of the passbook.

5.1 Feedback on YS financial products

Lenege saving products seem to have a strong brand and client recognize the effort in having designed specific products for young people. However, with an in-depth analysis, **clients are satisfied with youth savings options but they are indifferent to adults' ones**. Children highly appreciated the option of taking the safe box at home to accumulate money at home and prevent to waste it.

Clients demonstrated a basic knowledge of products' terms and conditions and seem to be also aware of different channels to save, making comparisons. For instance, one client said that prefers Lenege to local *equb* because its flexibility in doing operations. Another one declared of having two different saving accounts to diversify the risk in case of macroeconomic crisis. They know which are pre-requisite to open an account, interest rate accrued, but they do not know if there are costs for closing the account and borrowers have difficulties in expressing the interest rate in percentage.

Purposes of savings can be differentiated according to the occupation, while students have a long term vision and save for paying university fee or transportation to reach the faculty; respondents with a job have shorter term projects, such as the business expansion or to start up a new business activity. In some cases emerged the perception that **savings is strictly linked to the accumulation for getting a loan**, "*If you save you can receive a loan*", confounding the idea of voluntary savings with compulsory savings linked to loans.

According to respondents' experience, business activities are not strictly initiated with a loan from the bank but in some cases with money accumulated by their parents. Hence, **among borrowers, there are some cases (4 out of 5) that used the first cycle of a loan to renew or develop their business**. All of them is repaying on time without any difficulties, and like the possibility of receiving mentoring and couching services from LOs to support the management of the business.

In terms of satisfaction, clients recognize that **loan products are not fully tailored to their needs**. They would like to apply for individual loans, but the lack of collateral poses a huge barriers. On the other side, in some cases group lending is not appreciated because the solidarity principle is considered too much riskier.

In general terms, among clients emerged that **savings is the most important product**, more preferable if accompanied with financial education training. Clients like the idea of investing in the future for educational purposes or to launch a new business.

5.2 Feedback on YS non-financial services

All respondents, except two, have received financial education training by loan officers at schools, including vocational training center, in the branch or directly at their workplace, with group or individual lessons. **Borrowers also declared of having received financial education training on loans**. However, these lessons refer to the explanation on how group methodology works (rules, terms and conditions) and **cannot be assimilated to financial education**.

In terms of satisfaction, **clients like the training contents** as they consider them effective and more practical than the Civic and Ethical Education lessons in schools, "*I'll teach to my child, too*". Indeed they appreciated the stimulation of the savings culture, "*they brought the saving culture here*". One client **suggests enriching the topic** addressed in the financial education modules **adding mentoring lessons for a better business management**.

They did not complain with the **length of the training** (between 30 and 45 minutes) that is considered enough to understand the topics. They also **appreciate the methodology** used to deliver the training, its direct impact with pictures, and the simplicity of language. However, among those that receive the training in branch they **would have preferred to receive in groups** because among peers learning process is considered easier. They do not see the need of differentiate classrooms per gender and rather they think that mixed groups are better.

5.3 Feedback on likely impact for YS clients

In terms of likely impact, 80% of **clients interviewed declared that their life has been changed** since the first approach with the Lenege products. Minors register enhancements in their money management, mainly through the use of the safe box at home, investing for their future plans. They did not express concrete change in terms of asset building or improvements in their daily life. Rather they pointed out how YS products changed their attitudes towards spending and saving money. On the other side, youth above 18 years old found a job, set up or improved business activities, invested their profits in related activities (breeding and fattening) or supported the family, and gained independence. One client declared of having built the house, another said that without the loan she would have never start her activities.

Among clients that declared **not having improved their life since the use of YS products**, the remaining 20%, two of them are very new clients (from 8-9 months) and it was too early to register any improvements, while the other three are too young (and students) with irregular savings.

The **main contribution they attribute to YS Program** is the development of a saving culture that was not eradicated in their background, but still difficult to change "*I formally save now but I continue to keep money at home*". Financial education played an important role as "*the most importance thing was the training: Commercial Bank of Ethiopia did not provide when I opened the account with them*". All of them, but two, indeed increased their savings. They understood the importance of planning and calibrating expenses, as well as the importance of accumulating money for new investment opportunities. Clients that previously save within the family emancipated themselves and start saving independently.

This belief is also confirmed by PEACE staff, according to which "*Lenege products brought significant behavioral change among clients*".

No significant differences emerged between experiences from male and female. According to the information gather through the interviews and FGDs, they have mostly the same behaviors, but since the portion of female interviewed is bigger (76%) than male, they have expressed more opinions.

6 CLIENT LEVEL - ACSI

ACSI operates only in one region in the country, hence the segmentation rule according to which two different regions with different levels of poverty and employment should have been selected, was not possible to be applied.

Due to the huge number of branches (more than 350), ACSI preferred to present us the branch figures aggregated at district level, hence we selected the district according to representativeness of total portfolio, ratio rural/urban area and gender, and ACSI selected the two branches.

Durbatie branch, in West Gojja district, was selected as **rural branch** with low level of competition (3 cooperatives), **where YS has been piloted**. **Darbre Tabor**, in South Gondar district, was instead chosen as **urban branch**, and characterized by high level of competition (10 cooperatives).

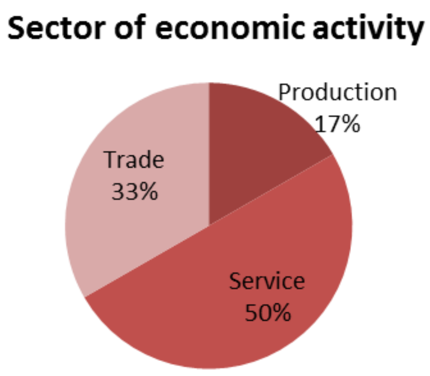
Furthermore, the difficulties in cooperating with ACSI's dedicated team, the delays in providing information on the branches and provision of client lists, affected the random selection of clients. In Durbatie branch, staff was not able to invite clients in advance, hence the FGDs were carried out with clients contacted on the same day. This affected the stratification rule, for instance, in FGD with female we did not have minors and savers, but only borrowers. Unfortunately, the sample has homogenous characteristics and responses slightly vary mostly according to age cohort (with some influence also by school attendance).Finally, in the FGD with clients that received non-financial services, also clients that only receive training (but not open any savings account) were invited since it seemed to be an important phenomenon to register.

In total, **29 youth were interviewed** through FGDs and individual short interviews, comprising **65.5% women, and 17.2% minors, in general with a high level of education**. The table below summarizes some of their key socio-demographic characteristics:

Typology of FGD	Respondents (#)	Female (%)	Age (mean)	Married (%)	# in household (mean)	Years of schooling	New clients (%)	Working (%)
Savings	8	50.0%	17.6	0.0%	3.5	7.6	100.0%	62.5%
Savings & loans	8	37.5%	21.7	0.0%	4.9	11.9	75.0%	100.0%
Savings & NFS	6	83.3%	19.2	50.0%	4.8	8.7	100.0%	83.3%
Only females	7	100.0%	23.4	85.7%	3.0	8.9	85.7%	100.0%
Total	***29***	***65.5%***	***20.5***	***31.0%***	***4.0***	***9.3***	***88.5%***	***86.2%***

Among all respondents, **26 have Raey saving account, of which 58.6% also have a loan. 3 received only non-financial education**. Youth were mainly recruited at their workplace, in door to door marketing campaign carried out by branch staff, or at school with promotion done by teachers, at the kebele or through relatives.

All clients declared of **having a source of income**. Minors receive a pocket money from family or relatives; while the others have income mainly from business in service activities (shoeshine, driver, teacher, etc.), trade (shopkeeper, merchant, etc) and few in production (handicraftsman, tailor, etc.). In this sample no agriculture activities are carried out, mainly for a bias in the sample selection. One branch, Darbre Tabor, was urban, as should it be; rather from the rural branch, Durbatie, people were recruited the same morning of the FGD around the branch, and was barely difficult to find farmers around.



In terms of **use of money**, since the sample is composed mainly by self-employed people (76%), the majority declared of using money for business purposes, expanding or launching a new activity.

Beside YS products, **financial inclusion of respondents is very low**, above all the formal one. Only three have a saving account with another financial institution (CBE), 10 use Ekuq and other two use money transfer to receive money from abroad. Few clients declared to still keep some money at home. Money lenders seem not to be widespread in the areas visited. No further financial needs are required, only one claimed for a visa card, even though he was not so sure on its advantages.

Gender issue seems not to be a concern. Women do not ask for specific conditions and products different from those of men.

6.1 Feedback on YS financial products

The general impression from these FGDs was a **lack of awareness from clients of being specifically targeted**. In some cases clients did not know the name of the product, calling the Raey saving account as “voluntary savings” to differentiate it from the “compulsory” saving account required for getting a loan. Indeed, **the majority of respondent thinks that loan is the most important product**, and for them savings is primarily business-oriented. Minors have instead life future project, and two of them (13 years old both) want to be doctor and save for the university. Also another guy of 18 years old that recently moves from rural area to urban is saving for the university.

Clients did not express any complain but neither praises on savings. Currently, one client said that she is happy with ACSI saving options, even though she does not know conditions in the market. On the other side, they demonstrate, except minors, to have a good understanding of conditions of the products they are using. In terms of credit products, clients appreciated the fastness of disbursement, (one or two weeks), while **some of them do not like the group methodology** and the solidarity principle, because it happened that people were not reliable and escape from the village. One client asked for increasing the loan size.

Finally, borrowers declared of **not having incurred in problems for repaying a loan**, and never happened of having asked money to parents or others to repay on time and appreciate the visit of LOs during repayment.

6.2 Feedback on YS non-financial services

All 29 respondents received non-financial services, including financial education and entrepreneurial modules, at the branch or at school in 2 or 3 meetings. One declared of having received one-hour training at his workplace.

Topics listed by clients are several, indicating the **wideness of training**: advantages and importance of having saving plans, how to set a goal, how to manage money, advantages and disadvantages of different saving options. Clients with loans, received a training also on how to borrow and how to repay the loans, how to create a business, follow up of the business and coaching on how to expand it.

Clients seemed to be **very satisfied of business training and asked for getting more follow up during repayment phase and more training on how to develop and run a business.** Once again, it emerged that financial education seems to be important if it is finalized to improve the business activity. In addition, financial education has also stimulated the discussion within the family on the decision of opening the saving account.

All of them appreciated the quality of training, above all its practical side. They indeed compared these classes with the Civic and Ethical Education lessons at school arguing that the latter were too theoretic.

In terms of delivery channels, **they argued to prefer group training sessions** because they can share experience and also, since for them training is finalized to receive a group loan, it is a way to uniform knowledge within the group.

6.3 Feedback on likely impact for YS clients

All respondents, but three, declared of having somehow improved their life / situation since access YS products/services. Among students, main changes stand in the increasing of their deposit and ability to afford university expenses, starting new business activities and asset building. Among the others, all employed, half of them declared of having improved their business or hired new person. One third started a new business, and the others declared of having gained independence from the family, built assets and moved from the rural to the urban area. Those three clients that did not see any changes were newly recruited, one or three months before the interviews; hence they declared that too short time passed to see any improvements in their lives. In terms of gender, one significant difference emerged in their responses, as **only women declared of having gained independence**.

ACSI contribution stands in the development of a saving culture but above all in the support to business development, and all of them, except three, declared of having changed financial habits and increased savings. To savers only, ACSI taught them how to save, preventing from wasting money; while borrowers have learnt how to develop, start and run a business. "*Without ACSI I would have not accessed to loan because around there are no similar opportunities. Banks do not give loans to youth with small amount and not so nice collateral*".

In the area where interviews were carried out, it seems that there are economic opportunities, mainly in manufacturing and agriculture (irrigation and fattening), and clients seem to exploit them.

APPENDIX 1. LIST OF RELEVANT STAKEHOLDERS CONTACTED / INTERVIEWED

Institution	Person, Position	Date of interview (in case not reached, explain how did the team tried to contact the person)
UNCDF/UNDP (global level)		
UNCDF / ILO	Asefa Yoseph, Senior Technical Specialist Social Finance Programme ILO Regional Office for Africa	Monday 23rd March 2015
UNCDF	Ulrik Krinstensen, Regionale Portfolio Specialist	Monday 23rd March 2015
UNCDF	Eva Garzon, Makarimi, Head of Regional Office	They left UNCDF and not available (contacted by emails)
Global level (other)		
Department for International Development (DFID) & DAI	John Primrose, Private Sector Development Adviser Helen Tedia Teshome, Group Lead Financial Sector	Thursday 26th March 2015
World Bank Ethiopia	Gelila Woodeneh, Communications Officer	Contacted on 2nd March – no answers
Women World Banking	Ryan Newton, Relationship Manager	8th April 2015 (skype call)
Digital Opportunity Trust (DOT) Ethiopia	Tadie Kelemu, Regional Team Leader	Saturday 28th March 2015
Macro level		
Ministry of Finance and Economic Development (MOFED)	Melaku Kifle, Financial Inclusion Coordinator	Thursday 26th March 2015
Bureau of Finance and Economic Development (BoFED)	Garred Lebesse Awok, Financial Inclusion Coordinator	Monday 30th March 2015
Ministry of Youth, Sport (MYSC)	W/ro Tsehai Gulema, Coordinator of Youth Policy Studies, Implementation & Monitoring Department	Contacted via email on 2nd March and was directly contacted by phone by Mr. Aseffa. No answer
Ministry of Women, Children and Youth Affairs (MOWA)		Contacted via email on 2nd March and was directly contacted by phone by Mr. Aseffa. No answer
Federal Cooperative Agency (under Ministry of Agriculture)		Contacted via email on 17th March and called. No answer
National Bank of Ethiopia (NBE)	Frezer Ayalew, Director of the microfinance directorate	Contacted on 18th March – he confirmed the meeting, asked to postponed but not answered

Meso level		
Association of Ethiopian Microfinance Institutions (AEMFI)	Wolday Amha, CEO	Friday 20th March 2015
Microfinance African Institution Network (MAIN)	Selome Wondimu,	Thursday 26th March 2015
Alemnew Shumye Alemu, TVT Technical and Vocational Education and Training	Educational Planning and Management	Thursday 2nd April 2015
Market level		
Vision Fund	Samuel Wolde, Saving Manager	Friday 27th March
Eshet MFI	Tamirat Jaleta, Operations Manager	
African Village Financial		
Aggar Microfinance	Hailu Leta, General Manager	Friday 3rd April
Commercial Bank of Ethiopia	Operation Manager	Asked to provide contact: Peace CEO Mr. Wolday, Board Member of CBE
OCCSCO	Teseo Teshome, General Manager	Met at AEMFI Annual General Assembly and invited to participate to FGD with other FSPs but no answered
Addis Credit & Saving Institutions (ADCSI)	Awash Abitew, Managing Director	Met at AEMFI Annual General Assembly and invited to participate to FGD with other FSPs but no answered
Specialized Financial and Promotional Institution (SFPI)	sfpi@ethionet.et	Met at AEMFI Annual General Assembly and invited to participate to FGD with other FSPs but no answered

APPENDIX 2. LIST OF PEACE STAFF INTERVIEWED

Person, Position	Date of interview
Tezera Kebede Bekele, CEO	Thursday 19th March
Ejigu Erena, Youth Champion	Friday 20th March
Getachew Warku, Board Chairman	Friday 20th March
Bereket Alemayehu. Business Development Planning & Marketing Manager	Monday 23rd March
Tesfaye Kene, Branch Manager of Bereh Alelitu	Tuesday 24th March
Tariku Tesfaye, Youth Loan Officer of Dodola	Wednesday 25th March
Teshome Tadesse, Operational Manager	Thursday 26th March

APPENDIX 3. LIST OF ACSI STAFF INTERVIEWED

Person, Position	Date of interview
Tewabe Aysheshim, Youth Champion	Saturday 28th March and Thursday 2nd April 2015
Agazie Gatahum, Operations Manager and Deputy CEO	Monday 30th March 2015
Haile Tiritia, Training and Research Officer	Monday 30th March 2015
Alemtsehays Mesafint, Program Manager	Monday 30th March 2015
Misganam Takele, Senior Supervisor of the Durbatie Brach	Tuesday 31st March 2015
Fedeku Alelisu, Credit Reletionship Officer in Durbatie Branch	Tuesday 31st March 2015
Atalay Getahum, Credit Reletionship Officer in Darbre Tabor Branch	Wednesday 1st April 2015
Ayalew Testahum, Senior Customer Service Officers in Darbre Tabor Branch	Wednesday 1st April 2015
Meriem Wassie, Branch Manager of Darbre Tabor	Wednesday 1st April 2015
Tiquh Araqaw – Product Development Manager	Thursday 2nd April 2015
Mekonnen Yelewemwessen, CEO	Thursday 2nd April 2015
BOARD Chairman	Not available

ANNEX 8: Malawi Country Report

1 INTRODUCTION

This country report summarizes the findings from the initial documentary review and the fieldwork carried out in Malawi between 25 March and 3 April 2015 by Maria Grandinson (senior evaluator) and Marco Pasini (junior evaluator). The ***primary focus is placed on description and summary presentation of main fieldwork outcomes***, although some preliminary analysis is also provided.

During the course of the fieldwork, the team of evaluators met with individuals from the partner financial service provider (FSP), i.e. Opportunity International Bank of Malawi (OIBM), and YouthStart (YS) clients as well as with various other stakeholders. In particular, the evaluation team held:

- Interviews with ***12 entities at global, macro and meso level***;
- A focus group discussion (FGD) and interview with ***three FSPs*** (market level);
- Interviews with ***12 OIBM staff, management and governance*** (micro level); and
- FGDs and individual interviews with a total of ***33 youth clients*** (client level).

A complete list of interviewed/contacted stakeholders at global, macro, meso and market level is provided in Appendix 1, while Appendix 2 lists interviewed OIBM personnel (micro level). Following an overview of the national context at the macro, meso and market level (Section 2), this country report presents the YS program and its results within OIBM, i.e. the micro level and primary level of YS intervention (Section 3). Finally, the report concludes with an account of the main findings at client level (Section 4).

2 NATIONAL CONTEXT (MACRO, MESO AND MARKET LEVEL)

Category	Data/information
Political and macroeconomic context	
Political context	A ***reasonable stable multi-party democracy*** started taking shape in Malawi in the mid-1990s with the first democratic presidential election since independence. The political system faced a major set-back in 2013, when high-ranking government officials (including the President) were revealed to have looted public funds (the ***'cashgate' scandal***). New elections were consequently held in 2014 and the current president launched a ***public sector reform process*** in early 2015. In terms of ***political rights and civil liberties***, Malawi is doing ***relatively well***. It is rated as 'partly free' by the Freedom House's Freedom Rating[123] and, with a score of 26 in 2015, the country is ranked 59 out of 180 countries (an improvement of 14 positions in just one year, i.e. since 2014) by the World Press Freedom Index.[124] The ***corruption scenario is, however, rather gloomy***. With a Corruption Perceptions Index score of 33 (down from 37 in 2012 and 2013) out of 100 in 2014, Malawi is ranked 110 out of 175 countries.[125]
Macroeconomic context	With a GDP of current USD 3.7 billion in 2013, Malawi is a very small economy within the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA). Following some particularly strong ***GDP growth rates*** (8-9%) between 2007 and 2009, growth has slowed down somewhat in recent years, albeit ***still relatively strong*** at around 5%. ***Inflation is rampant***, standing at above 20% for the past three years. The ***exchange rate is on a sharply declining trend***, with the MWK having depreciated more than 180% against the USD between 2010 and 2014. Despite reasonable growth rates, GNI per capita (Atlas method) is on the decline, standing at only USD 270 in 2013. ***Poverty is still widespread*** with a poverty head count ratio ($2 per day) of 88.1% in 2010, which represents only a slight improvement from 90.8% in 2004. Ranked 174 out of 187 countries, Malawi is classified as a country of 'low human development' by the 2014 UNDP Human Development Report. In fact, its ***Human Development Index (HDI) has improved only slightly over the past years***. Nevertheless, there is slight ***progress towards reaching some of the Millennium Development Goals (MDGs)***, more particularly with regard to reducing child mortality, combating HIV/AIDS, malaria and other diseases, ensuring environmental sustainability, and developing global partnerships for development. The Malawian economy is ***dominated by agriculture***, particularly ***tobacco*** (which accounts for the larger share of the country's export revenue) and ***staple food*** (namely maize). The share of manufacturing (dominated by ***agro-processing***) remains small, standing at only 11% of GDP (value added) in 2013.[126] Risks with regard to the economic outlook include uncertainties about aid flows (following the 2013 'cashgate' scandal), adverse weather conditions (including flooding followed by drought in early 2015, which have seriously hampered the prospects for this year's harvest, leading the government to ban the export of maize), fall in tobacco prices (the country's main export), and high interest rates (currently above 40% in order to curb the high inflation of recent years).[127] Finally, the ***Malawian business environment is considered as very***

[123] Freedom House: https://freedomhouse.org
[124] Reporters Without Borders: https://index.rsf.org
[125] Transparency International: http://www.transparency.org
[126] World Bank Indicators: http://data.worldbank.org/indicator
[127] African Development Bank, African Economic Outlook: http://www.africaneconomicoutlook.org/en/countries/southern-africa/malawi/

	poor, ranked 164 out of 189 countries by the World Bank Group's 2015 Doing Business report.[128] With a population of 16.4 million (2013),[129] ***two-thirds are estimated to be under the age of 25 years***.[130]				
Key demographic/economic data[131]	2010	2011	2012	2013	2014 (est.)
GDP growth (annual %)*	6.5	4.3	1.9	5.0	5.7
GNI per capita, Atlas method (current US$)*	350	360	320	270	n/a
Poverty headcount ratio at $2 a day (PPP) (% of population)*	88.1	n/a	n/a	n/a	n/a
HDI (value)**	0.406	0.411	0.411	0.414	n/a
Inflation, consumer prices (annual %)*	7.4	7.6	21.3	27.3	24.4
Official exchange rate (local currency per US$, average)*	150.5	156.5	249.1	364.4	424.9
Financial inclusion					
Sector overview	Malawi's formal financial sector has ***limited outreach, albeit levels of formal financial inclusion are improving.*** In 2014, 34% of adults had access to products/services from formal banks or microfinance institutions (MFIs), which is an increase compared to 2008 when formal penetration stood at only 26% (with bank access alone having increased from 19% in 2008 to 27% in 2014). ***Informal access***, on the other hand, has ***remained stable*** at 25% of the adult population. Nevertheless, even if slightly down from 55% in 2008, ***51% of adults were completely financially excluded*** in 2014 (i.e. not accessing either formal or informal financial products/services).[132] See also 2014 financial inclusion data below. Access to finance on part of micro, small and medium enterprises (MSMEs) remain particularly challenging, with Malawi continuously worsening its 'Getting Credit' ranking in the World Bank Group's Doing Business reports (in the 2015 report, Malawi was ranked 151 out of 189 economies).[133] The formal financial sector is relatively concentrated being dominated by a few commercial banks, although non-bank financial institutions are gaining ground in recent years. In 2013, Malawi counted a total of ***38 licensed MFIs and 45 Savings and Credit Cooperatives (SACCOs)***.[134] In addition to these, OIBM is a licensed commercial (microfinance) bank and some of the other commercial banks in the country also provide microfinance services. In 2011, the MFIs (21 at the time) and the SACCOs were estimated to serve around 323,000 borrowers and to have a gross loan portfolio of around USD 28 million.[135] There are currently ***two credit reference bureaus*** operating in the country, even if their actual use and effectiveness can be questioned.				
Policy setting and legal/regulatory framework	The significance of financial inclusion is recognized by the 2011-2016 Malawi Growth and Development Strategy and is considered by the government as particularly important towards reaching the poverty-related MDGs. More specifically, a ***National Microfinance Policy (and Action Plan)*** was adopted already in 2002 in order to facilitate the development of the sector (including				

[128] World Bank Group, Doing Business: http://www.doingbusiness.org
[129] World Bank Indicators: http://data.worldbank.org/indicator
[130] Population Reference Bureau: http://www.prb.org/pdf14/malawi-youth-datasheet-2014.pdf
[131] * World Bank Indicators: http://data.worldbank.org/indicator
** UNDP, 2014 Human Development Report, Human Development Index: http://hdr.undp.org/en/data
[132] FinScope Consumer Survey Malawi 2014: http://www.finmark.org.za/publication/finscope-consumer-malawi
[133] World Bank Group, Doing Business: http://www.doingbusiness.org
[134] http://mwnation.com/microfinance-supervision-minimises-risks-rbm/
[135] MFTransparency: http://www.mftransparency.org/microfinance-pricing/malawi/#

<table>
<tr><td></td><td colspan="3">endorsement of the Malawi Microfinance Network, MAMN – see below). The policy (and action plan) was revised in 2006 and points to reaching youth (alongside other ‘vulnerable‘ groups) as a high priority.[136] Furthermore, the 2010-2014 Malawi National Strategy for Financial Inclusion (NFSI) seeks to further improve the delivery and quality of financial services to the excluded population.[137] The strategy lists youth as one of the key target groups (also with regard to the extension of credit), while the development of financial literacy is considered a key intervention at the client level (in fact, the provision of “financial literacy education to all” is one of nine specific targets of the strategy).[138] Finally, the 2010-2015 Financial Sector Development Strategy (FSDS) provides a roadmap of actions and measures to be undertaken for the promotion of an inclusive financial sector.[139] This strategy does not make specific reference to youth, although the importance of financial literacy education is stressed throughout (also with regard to savings mobilization).

The Reserve Bank of Malawi (RBM) is the regulatory body responsible for overseeing the microfinance (and banking) sector. The legal and regulatory framework for the sector has recently been formalized through the 2010 Financial Service Act, the 2010 Microfinance Act (regulating both non deposit-taking and deposit-taking MFIs as well as microcredit agencies as defined by the 2010 Financial Service Act) and the 2011 Financial Cooperatives Act.[140] Subsequent guidelines and directives have sought to complement and strengthen the regulatory and supervisory framework of the sector (for example, a 2014 directive further defines the framework for deposit-taking MFIs). Furthermore, since OIBM started operations prior to the microfinance legislation and hence registered as a commercial bank, it is governed by the 1989 Banking Act.[141] Finally, in 2013, Malawi adopted a new secured transactions law, namely the Personal Property Security Act, which also recognizes moveable property as collateral.[142]</td></tr>
<tr><td rowspan="8">Financial inclusion data[143]</td><td>Indicator</td><td>2011</td><td>2014</td></tr>
<tr><td>Account at a formal financial institution (% age 15+)</td><td>16.5%</td><td>16.1%</td></tr>
<tr><td>Account at a formal financial institution, female (% age 15+)</td><td>16.9%</td><td>13.0%</td></tr>
<tr><td>Account at a formal financial institution, male (% age 15+)</td><td>16.2%</td><td>19.5%</td></tr>
<tr><td>Account at a formal financial institution, young adults (% ages 15-24)</td><td>10.3%</td><td>10.2%</td></tr>
<tr><td>Any loan in the past year (% age 15+)[144]</td><td>51.3%</td><td>66.3%</td></tr>
<tr><td>Any loan in the past year, female (% age 15+)</td><td>51.0%</td><td>68.1%</td></tr>
<tr><td>Any loan in the past year, male (% age 15+)</td><td>51.7%</td><td>64.4%</td></tr>
</table>

[136] Annex 2 of National Strategy for Financial Inclusion, Ministry of Finance: http://www.finance.gov.mw/fspu/index.php/financial-sector-laws/strategy-documents/49-2010-2014-national-strategy-for-financial-inclusion/file
[137] Ministry of Finance: http://www.finance.gov.mw/fspu/index.php/financial-sector-laws/strategy-documents/49-2010-2014-national-strategy-for-financial-inclusion/file
[138] National Strategy for Financial Inclusion, p. 14
[139] Ministry of Finance: http://www.finance.gov.mw/fspu/index.php/financial-sector-laws/strategy-documents/55-malawi-financial-sector-development-strategy-2010-2015
[140] Reserve Bank of Malawi (RBM): https://www.rbm.mw/stats_mcsu.aspx
[141] http://www.malawilii.org/files/mw/legislation/consolidated-act/45:01/banking_act_pdf_13081.pdf
[142] https://stlrp.files.wordpress.com/2014/02/personal-property-security-act.pdf
[143] World Bank, Global Findex: http://datatopics.worldbank.org/financialinclusion/
[144] Defined as ‘Loan in the past year’ in 2011 and ‘Borrowed any money in the past year’ in 2014.

	Any loan in the past year, young adults (% ages 15-24)	*50.0%*	*67.3%*
	Loan from a financial institution in the past year (% age 15+)	9.2%	6.0%
	Loan from a financial institution in the past year, female (% age 15+)	11.7%	7.3%
	Loan from a financial institution in the past year, male (% age 15+)	6.5%	4.7%
	Loan from a financial institution in the past year, young adults (% ages 15-24)	*4.5%*	*5.0%*
	Saved any money in the past year (% age 15+)	33.0%	59.7%
	Saved any money in the past year, female (% age 15+)	31.0%	59.3%
	Saved any money in the past year, male (% age 15+)	35.2%	60.2%
	Saved any money in the past year, young adults (% ages 15-24)	*34.2%*	*56.0%*
	Saved at a financial institution in the past year (% age 15+)	8.2%	7.1%
	Saved at a financial institution in the past year, female (% age 15+)	8.9%	5.6%
	Saved at a financial institution in the past year, male (% age 15+)	7.5%	8.6%
	Saved at a financial institution in the past year, young adults (% ages 15-24)	*6.2%*	*3.2%*
FSP positioning and other relevant stakeholders	As one of the few deposit-taking institutions, OIBM is a ***dominant player in the Malawian microfinance market***. Of the 10 FSPs reporting to MixMarket, it is the largest institution in terms of number of depositors and the second largest (surpassed only by the much larger NBS Bank) in terms of total deposits. OIBM's share in the lending market is somewhat smaller, with less than half the number of combined borrowers of the country's SACCOs and also less borrowers than both the Malawi Rural Finance Company (MRFC, a government-owned MFI – apparently in the process of being liquidated) and CUMO Microfinance. In terms of gross loan portfolio, it comes in at second place after NBS Bank.[145] FINCA Malawi is perhaps OIBM's largest competitor in the communities in which it operates; not yet a deposit-taking institution (although it is reportedly in the final stages of the licensing process), FINCA Malawi has three-fifths of OIBM's borrowers and one-fifth of its gross loan portfolio. Similarly, according to microfinance sector data from RBM (which only includes data for MFIs, not SACCOs), in 2012, OIBM represented 28% of active borrowers (just one % point behind the market leader, MRFC, which is seemingly under liquidation) and 52% of the gross loan portfolio (with MRFC at second place with 16%). Within the commercial banking sector, in 2012, OIBM's market shares were: 12% for ordinary savings (the third largest share); 1% for fixed deposits and 0% of term deposits; and 2% of gross loans and advances.[146] At the meso level, the ***Malawi Microfinance Network (MAMN)***, of which OIBM is a member, was established in 2001 as the umbrella association for MFIs in the country towards supporting an enabling environment for the Malawian microfinance industry. It currently has 26 member institutions, including the ***Malawi Union of Savings and Credit Cooperatives (MUSCCO)***, the apex body		

[145] MixMarket: http://www.mixmarket.org/mfi/country/Malawi
[146] OIBM 2013-2015 Business Plan

	for the SACCOs.
Youth sector and policies[147]	
National definition of 'youth'	While the 2013 National Youth Policy[148] defines youth as between ***10 and 35 years*** of age, it also notes that "the definition is quite flexible bearing in mind the variety of parameters that could be used in categorizing the youth".[149]
Policy and legislation	Youth development is recognized as one of the key thematic sub-areas of the 2011-2016 Malawi Growth and Development Strategy. More specifically, the vision of the 2013 ***National Youth Policy***, a revised version of the policy from 1996, is "an educated, healthy, well trained, cultured, vibrant and productive youth". The policy has nine objectives, including: (i) providing guidance on minimum standards for the design of youth programs; (ii) guiding the adequate allocation and prudent use of resources (financial, human, and material) to youth programs; (iii) mainstreaming gender equity and equality in all youth programs; and (iv) providing for the establishment of a multi-sectoral and multi-disciplinary institutional framework for the coordination and implementation of youth programs. Towards meeting these objectives, the policy lists seven priority areas, namely: (i) participation and leadership; (ii) economic empowerment; (iii) national youth service; (iv) education; (v) science, technology and environment; (vi) health and nutrition; and (vii) social services, sports, recreation and culture. The policy specifically points to the establishment of a Youth Development Fund in order to "foster a dynamic climate for youth entrepreneurs to access credit" and calls on the private sector and NGOs to initiate youth-targeted credit schemes (the number of operational youth credit initiatives is also one of the indicators under the youth economic empowerment policy area).[150]
Public institutions	The ***Ministry of Youth and Sports*** (hereinafter the Ministry of Youth) is the lead government agency responsible for youth. Its mandate includes providing direction to all stakeholders (governmental and non-governmental) on mainstreaming youth in national development, capacity-building of youth workers, and maintaining the Youth and Sports Management Information System (YOSMIS), containing all youth-related information in the country. It is also responsible for formulating and reviewing the youth policy. The ministry is present throughout the country and supports the creation of youth clubs at the local level through the facilitation of ***district youth officers (DYOs)***, one for each districts.
Youth and representation	The ***National Youth Council of Malawi (NYCoM)***, established in 1996, is the statutory institution in the youth sector charged with the primary function of contributing "towards youth empowerment and development through the promotion and coordination of activities of youth organizations".[151] NYCoM is hence the main reference point for all youth-serving organizations (YSOs) and initiatives in the country as well as a member of the Commonwealth Youth Council. Furthermore, in 2012, the ***Youth Consultative Forum (YCF)*** was established to further promote meaningful participation on part of youth in policy development in the country.

2.1 Youth financial inclusion environment and market conditions

Both ***financial inclusion and youth development/empowerment*** are among the ***key priority areas*** of the Malawian government and there is an increasing awareness on part of relevant policy-making (namely the Ministry of Finance, Economic Planning and Development – hereinafter the Ministry of Finance - and the

[147] www.youthpolicy.org
[148] http://www.youthpolicy.org/national/Malawi_2013_National_Youth_Policy.pdf
[149] 2013 National Youth Policy, p. v
[150] 2013 National Youth Policy, pp. 13, 27 and 41
[151] 2013 National Youth Policy, p. 26

Ministry of Youth) and regulatory (namely RBM) entities of the need to include youth in the financial system. However, some of the interviewed stakeholders pointed to ***challenges with actual implementation*** of policies and strategies (even if *"well-intentioned"* in their design).

Financial inclusion in particular is receiving considerable attention at the macro level with substantial support from international donors (global level) as well as collaboration from Malawian institutions (at the meso, and market, level). The 2007-2011 ***Financial Inclusion in Malawi (FIMA) project***, a partnership between the government, the United Nations Development Program (UNDP) and the United Nations Capital Development Fund (UNCDF), sought to support access to financial services on part of the low-income population through interventions at the macro (including the drafting of the 2010-2014 NSFI), meso and retail (market) level. More recently, in order to implement the 2010-2015 FSDS (which laid out the roadmap for the realization of the NSFI), the government, with funding from the World Bank, launched the ***Financial Sector Technical Assistance Project (FSTAP)*** in 2011. The project, ending in 2016, includes support to strengthen RBM's capacity to promote financial literacy (and financial consumer protection). Finally, in order to further support the implementation of the FSDS, the World Bank, UK's Department for International Development (DFID) and United States Agency for International Development (USAID) also set up a ***Multi-donor Financial Sector Deepening Trust*** (MFSDT) in 2011.

Within this framework (most notably the FSTAP), RBM, in collaboration with the Ministry of Finance and other stakeholders, organized a ***National Financial Literacy Week*** in 2013. Furthermore, in 2014, RBM supported the ***incorporation of financial education into the secondary school curricula*** and steps are apparently being taken to include it also in the primary school curricula.[152] However, since this inclusion was approved just after the standard revision of the secondary school curricula, formal integration will have to wait until the next revision in 2019 (in the meantime, financial education is to be provided through separate handbooks / addenda to the official curricula). Moreover, several of the interviewed stakeholders are aware of the need for a *"combined approach"* to financial literacy as they believe that it cannot only be provided through schools. In fact, one stakeholder called for the dissemination of the financial literacy capacity beyond the regulatory (macro) level in order to strengthen also individual institutions (micro/market level) and relevant support structures (meso level) as few MFIs actually provide adequate financial literacy training to its clients (*"apart from the national financial literacy week, this area seems to have gone dead"*). Finally, at the meso (and market) level, the Bankers Association of Malawi (BAM) in collaboration with individual commercial banks established a ***Financial Inclusion Task Force*** in 2010 for the drafting of a ***Financial Sector Charter***. The charter, albeit targeting adults, sought to assist in improving access through the creation of low cost / 'no thrills' savings products and financial literacy initiatives targeted at the unbanked population.[153]

Perhaps the most important (public) initiative to date to specifically support the financial inclusion of youth in the country is the ***Youth Enterprise Development Fund (YEDF)***; or rather, at least it could have been an important initiative.[154] YEDF was set up by the government in 2010 towards promoting technical, entrepreneurial and financial skills among youth aged between 18 and 30 years (although individuals below 18 as well as up to 35 years can also be considered). Total commitments amount to MWK 3 billion (≈USD 7 million); two-thirds of which should be disbursed in the form of loans, while the remaining third has been

[152] Ministry of Finance: http://unctad.org/meetings/en/Presentation/ciem6_2014_Malawi_en.pdf
[153] Ministry of Finance: http://unctad.org/meetings/en/Presentation/ciem6_2014_Malawi_en.pdf
[154] Since part of the national budget is earmarked for the Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA), some discussions are apparently also ongoing between the Ministry of Labor, the Ministry of Youth and an international donor for the establishment of a matching grants fund for TEVETA graduates.

dedicated to the procurement of technical equipment and tool kits. In additional to providing very basic financial education and business training to selected beneficiaries (funds for more in-depth technical and business training has not been forthcoming), YEDF offers both non-secured (i.e. only peer guarantee) and secured (i.e. collateral and peer guarantee) group loans as well as individual loans (with collateral). While the loan amounts differ – MWK 50,000-1 million (≈USD 115-2,300) for non-secured group loans, MWK 1-2 million (≈USD 2,300-4,600) for secured group loans, and MWK 100,000-2 million (≈USD 230-4,600) for individual loans – the interest rate (15% per annum), the duration (maximum 24 months) and grace period (three to six months) are the same for all types of loans. To date, the fund claims to have benefitted around 60,000 clients in two phases, each endowed with around MWK 700 million (≈USD 1.6 million).

However, although YEDF was supposed to be set up as a separate institution, it remains under the management of the Malawi Enterprise Development Fund (MEDF), formerly the Malawi Rural Development Fund (MARDEF), which is wholly government-owned. As such, YEDF has become ***"completely politicized"***, with client selection based on *"political connections and recommendations rather than good performance" ("the main purpose of the fund has been to please the political constituencies"*). The 'loans' are generally considered as grants *("a token of gratitude for having elected the President"*) and not as money that need to be paid back. Even well-intentioned clients generally find it hard to pay back their loans (especially in rural areas where most clients do not find markets for their produce or farm only for purposes of self-sufficiency). One of the interviewed stakeholders claimed the default rate to be as high as 98%. Furthermore, most of the 'high-end' technical equipment that was procured from suppliers upon the establishment of the fund still remain in storage as it has proven inappropriate for the business activities of the beneficiaries (for example, upscale bakery machines require large-scale activities and constant, and high voltage, electricity supply). MEDF/YEDF is currently trying to 'rebrand' itself (also in order to access other sources of financing apart from government funds) having registered with RBM as a separate MFI *("which might be a step in the right direction although the government is reluctant to let it go"*) and with the long-term goal of also collecting deposits.

With regard to the ***legal/regulatory framework*** (macro level), interviewed stakeholders identified a number of constraints, or challenges, including:

- ***Underage youth cannot open an account independently in their own name*** because the national legislation does not allow for the entering into contracts with minors. Savings accounts for youth under the age of 18 can hence only be opened if co-registered/signed in name of parent/guardian and minor. Minors are then able to deposit, but not withdraw, without the signature of the co-signed parent/guardian. At the age of 18, account funds have to be transferred by the parent/guardian into the child's name only. However, one stakeholder believed that this might change as the promotion of savings clubs among school children is seemingly starting to push for an 'institutionalization' of underage savings as well. The legal age limit for credit is also set at 18.
- The ***requirements for obtaining a deposit-taking license are considered as quite restrictive*** (not only on part of MFIs, but also on part of some macro and meso level stakeholders). Even if the 2014 directive on deposit-taking MFIs reduced the capital requirement, the investment (and liquidity constraint) is still too high for most MFIs in the country. Consequently, apart from the licensed banks (such OIBM) and SACCOs, only a couple of MFIs (seemingly CUMO Microfinance and MRFC; even if the latter is apparently being liquidated) currently collect (formal) savings. At the time of fieldwork, another MFI (FINCA Malawi) was completing the

process towards becoming a deposit-taking institution.[155] Given the difficulty in complying with the present legal/regulatory requirements, one stakeholder called for RBM to consider issuing a 'no objection' to valid pilot initiatives willing to lobby for and promote youth savings products and related services. Apart from perceiving the deposit-taking requirements as a constraint, however, interviewed FSPs believe RBM to be *"pretty supportive of the microfinance market, given its space of operations"*.

- Following the past years' elevated inflation rates, ***interest rates are set at very high levels*** following the high basic lending rate established by RBM. However, one stakeholder considered the current interest rates as *"ridiculous; even when considering the inflation rate, they are still too high"*.
- Finally, another challenge relates to the ***lack of means of identification of young people*** (making it particularly difficult to 'trace' them). According to the law, people (should) receive a national ID card only at the age of 18, but many adult youth do not have them either. When clients do not have a national ID card, FSPs often rely on the election card as a means of identification. However, the election cards (also only for people above the age of 18) are only issued at times of election and the government has hence communicated that election cards should not be considered as a valid identification document.

At the ***meso level***, MAMN has not been specifically engaged in youth financial inclusion matters. Since it basically relies only on membership fees, some of the interviewed stakeholders considered the network as a relatively weak institution with not enough *"leverage"* or resources to adequately *"influence regulatory decisions or framework"* (although one stakeholder believed the situation to be improving since the appointment of the new executive director in 2014). At MUSCCO, although seemingly not actively engaged in the financial inclusion of youth, financial education is considered an important service and all its member SACCOs are required to educate their clients on money management and budgeting.[156]

Furthermore, also at the meso level, there is quite a number of ***YSOs and other initiatives supporting youth financial education and access*** as well as, in some cases, also business training (and other training, commonly health-related). Most of them have very localized areas of operations and OIBM is (or has been) collaborating with several during the course of the YS program (see further Section 3.4 below). Apart from the organizations/initiatives with whom OIBM has been working, another two are worth mentioning. First, with initial funding from United Nations International Children Emergency Fund (UNICEF) and support from Aflatoun / Child Savings International (an international NGO), Catholic Relief Services (CRS) has been supporting Malawian children (6-18 years) with life skills and financial education training for several years. Through dedicated 'children corners' and voluntary community facilitators, CRS provides children with skills to save, budget and plan seeking to encourage behavioral changes with regard to both financial and non-financial resources (focus is hence placed not only on money, but also on natural resources, etc.). It supports the creation of savings groups/clubs and seeks to connect these with formal savings opportunities in the communities in which it operates. At present, CRS is reaching out to a total of 2,574 children (54% female) at 59 children corners in the Lilongwe, Ntcheu and Zomba districts. Working with teachers and head masters, it has also formally introduced its training modules into the official school curricula at six schools in the Machinga district. Second, Jubilee Enterprise is a recently established Malawian social enterprise adopting a holistic approach to promoting young entrepreneurs. With the support from international donors, it is engaged in business identification, training and mentoring activities and seeks to

[155] Vision Fund Malawi is seemingly also aiming to become a deposit-taking institution in the future.
[156] Ministry of Finance: http://unctad.org/meetings/en/Presentation/ciem6_2014_Malawi_en.pdf

facilitate access to finance on part of its beneficiaries. It is also working towards the creation of a Hub and business incubator exclusively for young businesses and entrepreneurs.

At the market level, very few Malawian players actively target youth as a segment *("there does not seem to be a strong interest"*). NBS Bank do pursue students at colleges/universities ('The Bank on Campus', meaning easy access to accounts and ATMs, but without specifically designed products), while most SACCOs seemingly more or less intentionally support the opening of savings accounts on part of youth (including underage children). Apart from OIBM, however, no other institution offers youth-specific products or services (*"youth 'drives' on part of others are just PR stunts"*). Most MFIs (which only provide credit as very few are licensed to collect savings) as well as some macro and meso level stakeholders, the high mobility of youth[157] and the lack of collateral are considered as the two main challenges. Access to finance on part of young entrepreneurs is generally considered very limited (*"close to zero"*). Despite these challenges, however, some of the interviewed FSPs would still consider youth to be a *"potentially viable market segment in the long-run"*, especially when considering the possibility of engaging them also in savings (*"if we obtain a deposit-taking license, we could 'bundle' our product offering to them"*).

Also, albeit they currently do not specifically target the youth market, youth (generally defined as between 18 and 35 years of age, but most commonly more in the 25 to 35 year range) do represent an important share of the clientele for some of the interviewed FSPs. At one institution, youth actually make out 50-60% of its around 21,000 clients, although youth loans account for less than 10% of the total loan portfolio of around MWK 800 million (≈USD 1.8 million). This FSP is also seeking to extend its youth outreach, not by offering specific youth products/services, but only by collaborating with YSOs and initiatives in the communities in which it operates. MRFC (which also participated in the first phase of the YS program, but was not selected for the second phase because of its poor financial performance and is now seemingly being liquidated) apparently also has experience in serving youth with credit products.[158] Finally, informal village banking activities (*Nkonde*) also seemingly engage many young people as their clients.

With regard to ***informal norms and attitudes***, most interviewed stakeholders point to a ***generally poor savings culture*** (*"Savings as a concept is not very entrenched in the Malawian culture"*). In case of emergencies, most people tend to rely on extended families for support rather than on own/accumulated savings. Nevertheless, a couple of stakeholders claimed there to be a culture of savings in many areas in the form of savings in livestock or informal monetary savings (most notably through *Nkonde* village banking).[159] Tobacco farmers also commonly put some money into formal deposit accounts (apparently often into foreign currency denominated accounts) in order to have something to rely on when the harvests fail. Several stakeholders also called for the need of a change in attitude (especially on part of youth) with regard to credit; i.e. the ***understanding of or respect for credit as money that need to paid back is also often very weak*** (*"They usually think that they can just get the money and don't understand the difference between a grant and a credit"*). The experience of YEDF (see above) has certainly not assisted in this regard. In terms of ***gender***, and especially in rural areas, men tend to use formal services more often than women, who more commonly rely on informal services (smaller savings groups or *Nkonde* village banking). However, this differentiation in the types of services used is determined by practical conditions (albeit 'culturally' established) rather than because of a discrimination per se against women with regard to the use of formal services (i.e. men, being more mobile, have easier access to formal services, while

[157] Although female youth generally tend to be less mobile and hence 'stick around' more often than their male counterparts.
[158] YS 2010-2011 Annual Report
[159] For example, a field research carried out by Women's World Banking (WWB) showed that almost everyone in targeted areas in the Southern region was somehow saving (*Nkonde* banking, etc.) and even as much as 20% of their earnings.

women, who tend to rely more on the village life, prefer accessing services where they live and work). One stakeholder also said that Malawian women also tend to want to keep their own money by themselves (through more accessible informal initiatives) rather than 'share' with or through family members, male or female, who might have access to more distant formal services.

Finally, with regard to ***economic opportunities for youth***, several stakeholders pointed to possibilities for self-employment on part of youth despite the difficult economic context (*"We just need to push them into the rights areas of economic activity"; "There are plenty of business opportunities for youth because they do have some skills; they just need to be assisted a bit, also with financing"*). In the more urban settings, business opportunities are found primarily in trade (selling of clothes and wrappers, cooking oil, timber – *"Commerce is particularly attractive to youth since it requires little initial capital and usually produces relatively high and quick turnover"*), but also in small-scale production (carpentry and brick-making, cooking of food stuffs, making of jewelry and accessories, production of peanut butter). In rural areas, business opportunities are also found in trade and small-scale production alongside more traditional farming activities (i.e. the growing of agricultural produce, breeding of livestock). Cross-border commerce is considered as particularly lucrative in the area around one of the visited branches (namely the Mchinji branch, located just along the main route near the border with Zambia).

Despite these potential opportunities for self-employment, however, there seems to be a general perception of youth in the country as *"not being proactive or inventive enough"* (*"Many youth just wait for a government job, which does not exist"*). Moreover, people (young and old) frequently do not consider having a business (or farming for that matter) as an actual job (*"Only an employee has a job"*). A general shift in mentality is called for towards making youth understand that self-employment is a viable, and perhaps the only, job. Apart from a change in attitude, there is also the issue of skills. The government is seeking to empower youth with the necessary technical skills through TEVETA (Technical, Entrepreneurial and Vocational Education and Training Authority) institutions, but with regard to more general business skills, there are very few support structures or initiatives dedicated to young entrepreneurs (*"It is still an isolated fight for them"*; *"There is a crying need for business training"*). Adequate business ideas/plans and training are considered essential for the promotion of successful young entrepreneurship (*"They need to be trained!"*). Also, *"the best collateral for a young person is proof that they can really do business, even if only informally"*.

2.2 YS Program at the national level

The ***concept of the YS program is welcomed*** by most of the interviewed stakeholders (also by those who had just learnt of the program from the evaluators), appreciative of the youth 'angle' to financial inclusion as a complement to more general (i.e. not youth-focused) efforts at the national level. The ***main difficulty is found in the definition of the age range*** since the YS definition (12-24 years) is not in line with the Malawian definition (10-35 years) or reality. The YS age bracket of 12-24 years is generally considered as *"too young for Malawi"*, especially with regard to entrepreneurship and credit as most youth start being (potentially) economically active only around 24-25 years of age (before that, youth are still in school or in training). Most YSOs and initiatives supporting youth entrepreneurship (also those with whom OIBM is, or has been, collaborating – see further Section 3.4 below) engage primarily youth beyond 24-25 years. Even if the 12-24 range makes more sense with regard to savings, the legal/regulatory framework (as presented in Section 2.1 above) does not really support youth access below the age of 18. Furthermore, a couple of stakeholders in particular do not understand or concur with targeting the 12-24 age range (not even as a pilot exercise) without consulting or involving relevant national entities (*"Programs like these might be* *based on a good concept, but sometimes they are hard to implement because they do not really fit with the context"*). Finally, one stakeholder also lamented the involvement of only one FSP and believed that the program should have engaged more FSPs (market level) and/or relevant support structures (meso level) rather than focusing on just one institution (micro level), while another stakeholder said that *"there is no real connection between what the YS program tries to do and the creation of actual business opportunities for youth"* and thought that *"the YS program could have done more in this regard by included better ways to engage YSOs and alike"*.

Given the micro level focus of the YS program, it has ***worked more or less in isolation with the partner FSP*** (i.e. OIBM). MRFC (now apparently under liquidation) also participated in the first phase of the program, but was not selected for the second phase due to poor financial performance. With the exception of the Ministry of Finance (with whom the YS program manager, PM, has met on two occasions during the course of the program),[160] ***stakeholders at other levels have not really been engaged***. In fact, none of the interviewed global, macro or meso level stakeholders have taken part in any dedicated dissemination activities (or received any YS publications) and most know little or nothing of the YS program (or, indirectly, of OIBM's youth activities). One stakeholder at the macro level has engaged directly with OIBM with regard to its youth efforts, while another stakeholder at the meso level has received sporadic information about the program (and OIBM's initiatives) through the local UNCDF representative (the latter entity *"would have liked to have been more involved since it would have benefitted the greater microfinance community"*). On the whole, however, there is no evidence of UNCDF acting as an effective promoter of youth financial inclusion within the Malawian context.[161]

With the relative delay in the actual scaling-up of OIBM's YS products/services (see further Section 3.5 below), it is ***yet too early to determine any possible attribution of the YS program at the market level***. Few other FSPs actually know of OIBM's youth efforts and, as mentioned in Section 2.1 above, no other institution is currently providing youth-specific products/services.

Perhaps the more important influence of the YS program relates to the ***change in informal norms and attitudes within the communities in which OIBM operates***; *"The communities have seen it as something exciting, especially because no one else is reaching out to youth in such a targeted and intentioned way"*. Particularly in the rural areas, other community members start taking an interest as they see the experience of their peers and subsequently request financial education and access to formal savings and credit products (*"Youth clients with OIBM savings and loans are providing good examples to their peers in our community"*).

[160] Furthermore, the YS program is mentioned in a dissemination document prepared by the Ministry of Finance - UNCTAD Expert Meeting on the Impact of Access to Financial Service, 12-14 November 2014: http://unctad.org/meetings/en/Presentation/ciem6_2014_Malawi_en.pdf. The National Digital Repository also includes a summary of one of the YS papers (namely "Policy Opportunities and Constraints to Access Youth Financial Services"): http://www.ndr.mw:8080/xmlui/handle/123456789/375

[161] According to the mid-term evaluation, the YS program has apparently held a multi-stakeholder national gathering in Malawi (footnote 21, p. 51), but interviewed stakeholders during the course of the fieldwork did not know of such an event. The mid-term evaluation also states that the YS "program has devised plans with the CTA [Country Technical Advisor] to move ahead jointly on a policy agenda" (p.63), but the Consultant could not find evidence of such plans during the course of the fieldwork.

3 FSP (MICRO) LEVEL

Despite numerous solicitations on part of the evaluators, the OIBM team has unfortunately ***not been able to retrieve all the necessary data*** as requested in the preliminary file. Therefore, the data presentation for certain parts below include several gaps (highlighted in orange), while some of the comments and considerations nevertheless made are based only on observation or feedback (and not on actual data analysis of primary OIBM data) or on information recuperated from secondary sources (namely MixMarket).

3.1 Institutional characteristics

Name of the institution	Opportunity International Bank of Malawi (OIBM)
Legal form	Commercial (microfinance) bank
Ownership	Opportunity International
Year of inception	2003
Value of YS grant awarded	USD 818,900 (Stage 1 USD 18,900 + Stage 2 USD 800,000)
Value of grant(s) awarded as of Dec. 2014	USD 612,900 (7 disbursements out of 9)
Training/TA received in the framework of YS	2 TAs (1 on loan and PAR management; 1 on development of the financial education program) X Training
Characteristics of YS financial products	Youth (18-24 years) demand savings product (*Masomphenya*); Youth (18-24 years) group business loan (*Chiyambi*); and Youth (18-24 years) individual business loan (*Tiwoloke*) – discontinued in 2013
Characteristics of YS non-financial services	Financial literacy (and 'light' entrepreneurship) training (*Zachuma*) – unified model

Opportunity International Bank of Malawi (OIBM) is a commercial (microfinance) bank, affiliated to the US-based microfinance network of Opportunity International. Having obtained the banking license in 2002, OIBM opened its first branch in 2003 in Lilongwe. OIBM seeks to target "the economically active but marginalized Malawians living in underserved areas, including semi urban and rural areas". The focus is on the provision of sustainable, but flexible, savings as a key service coupled with poor-friendly loan products. OIBM currently offers a wide range of services to its clients, including: Customized savings products; Individual and group loans (including business loans, consumer loans, SME loans, payroll loans); and insurance (credit life insurance as well as funeral, crop and property insurance). It has special products for agriculture (agricultural loans coupled with training and support) and education (school fee loans for parents/guardians as well as loans for the improvement of school facilities).

Within the framework of the YS program, in 2012, OIBM started offering the following three specific financial products targeting young people (between 18 and 24 years old): Demand savings account (*Masomphenya*); Group business loan (*Chiyambi*); and Individual business loan (*Tiwoloke*) – the latter loan product was discontinued in 2013. Furthermore, before the start of the YS program and with support from Save the Children, OIBM also developed and launched a youth (0-18 years) demand savings product (*Tsogolo Langa*) for parents/guardians as underage youth cannot open an account in their own name. With support from the YS program, OIBM also developed a financial literacy (and 'light' entrepreneurship) training (*Zachuma*).

OIBM currently has ***39 branches and 146 service outlets*** (including ATMs, POS devices and mobile van docking points) ***covering all three regions of the country***. It also provides biometric fingerprint identification (in order to foster security and overcome problems of unreliable IDs) and mobile banking services.

Starting in 2011, OIBM faced a ***major institutional crisis***, with warningly high levels of PAR (partly caused by the difficult general economic context, but also by high staff turnover leading to difficulties in monitoring and collection). As a result, OIBM has been ***undergoing comprehensive restructuring***, a *"turnaround process"* that has yet to be completed. The restructuring has included a new management and structure and board composition, the redefinition of strategies and priorities, performance improvement program for branches and loan officers (with more responsibility placed on the branches as a team rather than solely on the loan officers), as well as the renewal of the MIS system. With regard to the latter, even if data are supposedly now more accurate and complete, it has proven difficult to collect (and report on) consistent and reliable data for some indicators and/or for the whole YS program period.

Furthermore, the crisis and restructuring situation has ***naturally had an impact on program implementation*** (and with consequences for the release of funds – see further Section 3.2 below). The primary focus of the institutions has been placed on seeking to consolidate the portfolio rather than on extending outreach to new market segments. In general terms, the YS program can hence hardly be considered as having been a priority for the institution during these delicate years. Nevertheless, at the moment, OIBM seems to have overcome the toughest part of the crisis, even if PAR levels (which recently have taken another hit primarily as a results of defaulting agricultural loans following the adverse weather conditions, the expectedly bad harvest and the government's ban on maize exports) are not yet under control and it is still working to bring back OSS to above 100%. Despite this difficult situation some external stakeholders point to improvements during the past year (*"What happened with OIBM in 2014? It appears that they have had a lot of positive changes"*).

The peak of OIBM's crisis was recorded in 2011, went OSS went down to 75.5% in 2011 (then up again to 89.5% in 2012) and with PAR 30 as high as 26%. Key performance indicators (such as OSS, RoA and RoE) have been improving since 2013 but, as mentioned above, they are not yet under control. The apparently good performance in terms of OSS in 2013 is indeed a matter of accounting techniques, being the consequence of significant revaluation of property and assets that, if not considered, brings the figure back down to 101% (and to 64% 2011 figure, while no revaluation was accounted for in 2012).

According to MixMarket, the number of deposit accounts increased from 408,752 in 2012 to 540,752 in 2013 (with the number of depositors standing at 497,857 in 2013), while the number of active borrowers increased from 53,195 to 61,445. Similarly, between 2012 and 2013, deposits increased from USD 19.8 million to USD 22.3 million and the gross loan portfolio increased from USD 12.0 million to USD 18.0 million.

FSP key indicators	Dec-12	Dec-13	Dec-14
Clients (#)			
Active borrowers (#)			
Active savers (#)			
Branches (#)			39
Total staff (#)			704
Gross outstanding portfolio (USD)			
PAR 30			
Write-off ratio			
Restructured loans			
Total savings (USD)	20.625.978	22.964.924	
Total assets (USD)	34.689.815	41.715.418	
ROA	-1,8%	7,4%	0,0%
ROE	-8,7%	27,5%	0,0%
OSS	89,5%	135,0%	
Equity/Total Assets			
Female clients			

At the end of 2014, OIBM had over ***700 employees***, with a female participation rate of around 40% (including some management position, such as the Deputy CEO and the Chief of the Project Development Department). ***YS dedicated staff has significantly increased over the last year***. It counted 17 employees at the end of 2014, but these were reported to have increased to be 21 at the time of fieldwork (in June 2014, the YS team was composed of only six dedicated youth officers plus the youth champion).

FSP staff	Dec-11	Dec-12	Dec-13	Dec-14
Total staff				704
% female				40,6%
Staff involved in YS				17
% female				58,8%

3.2 YS process at the FSP level

The ***YS process for OIBM started in 2010*** when it was encouraged by the local UNCDF representative to ***participate in the first YS call for proposals***. Even if other FSPs are reported to also have presented concept notes, OIBM and MRFC were considered as the only viable microfinance providers in the country because they were the only ones licensed to collect deposits in 2010. Feedback on the application and selection process is rather positive, with OIBM (namely the only member of OIBM management who still with the institution) claiming it to have been a complicated procedure, but *"quite normal for international donors in relation to the awarded amount and kind of program"*. The local UNCDF representative was also quite deeply involved in supporting OIBM during the application and subsequent PBA signature process.[162]

After the realization of the ***market research*** and the drafting of the related ***business plan***, OIBM was selected to participate in the second phase, with the definition of the performance based agreement (PBA) in late 2011. The second phase of the YS program started with the ***piloting of products/services in 2012*** and then continued with ***roll-out in 2013***. Already at the very beginning, OIBM decided to propose both savings and loan products targeted at youth. However, the loan component immediately proved to be quite complicated, with the individual loan product being discarded in 2013. Also the YS savings product encountered problems with attracting a high number of clients initially. The situation worsened in 2012, following the internal restructuring of OIBM and the bad economic performance of the country. However, following the ***hiring of a full-time YS program manager*** (also youth champion)[163] at the end of 2013 ***as well as the engagement of dedicated youth officers*** during the course of 2014, a certain operational stability has been provided. During the latter half of 2014, the OIBM's YS team also solicited and received a stronger commitment to the YS program (and the team's efforts) from OIBM management and other staff (internal institutional support to the people engaged in the YS program seems to have been quite weak up until then – see further below). Consequently, program implementation and promotional activities started to ***gain momentum during the latter half of 2014 and in the beginning of 2015***. Finally, financial education (and 'light' entrepreneurship training) through a unified approach. OIBM has sought to establish collaborations with numerous YSOs and initiatives, but their role has mainly been to expand outreach. Following a YS TA mission, the training curricula was refined in 2014 and is being implemented as of January 2015.

[162] Apart from playing an active role in the program preparation phase (seeking to promote Malawi as a target country for the YS program) and in supporting the FSP application process, the UNCDF country representative has not been directly engaged in any YS training/TA or other YS program activities.

[163] Before her appointment, two OIBM staff, who subsequently left the institution, had been working only part-time on the YS program.

YouthStart key indicators	Dec-12	Dec-13	Dec-14
Clients (#)	3.166	9.723	31.877
Active borrowers (#)	1.332	5.436	1.422
Active savers (#)	2.716	9.130	29.792
Gross outstanding portfolio (USD)	130.802	105.731	88.194
PAR 30	0,0%	16,9%	11,6%
Write-off ratio	0,0%	0,0%	15,2%
Restructured loans	0,0%	0,0%	0,0%
Total savings (USD)	51.916	109.382	389.254
Rural clients	45,9%	55,2%	54,6%
Female clients	38,1%	41,7%	41,1%

In January 2012, YS suspended funding to OIBM for the first time "in light of an institutional crisis that jeopardized the implementation" of its YS initiative.[164] During the first part of 2013, OIBM improved its overall performance and, in June, the ***PBA agreement was renegotiated with revised targets*** (considerations were also made with regard to a possible extension of activities beyond December 2014). In May 2014, in order to verify the progress of the program (particularly because the revised PBA targets had not been met), a monitoring mission was undertaken by the YS team, with a consequent freezing of funding. Funds were released again in September 2014 and, in December, a new PBA was signed with an ***extension of activities up to December 2015***. In March 2015, a second monitoring mission took place and, despite appreciation for progress with regard to the specific YS results, the release of the ***first tranche of funds under the new agreement was frozen due to the non-compliance of OIBM with the PAR requirements for the institution as a whole*** (with overall institutional performance suffering primarily because of defaulting agricultural loans).[165] While OIBM management and YS-related staff seem to understand the challenges posed by the high PAR levels, they were at the time of the fieldwork quite disturbed by the freezing of funds to cover expenses already incurred (as well as by the way the suspension of funds was communicated to them – *"When the monitoring visit took place, they seemed so pleased and happy with our recent hard work and progress towards meeting the YS targets and then we just get an e-mail saying 'funds have been suspended; please find attached the report'; a report that we had not even been given the chance to comment on before learning of the freezing of funds"*). At the time of fieldwork, OIBM claimed to feel very discouraged *("Like our legs have just been cut off from under us, just when we have started to walk"*) and had (at least momentarily) put all YS promotional activities on hold (as they presently cannot cover yet further YS expenses with internal funds), hoping to eventually reach an agreement with the YS PM regarding to the disbursement of funds.

A ***process of creating awareness and ownership around the objective of serving young people*** is currently

[164] ProDoc Amendment 2 of December 2013.
[165] The performance of OIBM's agricultural loans has taken a hard hit due to adverse natural conditions (flooding, a drought) as well as by the government ban on maize exports (introduced in 2014 and unlikely to be lifted in 2015).

taking place among several key OIBM management, including the CEO, and staff (*"Youth were thought of before, but is now receiving a more targeted focus thanks to the YS program"*). This process apparently begun a bit late, i.e. only following the freezing of funds in 2014 when the PBA targets had not been met. Particularly with the support of the CEO and the Chief Transformation Officer, the general attitude among the staff is changing (also by eliminating some 'bottlenecks' at the IT and financial departments as well as the branch level). *"Initial buy-in was very low"*, but local branches now seem generally more supportive of the YS program (with a particularly strong commitment among at least one-third of the branch managers) and youth related targets are integrated into the general branch targets. The assignment of specific youth officers also seems to have worked well, allowing the branches to effectively being able to manage the new workload (on the credit side, most youth officers appear to cover some 20 groups and 200 loans). At the time of fieldwork, key YS staff seemed to truly believe that youth specific products/services are important (*"It is a joy dealing with youth, to see that I really have an impact"*) and management showed a strong belief in youth being a strategic market segment that has to be tapped (particularly motivated by the possibility of gaining a competitive advantage in the market that will pay back well in the future). However, the youth commitment appears pretty weak at the governance level with the Board, perhaps naturally, more concerned with and engaged in restoring the overall performance of the institution at the present moment. The potential of the youth segment (still considered a risky group of clients) is recognized from a long-term perspective in terms of 'recruiting' young clients who then remain with the institution up until and during their adulthood.

An 'exit strategy' has not yet been developed. The CEO and management team seem motivated to keep the YS products and services among OIBM's offering products, but claim that external financial support is still needed in order to keep dedicated staff and promotional activities which are considered necessary to support the YS initiatives. The high PAR levels and the subsequent recent decision to freeze funds have seemingly put the newly signed agreement and the whole YS process within OIBM at risk. With the suspension of YS disbursements, lack of internal funds and discouraged staff, it ***appears quite likely that the YS consolidation and institutionalization will be interrupted (at least temporarily)***.

With regard to the grant itself, OIBM considers the ***awarded amount as adequate*** for implementing the program as it was designed. However, the partner FSP pointed to two challenges with the PBA in particular. First, the issue of the ***age definition (i.e. 12-24 years) was considered as non-negotiable***, which proved to be a major constraint for OIBM in terms of meeting its targets. Second, the ***bad economic conditions*** in 2012 and 2013, especially in terms of high inflation and interest rates, substantially changed the external context and prospects for reaching the PBA targets. OIBM called for the PBA to be amended in order to reflect the changing (i.e. more adverse) external conditions and, even if UNCDF/YS demonstrated *"initial inflexibility ('a target is a target'), they did listen to us in the end"* and the PBA agreement was revised (reducing both YS outreach targets and overall institutional performance targets). Furthermore, the ***reporting requirements are perceived as cumbersome*** (*"too much hassle with a lot of drafts back and forth, which could have been avoided if report writing had been accompanied with monthly calls"*).[166] Nevertheless, OIBM management and staff show an appreciation for the YS program as such.

Finally, an ***element of distance between the YS program team and OIBM*** seems to have been formed during the course of the program. Communication between the two parties appears to have suffered from an apparent 'reluctance' on part of OIBM (most notably before the appointment of the current youth champion, but also because of the inability to report on certain indicators due to problems with the MIS)

[166] OIBM proposed the use of monthly calls to the YS program team and the first such call was held in January 2015.

and lack of clarity on part of the YS program (the latest example being the recent suspension of funds - *"Following the monitoring visit, we were expecting some recommendations, but not the freezing of funds"*).

3.3 YS products (savings and loans)

Within YS support, OIBM has developed three specific financial products targeting young people (between 18 and 24 years old): ***Demand savings account (Masomphenya)***; ***Group business loan (Chiyambi)***; and ***Individual business loan (Tiwoloke)***. The individual loan product (which was only extended to 24 clients because of the lack of collateral/guarantee on part of most youth), was discontinued in 2013 basically because of poor repayment performance (OIBM also faced a great challenge in tracing down some clients who had moved on). The main differences in features between the YS savings account and group loan and OIBM's ordinary savings and group loan products are presented in the table below.

YS savings account (Masomphenya)	***Ordinary savings product (Kasope)***
MWK 150 (≈USD 0.3) entry fee[167]	MWK 500 (≈USD 1.1) entry fee
MWK 100 (≈USD 0.2) minimum deposit	MWK 200 (≈USD 0.5) minimum deposit
Withdrawal fee: • MWK 120 (≈USD 0.3) at the counter • MWK 100 (≈USD 0.2) with ATM • MWK 50 (≈USD 0.1) through mobile phone	
No closing fee	MWK 2,000 (≈USD 4.5) closing fee
8.5% interest rate	
YS group loan (Chiyambi)	***Ordinary group loan product***
Minimum 5 people	7-10 people
Loans are individual, but the group is responsible	
4% monthly interest rate	4.25% monthly interest rate
15% loan security	
1,2% credit health insurance	
Maximum loan amount (first cycle) MWK 60,000 (≈USD 140)[168]	Not available
3% loan processing fee	3.5% loan processing fee
No collateral required	Collaterals are required
Grantors have to be informed. YSO partners may provide a guarantee.	Not available

In addition to the YS products, OIBM also offers a ***youth (0-18 years) demand savings account (Tsogolo Langa) for parents/guardians*** as underage youth cannot open an account in their own name. This product was developed and launched with support from Save the Children in 2011, i.e. before the development and piloting of the YS products. Parents/guardians can open and transact on the account in the name of child, who will become the formal account holder only at the age of 18. Parents can withdraw if necessary, although they are strongly encouraged not to touch the account until the child turns 18. Even if not a YS

[167] The entry fee initially included also an expense of MWK 1,800 for the ATM smartcard, but following client feedback (see footnote in Section 4 below) and investments in a new core banking system (reducing the actual cost of the card), the fee is now subsidized entirely for *Masomphenya* clients.

[168] The maximum loan amount was originally set at MWK 40,000 (≈USD 90), but later raised as a result of inflation and currency devaluation .

product, the YS program resources have allowed OIBM to promote and support also this youth product to young clients.

The ***integration of the market research findings into the business plan***, which was presented to UNCDF for participation in the second phase of the YS program and on the basis of which the PBA was signed, ***seems to have led to a gross overestimation of the outreach capacities of OIBM***. The most critical issues in the market research and the business plan include:[169]

- In 2010, OIBM had 195,007 deposits according to the market research. On this basis, the business plan proposed a target for YS savings accounts of 41,612. This means increasing the total number of clients by 20% in 3 years, and only with youth clients in the 18-24 age frame. The business plan shows a different figure for total savers (i.e. 306,000) and here the perspective increase in three years was supposed to be 13%.
- Especially with regard to credit, the market research does not address how challenging it would be to target the specific YS age range of 12-24 years in the Malawian context. In fact it only includes one research questions – i.e. "(vii) do not want (those between 18 and 24) to take loans because they don't want to pay interest" – and does not address (or evidence any risks with regard to) any other important issues (such as youth skills, attitude and self-esteem/self reliance), which have also been mentioned by several stakeholder during the course of the fieldwork for this final evaluation.
- The market research recommends OIBM to start also with loan products (including an adaptation of agricultural funds to young people) in the very beginning. Given the focus on savings of the YS program and the necessity to address a roughly new market also with saving products, starting only with savings and then rolling out loan products only after consolidation of the savings products would probably have been more appropriate. No reference is made in the market research on how much more difficult offering (and managing) loans is than offering savings.

Partly as a result of the overestimated targets, but also because of the adverse external conditions as well as internal institutional problems, ***OIBM failed to comply with the expected YS outreach targets until these were redressed to more realistic (albeit still ambitious) levels in 2013***. The revised YS outreach targets have since been achieved, also thanks to the (albeit late) large-scale promotion of the YS products towards during the latter half of 2014 and beginning of 2015.

Gender was one of the dimensions addressed by the market research, with regard to analyzing both potential clients and their needs, necessities and risks. However, any specific differentiation of products or conditions was neither proposed nor adopted within the YS program in Malawi. However, the recently produced YS promotional material (most notably gadgets, such as umbrellas and t-shirts, to reward good savers) have been developed along gender lines with regard to models and colors (and without necessarily falling into the 'classical' pink and blue distinction).

3.4 YS non-financial services

OIBM provides non-financial services, namely ***financial education and 'light' entrepreneurship training (Zachuma)***, rolled out at the end of 2012, to its young clients through OIBM designated youth officers (i.e. unified model). With regard to ***delivery channels***, the training sessions take place in schools and churches,

[169] OIBM was in fact not satisfied by the TA/training services of the market research provider (Making Cents) and exited the agreement prior to the end of the contract.

at market places, at the premises of YSOs premises (where a partnership is established), or through community gatherings facilitated by the DYOs or local village leaders. The latter mechanism is used particularly in the rural areas, where the involvement of DYOs has in fact proven a key factor to foster outreach (*"They have proven to be reliable and effective partners"*), especially in over the past 18 months. The use of mobile vans visiting boarding schools has also proven an effective delivery channel (especially with regard to reaching female clients; *"The boarding schools have demonstrated a good turn-out of female clients"*).[170] OIBM youth officers are also using SMS to mobilize clients for sensitization meetings and financial literacy roll-out (and generally stay touch with 'mobile' clients).

Parallel with the work of the first internal OIBM youth officers (six at the end of 2012), the institution also implemented a youth 'ambassador' program by engaging peers at each branch acting as role models to other youth in the area. These ambassadors (more than 200 at the end of 2013) were provided with a small stipend for each mobilized youth clients (i.e. for each youth client who opened an account). The peer ambassador program was, however, not as effective as initially hoped for and OIBM has, as of 2014, instead recruited additional OIBM youth officers as well as identified a more limited number of 'top performing' YS clients to be trained as 'youth peer educators' and serve as mentors in the communities in which they live. Furthermore, in Lilongwe (at the Area 25 branch), teachers have been trained by OIBM and used as 'mobilizers' by providing financial literacy training to their students. In one of the rural communities surrounding the Mchinji branch, the possibility of training community leaders/representatives for onward training of youth in the surrounding area is currently also being discussed. Finally, in order to market its YS products, OIBM also participated in the National Youth Day (organized by NYCoM and the Ministry of Youth and Sports Development) in 2012 as well as the Global Money Week in 2014 and 2015. With the use of outside youth peer educators/mentors and mobilizers, OIBM is hence moving from a purely unified form of service delivery towards a hybrid model.

In April 2014, OIBM benefitted from specific YS-supported TA to develop the new financial education curricula (by adapting and integrating already existing training material) and the new tool was rolled out in January 2015. There is ***a savings module*** (or around one hour and a half) ***and a credit (and 'light' entrepreneurship) module*** (all clients who apply for a loan has required to receive a credit and 'light' entrepreneurship training of four sessions of two hours each). The ***training material is detailed and thoroughly developed***, with practical exercises, simple stories and effective pictures (seeking to take into account the possible low level of literacy level among targeted youth). Moreover, ***internal trainers manual*** (one for each module) have also been developed in order to guide the youth officers in the provision of training. For several OIBM staff, the financial education aspect has been the most important driver of the program as it has *"captured youth and brought them closer to us"*.

While the provision of non-financial services is internal (i.e. provided by OIBM staff), OIBM has sought the ***collaboration*** (on both a formal and informal basis) ***of numerous YSOs and other initiatives*** in order to support outreach, mobilization and, in some cases, follow-up of loan clients. A couple of examples of such partnerships include:

- At the Area 23 branch in Lilongwe, OIBM works with ***Chance for Change***, an international social impact network. Its 'Rites of Passage' program, supported by the Scottish government, provides life skills and

[170] An initial obstacle with reaching out at boarding schools included the unwritten 'rule' (i.e. as recommended by government) of having only one bank account (most commonly with NBS Bank) onto which parents/guardians could transfer not only payments for school fees, but also funds to cover expenses for books, uniforms, etc. This 'one-account' requirement has, however, since been dropped allowing parents/guardians to make intra-bank transfers through their OIBM accounts (and hence avoiding the higher cost of transferring funds through NBS Bank).

business training (including the development of business plans) to vulnerable youth between nine and 20 years of age. The youth are organized into groups and supported by a facilitator with whom they meet once per week. All groups are encouraged to save, at least MWK 200 (≈USD 0.5) per group member per week. At the time of fieldwork, around 100 Chance for Change beneficiaries had been linked up with OIBM's financial literacy (savings) training and *Masomphenya* account, while around 15 individuals, divided into two groups, had also received the credit training and *Chiyambi* loans (one of the groups being on its second loan cycle). This (informal) collaboration has worked well and is expected to continue also in the future, although monitoring of the business activities of the credit clients remains an issue since it is a quite time, and resource, consuming task.

- In Blantyre and the Southern region, OIBM with ***Development from People to People (DAPP)***, a local NGO supported by the Dutch Humana People2People. DAPP has made provisions for the creation of a revolving capital fund that will allow DAPP graduates to access OIBM credit. However, since the graduates are often in the 24-27 age frame, they will be offered the ordinary loan and not the YS *Chiyambi* product. At the time of fieldwork, the first 54 graduates (from December 2014) had already been selected and was undergoing training and was soon expected to accede to the first loans (even if OIBM, at the time of fieldwork, has temporarily suspended the approval of new loans). Two more groups of DAPP graduates are expected in April and June of 2015.
- In 2012, OIBM signed a memorandum of understanding with ***TEVETA***. Under this agreement TEVETA is to provide a MWK 40 million (≈USD 90,000) - later raised to MWK 50 million (≈USD 110,000) - guarantee fund for TEVETA graduates. The fund will covers both YS loans and ordinary OIBM loan products since many graduates are aged 25 and above. It has been difficult for TEVETA to share contact information (not available) for graduates, making it hard for OIBM to reach them, as well as for TEVETA itself to mobilize potential youth clients (primarily referring only adult clients). The agreement is still in force, because of the important role of TEVETA at the national level, but the impact with regard to YS is not going to be as strong as initially imagined.

In addition to these three partnerships, OIBM has sought to involve many (perhaps too many?) other organizations and initiatives towards increasing the outreach of its YS interventions. It is currently undergoing a phase of ***consolidation of some partnerships*** with those entities that have shown a genuine interest and commitment in the YS program (such as Change for Change and DAPP), while leaving other collaborations be as they have proven not to be effective.[171]

3.5 YS outreach

While the YS program was piloted in 2012 and rolled out in 2013, it really only gained momentum towards the latter half of 2014 in terms of outreach. Active clients have been regularly growing over the years and, after the amendment of the PBA in 2013, OIBM has ***managed to reach most of its YS targets***. In terms of % of women among YS clients, OIBM could reach about 40% (which matches the 2013 target), but in 2014 it has not been able to make a further step forward and increase the % of women among clients as per the target.

Active clients	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
Total number of clients					

[171] Some potential partnerships have, however, apparently also not been tended to. A couple of the interviewed stakeholders at the meso level in fact claimed to have approached OIBM in late 2013 / early 2014 in order to link their youth with OIBM's products/services, but they either received no response or the relationship never materialized. In one case, OIBM had been invited to an event facilitated by one these stakeholders at *"90% youth church"*, but the OIBM representative only presented products for adults.

% of women clients					
Min. target: % of women clients	60,0%	58,0%	58,0%	38,0%	43,0%
Proposed target: % of women clients	60,0%	60,0%	60,0%	40,0%	45,0%
Number of youth clients (12-24)	**29.000**	**34.560**	**22.429**	**32.018**	**59.133**
% of total clients					
Growth		19,2%	-35,1%	42,8%	84,7%
Number of new youth clients (12-24)	0	0	0	0	5.257
Number of YouthStart clients (12-24) - Financial services			**3.166**	**9.723**	**31.877**
Min. target: Number of YouthStart clients (12-24)	29.000	26.878	33.175	15.980	24.902
Proposed target: Number of YouthStart clients (12-24)	29.000	31.621	39.029	17.756	29.297
Growth				207%	228%
% of total clients					
% of youth clients			14%	30%	54%
% of women among YS clients			38%	42%	41%
Min. target: % of women among YS clients		51%	54%	43%	50%
Proposed target: % of women among YS clients		60%	60%	50%	55%
% of rural clients among YS clients			46%	55%	55%
% of minors among YS clients			0%	0%	0%
% of poor/low-income clients among YS clients					
% of in-school clients among YS clients (all)					

Note: Figures in red refer to the original PBA, while figures in black refer to the amended PBA of 2013. In the latter, specific targets for active YS clients, among the 12-24 year old clients, were specified.

Data on drop-out rates are limited, albeit there is a significant increase in terms of active clients in 2013 and 2014 (with 'negative' drop-out rate of over 200%). Growth of active clients has been boosted by the growth of savers, while the number of borrowers significantly reduced in 2014 because of OIBM's effort to increase portfolio quality. Since OIBM has (temporarily) suspended the approval of new YS loans, the number of YS borrowers is not expected to increase substantially during 2015.

YS Portfolio Features	2012	2013	2014
Gross outstanding portfolio (USD)	130.802	105.731	88.194
Growth (local currency)		3,0%	-7,3%
% of total portfolio			
% Business loans			
% Agriculture loans			
% Consumer loans (housing, health, consumption)			
% Emergency loans			
Number of YS active borrowers	1.332	5.436	1.422
Growth		308,1%	-73,8%
% of Female borrowers (among YS borrowers)	45,0%	52,7%	41,0%
% of Rural borrowers (among YS borrowers)			
% of in-school YS borrowers (all)			

Even if OIBM still has a limited portfolio of YS credit clients, OIBM has reduced its efforts in terms of outreach in order to increase the quality of the portfolio.

The ***number of YS saving accounts*** increased by 168% in 2013 and almost by 300% in 2014. These can indeed be considered as ***quite remarkable growth rates*** (especially when comparing to the growth of total OIBM clients), thus confirming OIBM's commitment to the outreach of YS products. The percentage of women YS borrowers lies at around 40% in 2014, which is below the proposed and minimum PBA targets. OIBM also confirms a commitment to serve rural clients with YS products, with over 50% of YS clients coming from rural areas (OIBM's youth officers believe that they will remain in their role of serving youth in rural areas).

Almost all young OIBM clients who have received some financial education training have received these services through the YS program. ***In terms of the provision of non-financial services, OIBM has in fact always met and indeed exceed (by at least 50%) its PBA targets*** (in 2014, 49,460 youth clients, compared to the proposed target of 29,267, had been provided with financial education training.

The ***primary challenge*** with regard to outreach seems to have been the identification of and reaching out to ***economically active youth below the age of 25***. However, according to OIBM management, the YS program has particularly assisted in "*reaching out to areas we did not reach before (without YS funding, we wouldn't have gone there)*" in order to try to reach the targets.

3.6 Sustainability

At present, YS products cannot be considered as sustainable, neither from a financial nor from an

institutional point of view. The preliminary findings of the Frankfurt School of Finance and Management's YS Business Case Analysis (draft version) point out how the interest offered to YS clients is not able to cover the operational costs of the product, nor it is justified by its transfer cost so far. Product outreach has significantly increased over the last year, but it is not possible to estimate, at the moment, if and when it will reach the necessary economies of scale to cover its cost. It should also be mentioned that, even if the 8.5% interest rate seems unsustainable in the short and maybe medium term, it is not a really high interest on market level, where commercial banks offer from 5% to 12% interests on their savings accounts..

OIBM itself still considers YS products as pilot products, so full sustainability at the end of the YS program has not really been a goal. It is indeed questionable whether OIBM will be in a position to maintain the costs of the product with internal resources given the restructuring phase that it is presently undergoing.

OIBM management clearly identifies YS products, especially savings products, as an instrument to increase financial performance in the future, because it gives a competitive advantage with regard to other FSPs who are not yet targeting the wide youth market segment. The provision of youth financial products/services is clearly focused on the long-term; mostly from a 'loyalty' perspective in terms of being able to engage youth early on who then will stay with the institution into adulthood (*"They will stick around and won't run away from us"*). However, at the moment, there is no evidence of a positive impact of YS products on prospected financial sustainability. Maybe quite the opposite is true, with sustainability issues of OIBM as a whole raise concern over YS sustainability (especially considering the recent suspension of funds). As an example, PAR and OSS targets in PBAs had to be significantly reduced in the 2013 and 2014 amendments, and still complying with the reduced targets is a challenge.

Indicator	PBA	End of 2013		End of 2014	
		Proposed	Minimum	Proposed	Minimum
PAR 30	Original	6%	7%	5%	6%
	Amended	12%	14%	11%	13%
OSS	Original	135%	115%	140%	119%
	Amended	91%	77%	103%	87%

YS products cannot yet be considered to have been adequately institutionalized. While OIBM management seems convinced of their strategic importance, it clearly stated that if no further support comes from UNCDF or another sources of funding, YS products will most likely be dismissed as such at the end of 2015, or in case they remain, they might be significantly redefined (ex. raising the age limit to 35 years). Furthermore, 'ownership' of the YS products seems to be pretty recent, recognizable only as of the latter half of 2014.

Furthermore, at the national level, signs are not that positive with high inflation rates, high interest rates, weak (albeit not really low) economic growth, and the prospects for the 2015 harvest are not that promising. Albeit intending to ensure food security in the country, the 2014 ban on maize exports (which is likely to remain in place also in 2015) has hit OIBM hard (with 30% of the agricultural loans now defaulting). Other FSPs have also seen worse loan repayments. The opinion of interviewed stakeholders is that the situation will not get better in at least the next two years; the interest rate is likely to stay at 40%, the inflation rate at two digits, and dependence on tobacco is a systemic weakness.

OIBM is currently the only FSPs providing specific youth-targeted products and services. It also has a ***dominant position in the microfinance sector***, being one of the few deposit-taking institutions. This position ***might, however, be challenged*** by FINCA Malawi (which is expected to receive its license by mid-2015). FINCA appears to have an aggressive market penetration strategy, albeit they will not target young clients with credit. Also, having no agricultural loans, it has been somewhat protected from the recent crisis. However, FINCA seems to have quite a bad reputation among clients as tough money collectors (*"They come to your house and take your goats"*). On the other side, this kind of reputation could also be appreciated as it challenges a generally soft money collection attitude on part of FSPs with has a negative effect on borrowers' attitude. NBS Bank is at the moment only targeting college/university students (no matter the age, being a student is the key condition) with easier access through ATMs, etc. Supported by UNCDF and WWB, it is also about to launch the *Pafupi* product (comparable to OIBM's *Masomphenya* account) later this year in order to increase overall savings. A recently appointed NBS Bank director apparently strongly believes in targeting young people in order to build loyalty and create a good saving culture.

3.7 Client protection

Beyond the YS program, OIBM's transformation department has received both general and specific client protection training from the Smart Campaign and MicroSave. OIBM has endorsed the Smart Campaign and gone through the client certification process, with the final certification currently depending on OIBM's overall financial performance. Finally, OIBM also participates in MFTransparency's transparent pricing initiative (even if the initiative is apparently coming to an end in Malawi because of general challenges with collecting data).

The ***repayment schedule*** is given to clients and even if the annual percentage rate (APR) is not published (*"because no one else does"*), the ***concept of total costs*** (albeit not including compulsory savings) is communicated in the per annum rates. A ***restructuring policy*** exists, but is apparently *"rarely used"*. There is a general ***code of conduct*** as well as a specific one for lending practices. The OIBM board has just approved a ***policy for client complaint mechanism*** in order to further institutionalize already practiced procedures. For example, there are suggestion boxes at all branches, a toll-free call center, as well as a mechanism for e-mails and regular post. Complaints are most commonly brought to the attention of the loan officers and the branch managers directly. Complaints usually regard delays in the loan application process (which might take three to four weeks in some cases), high interest rates and long queues at the branches. OIBM's ***debt collection practices are reputed to be fairly 'soft'*** in comparison to other MFIs (during the FGDs with YS clients several respondents compared OIBM practices to FINCA's apparently 'harsh' practices in this regard - *"They come and take your window grids"*).

Perhaps the only 'concern' identified during fieldwork is the fact that the ***issue of inflation*** (which is currently quite high in Malawi) ***seems to be poorly understood or not even considered*** by (young) clients.

4 CLIENT LEVEL[172]

In consultation with OIBM, the evaluation team selected ***one urban branch (Area 23 in Lilongwe) and one rural branch (Mchinji)***, both in the Central region, in which to carry out the FGDs and interviews with YS clients. While the YS program had been piloted in Lilongwe, the Mchinji branch is one of the branches in which the YS products/services were subsequently rolled out. With regard to the client sampling, the selection process followed the guidelines as outlined in the Inception Report.

Two FGDs were held at each of the two selected locations/branches in school classrooms and community halls within the areas covered by the respective branches. In total, FGDs and interviews were held with ***33 youth clients*** (two of these clients, however, were not actually YS clients since they were both holders of the *Tsogolo Langa* parent/guardian youth account, which is a not a YS product),[173] ***58% of whom were women and 6% of whom were minors*** (namely the two very young children with the *Tsogolo Langa* parent/guardian youth account). The table below summarizes some of their key socio-demographic characteristics.

[172] The information in this section is based on the results from the FGDs and interviews with YS clients carried out by the evaluators during fieldwork. In addition to this information, there are number of relevant internal OIBM sources of data. First, as of May 2014, OIBM collects poverty related client data by completing the ***Progress out of Poverty Index® (PPI®) / simple poverty scorecard*** for all new clients as well as for existing clients requesting a new loan. The intention is to repeat the exercise on an annual basis (or even every six months for existing loan groups) in order to track changes over time. At the time of fieldwork, however, only the May 2014 baseline data were available. Baseline scorecards had been compiled for a total of 2,082 clients, 578 (28%) of whom were aged between 18 and 24 years. OIBM's social performance management manager is also a registered PPI® trainer and has trained two other Malawian MFIs in completing and using the scorecards. Second, also in 2014, OIBM started collecting information for a series of ***'transformation' indicators*** in order to track client satisfaction as well as number and school attendance of children, health and sanitation, household management, community engagement, business activities, and assets. Again, at the time of fieldwork, only the 2014 baseline data for these 'transformation' indicators were available. Third, at the end of 2012, OIBM conducted a ***client satisfaction survey*** covering 2,000 YS clients across the six pilot branches. Key findings include: 76% of respondents engaged in various business activities; 13% of respondents used their YS savings account every day, while another 19% used the account every week; 92% of the respondents believed the YS products to be relevant and to meet their financial needs; 49% of respondents indicated that customer services at the bank are excellent; and the cost of the ATM smartcard remains a challenge for YS product pricing (cost considered too high by most respondents). As a result of the survey, OIBM reviewed the YS product pricing as well as increased the interest rate on the *Masomphenya* savings account (steps were also taken to reduce the turnaround time for processing YS loan requests through staff training and prioritization of YS loan clients). Fourth, a ***LQAS methodology survey*** has been carried out in 2013 as well as in 2014. Main findings include: Clients were happy with pricing, but the cost of the ATM smartcard is considered a challenge for many youths; 68 % of all respondents were involved in business activities, whilst 13% were engaged in agriculture (farming and breeding activities) and 20% are involved in other forms of employment (young people were also economically active and as such they can be considered a potential market); 76% of all respondents had been OIBM clients for at least 12 months; 57% of all respondents had not attended transformation training sessions; and areas with higher concentration of village banking mechanisms pointed to a lower account usage (primarily because of the long distances to the OIBM branch in some of these areas).

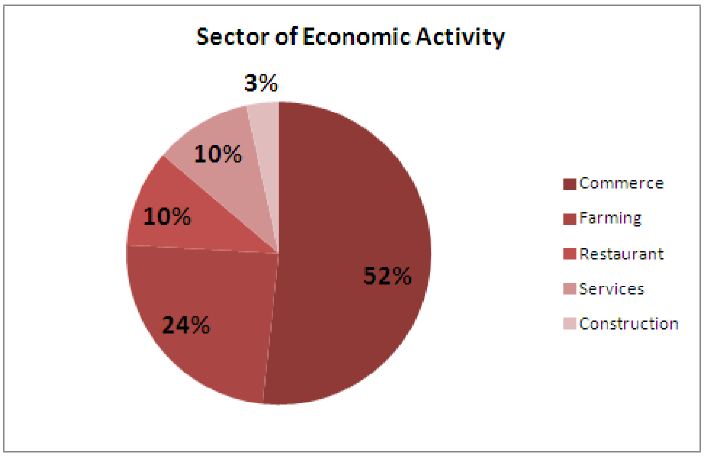
[173] Furthermore, while one of the parents of the two children with the *Tsogolo Langa* accounts was both interviewed and participated in a FGD (Savings and non-financial services), the other parent was only interviewed (albeit the child was female, the father was not invited to participate in the FGD since it was to be composed of only female participants).

Typology of FGD	Respondents (#)	Female (%)	Age (mean)	Married (%)	# in household (mean)	Years of schooling (mean)	New clients (%)	Working (%)
Savings	11	55%	21.2	27%	5.3	10.5	100%	55%
Savings & loans	7	29%	22.3	43%	7.1	7.9	100%	100%
Savings & NFS	7	47%	19.7	0%	5.0	9.9	100%	57%
Only females	8	100%	20.1	38%	5.0	9.4	75%*	63%
Total	***33***	***58%***	***20.0***	***27%***	***5.5***	***9.5***	***94%***	***67%***

* One client was an OIBM client also before the YS program and then passed over to YS products once available. The other 'old' client, however, is the one with the parent/guardian youth account (*Tsogolo Langa*), which is not a YS product and which was developed and launched before the YS products.

Apart from the two very young clients with the parent/guardian youth account (*Tsogolo Langa*) and one client who had just migrated to a 'normal'/adult savings accounts because he had turned 25, ***all respondents had the YS savings account*** (*Masomphenya*), while ***17 also had (or had had in the past) a YS group credit*** (*Chiyambi*). Most of the respondents had learnt of OIBM and its YS products and services either through schools or through the DYOs, while others had gained access following radio commercials or through friends, family and other community members.

Two-thirds of the respondents reported to be economically active. Hence also some of the in-school clients carry out small jobs after school or during weekends or holidays. As presented in the pie chart below, the primary sectors of involvement include commerce and farming, while smaller shares of respondents are engaged in providing restaurant or other services.[174] Other sources of 'income' (mainly for the in-school YS clients) include primarily pocket money from parents, but also occasional gifts from other family members or relatives.



In terms of ***use of money***, while most save (or take loans) to support either current or future business activities (including also the investment in livestock, which by some is considered as a viable way to save larger amounts of money), several also save to pay for school fees or purchase school material (either for

[174] As seven out the 22 respondents who reported to be economically active are engaged in two sectors (usually farming in parallel with something else), 'n' equals 29 and not 22.

themselves or for siblings). A couple of clients do not yet know what they will use their money for or simply save in order to have some money in case of an emergency. None of the female (or male) YS respondents save for dowries, although one female client saves, together with her husband, for the upcoming wedding and initial housing expenses.

4.1 Feedback on YS financial products

Generally speaking, ***clients appreciate the YS products*** and are satisfied with the current product offering. They seem to be particularly appreciative of having access to a specific youth-targeted product and they consider OIBM to be almost the only FSP available for young people. In the urban setting, respondents seemed pretty aware of the advantages of the YS account (in terms of fees and costs, loans conditions and accessibility, and quality of service) compared to other possible providers (usually NBS Banks or other commercial banks with regard to savings and FINCA Malawi for loans). In the rural setting, actual access to formal financial services (savings and loans) seems per se to be the main quality of service. Finally, OIBM's collaboration with DYOs, especially in the rural areas, seems to work well and is appreciated by the YS clients. The only real complaint related to the distance to the nearest OIBM (many YS client indeed live at quite some distance from the branch and have to travel for several hours in order to deposit or withdraw money). Also, according to one of the OIBM youth officers: *"time is of great importance to youth"*; many hence call for speedy application processes as well as less queues at the branch.

Village savings mechanism (*Nkonde* banking) and other informal savings and lending options do exist, but do not seem to be so widespread (most respondents simply just kept their money in the pocket before). Informal lending through family members is also considered more as hassle than as benefit (*"very tough since they asked for their money back every day"*). In any case, the respondents have tended to move away from informal mechanism when formal services were provided to them in the form of the YS products. The possibility of not needing to approach money lenders, who have a very bad reputation, was particularly appreciated by participants in one of the FGDs (Mchinji branch, rural area). Some respondents, in parallel with their YS savings, also save some smaller amounts money some through their mobile phone providers in order to have easy access to some money to pay airtime or pay certain bills.

Clients had not particular remarks of on the YS savings, other than that they ***would appreciate benefits or bonuses*** (t-shirts, school materials, fertilizers, maize, etc.) for good savings behavior rather than different account conditions (i.e. they are happy with the conditions per se). In terms of loans, some clients called for ***longer repayment periods and higher maximum amounts***. With regard to the loan amount, one (female) client admitted to, in addition to her OIBM YS loan of MWK 60,000, having taken also a MWK 70,000 loan from FINCA Malawi (possible only because FINCA Malawi did not have her ID number) and a MWK 70,000 loan from her brother in order to get the MWK 200,000 loan she needed for her business (despite these three parallel credits, however, she has managed all repayments without delays or problems). In addition, a couple of clients living in a rural setting would like the ***loan schedule to adapt to the seasonal cycle***; i.e. reimbursement of loans during the 'lean' season (when most are engaged full-time with their business/commercial activities), but not during the harvest season (when most are more likely to be 'short of cash' because they concentrate on working in the fields).

With regard to ***gender***, female clients do not feel the need for specific products or conditions targeting only young girls or women (only female products/conditions are not considered necessary; important is to have youth products). Some female clients belonging to mixed gender loan groups also stated that they feel supported by men in their loan groups. However, during the all female FGD, some clients expressed concern over the fact that there are some (quite profitable) business activities, like transportation or selling beer, in which they would perhaps like to be engaged, but cannot do because of cultural constraints (*"I want to be a truck driver, I even know already how to drive, but I cannot do this as a job because I am a girl"*). In this regard, i.e. since women usually have less options/opportunities to do business, one client called for lower interest rates on loans to female clients.

4.2 Feedback on YS non-financial services

Clients are pretty ***aware of the importance of financial education*** in order to properly use financial services. In most cases, clients 'voted' for financial education being the most important service that they receive from OIBM, giving evidence to the fact that financial education can be useful over the long period and in different circumstances, while loans, as an example, simply finish once you have repaid them (*"If you learn how to save you can use it also later"*).

The ***organization of training sessions where some of the groups usually meet*** (at the chairman's house or in a public place) ***is an appreciated way of working with clients***, because in that context they feel free to express themselves and ask questions. Also training sessions at schools were appreciated, albeit (apparently with the 'older' YS financial education curricula) they seem have been more in the form of 'sensitization' meetings rather than actual financial education session. On the other hand, respondents do not appreciate training or sensitization sessions organized at the branch, because there is too much confusion and OIBM officers are too busy to properly attend to their needs.

Only loan applicants receive the full fledged financial education (and 'light' entrepreneurship) training, organized into four two hour sessions. Also other YS clients would be interested in getting this kind of training, especially with regard to the business training component (even if they do not currently need/want a loan, most of them are interested in learning for the future). In fact, the business training was particularly appreciated by some respondent because they say they needed the business management competencies (*"Otherwise I don't know if I make a loss or a profit"*). Finally, cases of people deciding not to ask for a loan after a financial education (or 'sensitization') have been reported. In most cases the reason for this decisions seems to have been that they had understood the difference between a grant and a loan (i.e. that the loan has to be repaid), which points to a successful transfer of relevant concepts to participants.

No particular ***gender*** issue was raised with regard to the content of the financial education. However, one female respondent said that she would appreciate training sessions dedicated only to groups of women.

4.3 Feedback on likely impact for YS clients

Almost all clients claimed to have a ***better capacity to use and manage their money*** after having gained access to YS products and services (*"We used to spend all our money before, didn't really save"; "Small savings turn into bigger savings"*; *"Now I am able to save money with bank which I never thought I would do, I did not think it would be possible because I was earning too little, I thought I had to have more money to save money"*; *"I now save for a purpose [school material], before I just spent the money [small things to eat, movies]; I still have fun sometimes, but I budget my money better"*). In general, students appreciate their YS savings accounts as a way to limit the tendency to use their pocket money immediately for consumption, while people with a job or a business tend to appreciate the improved capacity to separate money to be saved from money to be used for consumption and/or to be used for (invested in) business.[175] Some students explained, moreover, how having some money saved in an account in their name has pushed them to think about what to do with this money (i.e. use it for education or a business project); something that they did not care to think about before. The joint delivery of financial education and savings or loans products hence seems have been working very well; albeit perhaps more in terms of the proper use of money rather than a success factor for business (with business training being only a small component of the YS training). In fact, a lot of respondents claimed that they were not able to use financial services properly before acceding to OIBM. Some clients also claimed to have gained independence from parents (for some it is indeed very important to save to *"start of our own independence"*; an important feature is hence that they can accede the account without permission from the parent).

Most of the economically active respondents have invested their loans (and savings) in commercial or farming activities, with some good success stories of people being able to start their own business (i.e. barber shop) or being able to fully exploit their already ongoing activity (ex. trade with Tanzania, or used clothes commerce). The ***business activities in turn have assisted them in improving their general living conditions*** (*"I could support also the children of two of my family members, on top of my child"*). A lot of young clients currently having only savings accounts are interested in financing their education, and indeed they mentioned that they would appreciate incentives or loans with regard to the payment of school fees or the purchase of school material (*"I imagined that I can save even MWK 100 per month, little by little I save and can pay for school fees"*).

Apart from ***buying assets*** to be used in their business activities (common to both urban and rural areas), clients in rural areas commonly also use their savings (or loans) to by bicycles or livestock (or land) and in order to have the necessary resources in case of emergencies. In the rural areas, it was also possible to perceive a certain sense of better self esteem on part of most clients because they have had the possibility to accede formal financial services, something that they previously thought that they could not do (*"I will always remember and give thanks for getting the animal"*). These clients also (quite proudly) travel great distances to reach the closest branch and use their bank accounts.

This general client feedback is confirmed also by OIBM staff (particularly the youth officers) - *"I would call it a true journey as I see the transformation in the lives of my clients."*; *"Financial education is considered as particularly important since it is giving them the knowledge to manage their lives"*.

[175] However, some OIBM staff also pointed to many students, most notably those at boarding schools, using their *Masomphenya* accounts as mere transaction accounts (receiving money from their parents, etc.) rather than as savings accounts.

APPENDIX 1. LIST OF RELEVANT STAKEHOLDERS INTERVIEWED / CONTACTED

Institution	Person, Position	Date of interview (comments in case not interviewed)
UNCDF/UNDP (global level)		
United Nations Capital Development Fund (UNCDF) / United Nations Development Program (UNDP)	Mr. Fletcher Chilumpha, UNDP Program Manager / UNCDF Technical Advisor	26 March 2015
Global level (other)		
Catholic Relief Services (CRS) - published microfinance learning paper on “Protecting Malawian children and youth through social and financial entrepreneurship”	Mr. Fidelis Chasukwa	1 April 2015
Innovations for Poverty Action (IPA) - supports the Global Financial Inclusion Initiative (GFII), including past research project assessing impact of OIBM’s savings programs	Mr. Thomas Chataghalala Munthali, Country Director	27 March 2015
	Mrs. Elana Safran, Programs Manager, East Africa and Health	
Plan International	Mrs. Lillian Omondi, Country Director	Contacted a couple of times, but no response.
	Mrs. Chifundo Chitera, Youth and Governance	
World Bank – funding the 2011-2016 Financial Sector Technical Assistance Project (FSTAP)	Mr. Efrem Chilima	Contacted a couple of times, but no response.
Women’s World Banking (WWB)	Mrs. Veena Krishnamoorthy, Resident Technical Advisor	3 April 2015
Macro level		
Ministry of Finance, Economic Planning and Development	Mrs. Madalitso Mandiwa, Chief Economist, Financial Sector Polocy	27 March 2015
	Mr. Saadat Siddiqi, Advisor, Financial Sector Policy	
	Mr. Golden Nyasulu	
Reserve Bank of Malawi (RBM)	Mrs. Mtchaisi Chintengo, Chief Examiner and Head of Microfinance Supervision division, Microfinance and Capital Markets department	25 March 2015; over the telephone
Ministry of Youth and Sports Development	Mrs. Nini Brenda Sulamoyo, Principal Youth Officer (Youth Participation and Leadership)	31 March 2015
Meso level		
Malawi Microfinance Network (MAMN)	Mr. Duncan Phulusa, Executive Director	26 March 2015
Bankers Association of Malawi (BAM) / Institute of Bankers (IOB) in Malawi	Mrs. Lyness Nkungula, Executive Director	Contacted several times, but in the end not able to meet (out of the country)
Malawi Enterprise Development Fund (MEDF) - manages the Youth Enterprise Development Fund (YEDF)	Mr. Hillary Jalafi, Head of Operations	1 April 2015
Chance for Change	Mrs. Grace Tionge Waluza, Program Team Leader	26 March 2015

Institution	Person, Position	Date of interview (comments in case not interviewed)
Development from People to People (DAPP) Malawi - collaborates with OIBM	Mr. Augustus Kalyati, Principal, DAPP Mikolongwe School	2 April 2015
	Mr. Zakaria Viano, Coordinator, Technical Team	
	Mr. Masito Chilenge, Agricultural training	
Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA) – collaborates with OIBM	Mrs. Bertha Nyirenda	Contacted, but not able to meet (out of the country).
	Mr. C. Gondwe	
Jubilee Enterprise – supports young entrepreneurs	Mrs. Karen Chinkwita, Executive Director	25 March 2015
	Mr. Aggry Masi	
Market level		
Vision Fund Malawi	Mr. Francis Saka, Marketing Manager	31 March 2015 (FGD organized with assistance of MAMN)
	Mr. Louis Mwale, Marketing Coordinator	
Saile Financial Services	Mr. Phillip Gondwe, Branch Supervisor	
FINCA Malawi	Mr. Chris Kizza, CEO	2 April 2015
NBS Bank	Mr. Shadrick Chikusiro, Chief Financial Officer	Contacted, but in the end not able to meet (engaged in internal training)

APPENDIX 2. LIST OF OIBM STAFF INTERVIEWED

Person, Position	Date of interview (comments in case not interviewed)
Mr. Cosmus Kowuoche, CEO	25 March and 2 April 2015
Mrs. Alice Abilu, Deputy CEO and Chief Finance Officer	25 March 2015
Mrs. Grace Ndeule, YS Project Manager (and Youth Champion)	25 March, 1 and 2 April 2015
Mrs. Sophie Sikwese, Program Manager	2 April 2015
Mr. Brown Dzatopetse, Chief Transformation Officer	31 March and 2 April 2015
Mr. Richard Chongo, Social Performance Management Manager	31 March 2015
Mrs. Gloria Chumachawo, Branch Manager (Mchinji)	1 April 2015; over the telephone (not enough time to meet with day of branch visit)
Mr. Davies Mtsendelo, Youth Officer (Mchinji)	1 April 2015; over the telephone (not enough time to meet with day of branch visit)
Mr. Dennis Chikonga, Youth Officer (Area 23)	26 March 2015
Mrs. Comely, Youth Officer (Area 25)	30 March and 2 April 2015
Mr. Keith Flintham, Member of the Board (and Regional Director, Africa for Opportunity International)	31 March 2015
Mrs. Sophia Beckwith, Strategy and Change Management Professional for Opportunity International	25 March 2015

ANNEX 9: Rwanda Country Report

1 INTRODUCTION

This country report summarizes the findings from the initial documentary review and the fieldwork carried out in Rwanda between 2 and 10 March 2015 by Maria Grandinson (senior evaluator) and Valeria Pujia (junior evaluator). The ***primary focus is placed on description and summary presentation of main fieldwork outcomes***, although some preliminary analysis is also provided.

During the course of the fieldwork, the team of evaluators met with individuals from the partner financial service provider (FSP), i.e. Umutanguha Finance Company (UFC), and YouthStart (YS) clients as well as with various other stakeholders. In particular, the evaluation team held:

- Interviews with ***15 entities at global, macro and meso level***;
- A focus group discussion (FGD) with ***four FSPs*** (market level);
- Interviews with ***eight UFC staff, management and governance*** (micro level); and
- FGDs and individual interviews with a total of ***33 YS clients*** (client level).

A complete list of interviewed/contacted stakeholders at global, macro, meso and market level is provided in Appendix 1, while Appendix 2 lists interviewed UFC personnel (micro level). Following an overview of the national context at the macro, meso and market level (Section 2), this country report presents the YS program and its results within UFC, i.e. the micro level and primary level of YS intervention (Section 3). Finally, the report concludes with an account of the main findings at client level (Section 4).

2 NATIONAL CONTEXT (MACRO, MESO AND MARKET LEVEL)

Category	Data/information
Political and macroeconomic context	
Political context	While the devastating genocide culminating in 1994 naturally still scars the country/region (including continued unrest across the border with the Democratic Republic of Congo), Rwanda has experienced a period of ***remarkable stability under a strong leadership***. Nevertheless, the current President, Paul Kagame, has been holding office since 2000 (and can be considered to have been the de facto leader also when he served as Minister of Defense and Vice President between 1994 and 2000) and there are ***growing concerns over political rights and civil liberties***. Rwanda continues to be rated as 'not free' by the Freedom House's Freedom Rating.[176] In particular, the country registers a very low level of press freedom (in 2015, with a score of 56, Rwanda was ranked 161 out of 180 countries by the World Press Freedom Index).[177] The ***trend in corruption is relatively more positive***; over the past years, Rwanda has improved its Corruption Perceptions Index score and, in 2014, the country positioned itself somewhere in the middle (with a score of 55 out of 100) and was ranked 55 out of 175 countries.[178]
Macroeconomic context	Rwanda, a relatively small economy and member of the East Africa Community (EAC), has made important progress over the past two decades. ***GDP growth rates are strong*** and above the average for Sub-Saharan Africa. ***Inflation***, at two digits until 2009 (primarily due to the global food and energy crisis), has returned to more ***reasonable levels***. The ***exchange rate*** is also ***relatively stable***, although the RWF continues to depreciate against in the USD (especially in recent months). Despite good economic performance, GNI per capita (Atlas method), albeit improving, remains low at only USD 630 (2013) and ***poverty is still widespread*** with a poverty head count ratio ($2 per day) of 82.3% in 2011 (down from 91.6% in 2000). Ranked 151 out of 187 countries, Rwanda is still classified as a country of 'low human development' by the 2014 UNDP Human Development Report, but its ***Human Development Index (HDI) continues to improve***; in fact, over the 2008-2013 period, Rwanda advanced its ranking with 17 positions. ***Progress towards reaching the Millennium Development Goals (MDGs)*** is also moving forward; the infant mortality goal has already been achieved, while the country is also set to meet the targets for universal primary education, gender equality and under-five mortality. The Rwandan economy is based on ***subsistence agriculture, although commercial farming*** - primarily coffee, tea, cocoa, palm oil and horticulture - ***is gaining ground*** (also through the engagement of smallholders). The service industry (mainly driven by ***tourism***) is also expanding, while the country has relatively few natural resources (although mining for various minerals is becoming more important) and is characterized by minimal industry. Relative to GDP, agriculture (value added) still accounts for one-third, with services representing around half and industry the remaining share.[179] Over the past decade, Rwanda has embarked on a significant ***reconstruction process and*** has pushed for a series of ***economic and structural reforms*** with regard monetary policy, privatization of some state enterprises, public administration, budget and financial management, and private sector development. As a result, the ***business environment has improved significantly***; as reported by the World Bank Group's Doing Business reports, Rwanda has in fact climbed from a fairly low position (place 160) in the mid-

[176] Freedom House: https://freedomhouse.org
[177] Reporters Without Borders: https://index.rsf.org
[178] Transparency International: http://www.transparency.org
[179] World Bank Indicators: http://data.worldbank.org/indicator

	2000s to number 46 in the 2015 report (putting it above several OECD countries). With a population of 11.8 million (2013),[180] the distribution is pyramidal with a very wide base; in 2010, ***64% of the population was under the age of 24 years***.[181]				
Key demographic/economic data[182]	2010	2011	2012	2013	2014 (est.)
GDP growth (annual %)*	7.3	7.9	8.8	4.7	6.0
GNI per capita, Atlas method (current US$)*	520	560	610	630	n/a
Poverty headcount ratio at $2 a day (PPP) (% of population)*	n/a	82.3	n/a	n/a	n/a
HDI (value)**	0.453	0.463	0.502	0.506	n/a
Inflation, consumer prices (annual %)*	2.3	5.7	6.3	8.0	1.7
Official exchange rate (local currency per US$, average)*	583.1	600.3	614.3	646.6	n/a
Financial inclusion					
Sector overview	The financial sector in Rwanda is characterized by a ***relatively modest level of formal penetration, although significant progress has been made over the past few years***. In 2012, 42% of the adult population had access to products/services from formal banks or microfinance institutions (MFIs), which is quite an increase compared to 2008 when formal penetration stood at only 21%. Part of this increase in formal uptake can be ascribed to the establishment of *Umurenge* (administrative sector) Savings and Credit Cooperatives (SACCOs); 22% of adults accessed *Umurenge* SACCO products in 2012 and it is estimated that 90% of Rwandans now live within a 5 km radius of an *Umurenge* SACCO.[183] Parallel with the increase in formal financial access, ***informal inclusion is also on the rise***; in 2012, 58% of Rwanda adults used informal mechanisms (i.e. mutual schemes such as traditional *tontines* and *ibimina* as well as Village Savings and Loans Associations, VSLAs), compared to 39% in 2008. Furthermore, 66% of those with formal access also use informal mechanisms. Nevertheless, even if down from 52% in 2008, ***28% of the adult population were completely financially excluded*** in 2012 (i.e. not accessing either formal or informal financial products/services). A financial inclusion level of 72% (albeit one of the highest in East Africa) is still some way from the government's target of 80% by 2017 (as outlined by FSDPII) and 90% by 2020.[184] See also 2014 financial inclusion data below. In 2013, Rwanda counted ***491 licensed MFIs***, including 12 with limited liability status, 63 SACCOs and 416 *Umurenge* SACCOs (one in each of the administrative sectors).[185] Currently there are only ***four licensed microfinance banks*** (although some of the other 14 commercial or cooperative banks in the country also provide microfinance services).[186] Finally, the number of mobile				

[180] World Bank Indicators: http://data.worldbank.org/indicator
[181] UN Department of Economic and Social Affairs
[182] * World Bank Indicators: http://data.worldbank.org/indicator
** UNDP, 2014 Human Development Report, Human Development Index: http://hdr.undp.org/en/data
[183] FinScope, Financial Inclusion in Rwanda 2008-2012: http://www.finmark.org.za/publication/financial-inclusion-in-rwanda-2012; Alliance for Financial Inclusion, "Rwanda's Financial Inclusion Success Story: Umurenge SACCOS", 2014: http://www.afi-global.org/library/publications/rwandas-financial-inclusion-success-story-umurenge-saccos
[184] FinScope, Financial Inclusion in Rwanda 2008-2012: http://www.finmark.org.za/publication/financial-inclusion-in-rwanda-2012
[185] National Bank of Rwanda (BNR): http://www.bnr.rw/index.php?id=197
[186] Namely, AB Bank Rwanda, Agaseke Bank, Unguka Bank, and Urwego Opportunity Bank (UOB). BNR: http://www.bnr.rw/index.php?id=317

<table>
<tr><td></td><td colspan="3">agents are also on the rise, accounting for one-fifth of all ‘access points’ in the country.[187]

There is a private credit reference bureau, supervised by the National Bank of Rwanda (BNR), to which all financial institutions (including MFIs) are required to transmit information. The sector is also supported by a collateral registry, including both immovable and movable assets/property, managed by the Office of the Registrar General (ORG) at the Rwanda Development Board (RDB).

In 2012, the MFIs (483 at the time) had a combined total of RWF 56.5 billion (≈USD 82 million) of savings deposits and RWF 51.2 billion (≈USD 75 million) in outstanding loans. When compared to other countries in the East Africa region, Rwandan MFIs are relatively “young, medium-sized, well-regulated and less self-sufficient” (many still depending on foreign subsidies). Most MFIs offer fairly simple savings and credit products with little room for diversification, specialization and innovation (although the provision of for example mobile banking services is starting to pick up), while some are challenged by a lack of skills and weak governance. Finally, adequate provisions for social performance management (SPM) and client protection are not yet integrated into most MFIs’ strategies and operations.[188]</td></tr>
<tr><td>Policy setting and legal/regulatory framework</td><td colspan="3">The formalization of the microfinance sector in Rwanda is relatively recent. In 2006, the government adopted the first National Microfinance Policy, which was followed in 2007 by a National Microfinance Policy Implementation Strategy for the 2008-2012 period. In 2013, the Ministry of Finance and Economic Planning (MINECOFIN), in collaboration with Access to Finance Rwanda (AFR – see Section 2.1 below), formulated a second strategy for the 2013-2017 period. The strategy specifically points to the financial inclusion of youth (and women) as “a priority to the government”,[189] but without outlining more concrete actions to support this priority. Furthermore, financial education (along with responsible finance and consumer protection) is identified as one of five strategic ‘drivers’.

In more general terms, financial inclusion is one of the main areas of the second Financial Sector Development Program (FSDP II), which in turn is one of the key components of the second Economic Development and Poverty Reduction Strategy (EDPRS II), the implementation strategy for the government’s general development policy (Vision 2020, incorporating the MDGs).

The 2008 Microfinance Law[190] and subsequent 2009 Regulation[191] outline the criteria for microfinance operations as well as for their licensing and supervision. Four categories of MFIs are recognized: (i) informal groups, such as tontines, which do not require formal legal status or license; (ii) SACCOs, which are subject also to the 2007 Cooperative Law;[192] (iii) MFIs that accept public deposits; and (iv) MFIs that do not accept public deposits. All MFIs (expect informal groups) are regulated and supervised by BNR, while SACCOs are also subject to the licensing and oversight of the Rwanda Cooperative Agency (RCA). The more recently established microfinance banks (few) are governed partly by the 2008 Microfinance Law and partly by the 2008 Banking Law.[193]</td></tr>
<tr><td rowspan="2">Financial inclusion data[194]</td><td>Indicator</td><td>2011</td><td>2014</td></tr>
<tr><td>Account at a formal financial institution (% age 15+)</td><td>32.8%</td><td>38.1%</td></tr>
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[187] FINclusionLAB: http://finclusionlab.org/country/Rwanda/analytics?title=Key-Findings
[188] Association of Microfinance Institutions in Rwanda (AMIR): http://amir.org.rw/about-us/background-of-the-sector/
[189] p. 32.
[190] Law N° 40/2008 of 26/08/2008 establishing the organization of microfinance activities.
[191] Regulation N° 02/2009 on the organisation of microfinance activity.
[192] Law N° 50/2007 of 18/09/2007 determining the establishment, organization and functioning of cooperative organizations in Rwanda.
[193] Law N° 007/2008 of 08/04/2008 concerning organisation of banking.
[194] World Bank, Global Findex: http://datatopics.worldbank.org/financialinclusion/

	Account at a formal financial institution, female (% age 15+)	28.2%	30.5%
	Account at a formal financial institution, male (% age 15+)	37.5%	45.9%
	Account at a formal financial institution, young adults (% ages 15-24)	17.8%	*17.2%*
	Any loan in the past year (% age 15+)[195]	38.5%	51.3%
	Any loan in the past year, female (% age 15+)	36.7%	48.5%
	Any loan in the past year, male (% age 15+)	4.7%	54.0%
	Any loan in the past year, young adults (% ages 15-24)	*30.0%*	*39.8%*
	Loan from a financial institution in the past year (% age 15+)	8.4%	8.2%
	Loan from a financial institution in the past year, female (% age 15+)	8.0%	5.4%
	Loan from a financial institution in the past year, male (% age 15+)	8.9%	11.0%
	Loan from a financial institution in the past year, young adults (% ages 15-24)	*4.7%*	*0.4%*
	Saved any money in the past year (% age 15+)	30.5%	55.2%
	Saved any money in the past year, female (% age 15+)	24.1%	52.2%
	Saved any money in the past year, male (% age 15+)	37.1%	58.2%
	Saved any money in the past year, young adults (% ages 15-24)	*18.0%*	*42.8%*
	Saved at a financial institution in the past year (% age 15+)	17.8%	25.5%
	Saved at a financial institution in the past year, female (% age 15+)	12.6%	20.2%
	Saved at a financial institution in the past year, male (% age 15+)	23.3%	31.0%
	Saved at a financial institution in the past year, young adults (% ages 15-24)	*9.3%*	*13.1%*
FSP positioning and other relevant stakeholders	At the national (market) level, ***UFC represents a relatively modest share of the total microfinance market***. Nevertheless, of the 35 Rwandan FSPs reporting to MixMarket, UFC is surpassed only by the *Umurenge* SACCOs and two banks, namely Equity Bank Rwanda and Urwego Opportunity Bank (UOB), in terms of number of depositors. With regard to total deposits, however, eleven FSPs precede it. Its position with regard to number of borrowers and gross loan portfolio, is somewhat weaker (sixth largest in terms of number of borrowers, while 14 FSPs have a larger gross loan portfolio).[196] More specifically, UFC's strongest current competitors in the districts in which it presently operates (see Section 3.1 below) are the *Umurenge* SACCOs and the *Banque Populaire du Rwanda* (BPR); the latter apparently targets youth, but without specific products/services. At the meso level, the ***Association of Microfinance Institutions in Rwanda (AMIR)***, of which UFC is a member, was established in 2007 as the professional umbrella body for MFIs in the country. It currently has 108 active members (mostly SACCOs and MFIs, but also three banks), which represent a large part of the country's microfinance sector. With support from the Savings Bank		

[195] Defined as 'Loan in the past year' in 2011 and 'Borrowed any money in the past year' in 2014.
[196] MixMarket: http://www.mixmarket.org/mfi/country/Rwanda

	Foundation for International Cooperation (SBFIC), AMIR is engaged in providing financial education and promoting savings culture at schools (for children aged between 5 and 19 years). Financial education is in fact a key priority of the association. It is also concerned with youth finance; in 2013, upon its own initiative, a member of AMIR management received training from the International Labor Organization (ILO) on developing specific products/services for youth and AMIR has subsequently trained around 20 of its member institutions for the dissemination of best practices with regard to youth finance. Furthermore, it aims for half of its SACCO members to start providing youth financial services by the end of 2015. Between 2011 and 2013, AMIR received general support from the UNDP/UNCDF BIFSIR program (see Section 2.1 below). With specific regard to the SACCOs, ***RCA***, a public institution, is in charge of the promotion, registration and regulation of cooperatives.
Youth sector and policies[197]	
National definition of 'youth'	The 2005 National Youth Policy[198] defines youth as between ***14 and 35 years*** of age.
Policy and legislation	The overall objective of the 2005 ***National Youth Policy***, part of the Vision 2020 framework, is to promote the "economic, social, cultural, intellectual and moral welfare" of youth. More specifically, it focuses on education and training, peace and reconciliation, social communication and ICT, promotion "youth small scale projects" and income generating activities in agriculture/livestock, environmental protection, health (including HIV/AIDS, reproductive health and drugs), employment and leisure for non privileged rural youth, artistic and cultural production, gender, awareness of rights and responsibilities, and volunteering and community service. Although the policy does not specifically target the financial inclusion of youth, limited access to loans on part of youth is listed as one of the constraints.
Public institutions	Youth policy matters fall under the auspices of the ***Ministry of Youth and Information and Communication Technology (MYICT)***, which is in charge of formulating youth related action plans and initiatives. Its framework program for youth, HAPPI (healthy, apt, productive, patriotic, and innovative) Generation, seeks to improve the livelihood of every young Rwandan and provides the vision and structure for all youth initiatives in the country. Together with Ministry of Trade and Industry (MINICOM), MYICT co-chairs the ***youth sector working group***, which includes various public entities and addresses a broad range of youth related areas, including access to finance and entrepreneurship, but also education, health, etc. The working group started to started work more intensely and closely in 2014 towards reaching the target of creating 200,000 private sector jobs for youths.
Youth and representation	The ***National Youth Council (NYC)***, under the guidance and supervision of MYICT, is responsible for "coordinating, advocating, designing and implementing youth friendly programs". The Council is present at all administrative levels (including district, sector and cell levels) and provides youth-targeted services through eight 'Youth Friendly Centers'. NYC is the main reference point for the many youth serving organizations (YSOs) and initiatives in the country.

2.1 Youth financial inclusion environment and market conditions

Both financial inclusion and youth are high on the policy and legal/regulatory (macro level) agenda. There is an overall consensus among the interviewed stakeholders that the government is generally very committed and responsive and that it has indeed *"stepped up to the challenge"*. Addressed from both the

[197] www.youthpolicy.org
[198] http://www.youthpolicy.org/national/Rwanda_2005_National_Youth_Policy.pdf

'youth front' and the 'financial inclusion front', youth financial inclusion is considered to be an important area, especially with regard to alleviating youth unemployment. The government (primarily through MINECOFIN, but also MYICT) and BNR have taken an active role in seeking to promote financial inclusion, one of the of the priority areas of FSDP II, and financial education (as physical, or mobile agent, access points is increasing, financial illiteracy is considered as one of the key obstacles to financial access in the country). Macro level efforts to further support the implementation of FSDP II and other policy initiatives and programs include:

- 2009 ***National Savings Mobilization Strategy***[199] prepared by MINECOFIN), including specific attention to encourage savings among school children and with milestones to be achieved over the 2009-2013 period.
- 2012 ***financial literacy campaign*** undertaken by MINECOFIN and BNR.
- 2013 ***National Financial Education Strategy***[200] (prepared by MINECOFIN with the active engagement of BNR), which clearly identifies youth (along with women and rural adults) as a priority target and integrates financial education into the school curricula.
- 2012-2016 ***Women and Youth Access to Finance Program*** implemented MYICT and the Ministry of Gender and Family Promotion (MIGEPROF), in collaboration with RCA and the Business Development Fund (BDF – see below), are implementing the, which seeks to address both financial and non-financial barriers by providing financial access and credit enhancement instruments as well as capacity building and training (with specific emphasis on financial literacy). The program is seemingly in the process of being integrated into the broader National Employment Program (NEP), which supports skills development and provides matching grants (up to 50% of the loan amount) through banks.
- BNR has established a ***financial inclusion taskforce*** to coordinate all initiatives related to financial inclusion as well as a ***separate taskforce for the promotion of financial literacy and education***.
- Local governments at all levels sign ***performance contracts*** (*Imihigo*) directly with the President's office towards meeting certain socio-economic targets, including financial inclusion targets. Despite these agreements, however, one of the stakeholders pointed to *"problems with actual implementation at the local level"*.
- Within the HAPPI Generation framework (see above), MYICT, together with NYC, organizes an annual ***'Youth Boot Camp'***. Each of the 30 administrative districts are asked to nominate three youth business projects and the 90 nominees participate in a three-day training event after which 30 projects are awarded with the financing of equipment, training, study tours, etc. The districts also hold special ***youth forums*** that seek to link up youth projects with mentoring services.

With regard to ***legislation and underage youth***, minors starting from the age of 16 can open a savings account in her/his own name without the permission from the parent/guardian. Below the age of 16, the account is opened in the name of the minor, but permission is required from the parent/guardian (also for withdrawals). In practice, however, it seems like the presence of or signature from the parent/guardian is not always requested and some underage youth are hence allowed to open a savings account independently also below the age of 16. The legal age limit for credit is set at 18.

Despite the generally very conducive policy setting, interviewed stakeholders also pointed to some remaining regulatory constraints (*"It is not easy to adjust the regulations to youth"*), namely:

- ***SACCO legislation*** (namely the 2007 Cooperative Law) is not considered as supportive of the youth segment since the membership fee and the minimum requirements for savings balance are usually too high for young people (it is not possible for cooperatives to introduce a lower membership fee for youth as the fee has to be the same for all members).

[199] http://www.minecofin.gov.rw/fileadmin/templates/documents/National_Savings_mobilization_strategy.pdf
[200] http://www.minecofin.gov.rw/fileadmin/templates/documents/National_Financial_Education_Strategy.pdf

- As one of the main constraints on the supply side with regard to youth lending is the lack of collateral,[201] ***microleasing*** is considered by many as *"one solution to tackling the challenge"*. However, the 2005 Leasing Law considered leasing as a service, and as such every leasing operation was subject to VAT, making leasing very expensive compared to other loans. A new Leasing Law[202] was finally passed in January 2015, allowing for the VAT-free leasing of equipment. Nevertheless, while satisfied with the law itself, UFC still points to some other challenges with leasing, namely: (i) difficult and expensive monitoring of equipment in remote areas; (ii) problems with insurance (either some equipment is not insurable at the local market or the insurance is too costly for young clients); (iii) difficulty in registering certain equipment with the collateral registry; and (iv) poorly structured secondary market for some equipment, making it difficult to resell in case of default.

National policy and legal/regulatory (macro level) efforts are supported by numerous ***meso level initiatives***, promoted by both local and international (global level) projects, programs and entities. These include (but are not necessarily limited to):

- ***Access to Finance Rwanda (AFR)*** is an investment company established in 2010 and funded by the Department for International Development (DFID), KfW and then World Bank. Guided by the FSDP II (as well as by the EDPRS II), AFR seeks to promote access to financial services and build institutional capacity within the financial sector. One of its five strategic areas includes "supporting financial education to improve financial attitude, behavior, knowledge and skills with particular focus on out-of-school rural youth". In 2014, AFR hosted a YS program workshop; a two-day ***training event on best practices with regard to youth finance*** for local MFIs (23 participants). In connection with this training, and in collaboration with the YS PM, it also hosted a breakfast meeting with other stakeholders (commercial banks, donors, MINECOFIN and other policy makers – 27 participants). AFR management would like focus more of its activities on youth, but is currently constrained by the lack of staff/funding (also, the target for the next funding phase, i.e. 2016-2020, will primarily be on women).

- The ***Business Development Fund (BDF)*** is a public company set up in 2011 in collaboration with the government and Development Bank of Rwanda (BRD). BDF is one of the implementing institutions of Rwanda's Small and Medium Enterprises (SMEs) Development Policy, specifically mandated with the 'access to finance' objective. It provides micro, small and medium enterprises (MSMEs) with advisory services as well as lines of credit, credit guarantees and matching grants. Focus is placed on start-up and early growth, but support is open to all stages of the business development cycle. Under the MIGEPROF/MYICT Women and Youth Access to Finance Program (see above), BDF manages the Women Guarantee Fund as well as the ***Women and Youth Investment Facility***; the latter of which provides matching grants equivalent to 15% of the loan amount, set at a maximum of RWF 10 million (≈USD 14,500). For the refinancing of youth and women MSMEs, BDF has also been supported by the UNDP/UNCDF BIFSIR program (see below) since 2012. With regard to credit guarantees, the ***representation of young entrepreneurs is quite high***; youth (defined as 18 to 35 years) account for 32% of guarantee clients and for 23% of the total guarantee portfolio. Guarantees for youth clients are provided up to 75% of the loan amount (compared to 50% for adults) and at an annual interest rate of 1% (instead of 1.5% for adults). Nevertheless, some of the interviewed stakeholders expressed concerns over the guarantee fund being *"underutilized"*, *"only for larger investments"* and *"not really working (not really proper in design since it is too centralized)"* (BDF is, however, in the process of decentralizing its services throughout the country). An alternative solution of outsourcing guarantee funds directly to selected FSPs for three years or so was suggested by one stakeholder. Another respondent said that the guarantee fund *"is part of actual implementation of policy, but not enough"*, while other stakeholders claimed the risk coverage cost to be too high *("1-1.5% on top of the loan rate is too much for clients"*).

- The ***Akazi Kanoze (Youth Livelihoods) Project*** is a USAID funded project managed by the Education Development Center (EDC). It seeks to build the capacity of urban youth (defined between 14 and 24 years) and local institutions as well as to create linkages to support increased opportunities for youth

[201] Apart from the lack of collateral, the 'mobility' of youth was also brought up as a challenge (i.e. in comparison to adults, youth are more inclined to search of opportunities elsewhere and hence less likely to stay within the same community).
[202] N° 41 bis/2014 of 17/01/2015 Law governing finance lease operations in Rwanda.

productive engagement. The project offers a 'Work Readiness' curriculum of 100 hours (providing participants with technical skills within carpentry, welding, masonry, hair dressing, etc.) plus 35 hours of entrepreneurship training. A selected number of graduates are also provided with start-up kits to be complemented with loans and/or leasing through financial institutions. It also facilitates peer-to-peer training and mentorships. During the first phase (which lasted five years and ended mid 2014), the project reached close to 18,000 youth (compared to initial target of 12,500). A two year extension is currently underway with the objective of reaching another 16,500 youth and with an even stronger focus on building the capacity of local organizations. In line with the commitment to create local linkages, the Ministry of Education is expected to integrate the 'Work Readiness' curriculum and entrepreneurship training into the technical and vocational education and training (TVET) and general secondary school curricula by 2016; the project, with financing from the MasterCard Foundation (MCF), is currently seeking to do this in 150 schools/institutes in Kigali and the Southern province.

- ***Digital Opportunity Trust (DOT) Rwanda***, established in 2010, is the local antenna of the Canadian social enterprise that through youth-led programs seeks to empower people through technology, business, and entrepreneurial learning experiences. Supported mainly by the MCF and the Canadian International Development Agency (CIDA), it has launched two training programs; Reach Up! for young university (and under-employed) graduates and Start Up! for microentrepreneurs.
- The ***Strengthening Rural Youth Development through Enterprise (STRYDE) program***, supported by MCF and implemented by TechnoServe. The project promotes economic independence of 18-30 years old out-of-school youth in rural areas (currently covering six districts) through the provision of technical training (primarily agribusiness) and training on the development of business plans and financial and cooperative management as well as aftercare services.
- The World Bank administered ***Adolescent Girls Initiative (AGI)***, implemented as a pilot in eight countries,[203] seeks to boost employment, incomes and empowerment among disadvantaged young women (15-24 years, defined based on a pre-assessment survey) in two urban (Gasabo and Kicukiro) and two rural (Gicumbi and Rulindo) districts through the provision of life skills (based on the 'Work Readiness' curriculum developed by EDC – see above) and entrepreneurship training as well as social support. The initiative, implemented by MIGEPROF, was launched in 2012 and by the end of the program (December 2014), three cohorts with a total of 2,007 graduates had been trained (two months of theoretical training followed by four months of practical training) in technical skills in the areas of food processing, agribusiness, culinary arts, and arts and crafts. AGI beneficiaries have been encouraged to organize into cooperatives and, at the time of fieldwork, a total of 69 cooperatives, of which 46 were registered with RCA, had been formed. Training participants received a retribution of RWF 700 per day of training (of which RWF 200 were kept as forced savings later given to the formed cooperative) plus start-up kits (in the form of grants) for the launch of business activities (the latter only for the area of arts and crafts as there were not enough funds for the other areas). Main challenges have been included access to finance (even if the initiative has sought to assist linkages with FSPs) and markets. A one year extension of the initiative has been granted with the aim of training an additional 1,000 girls. Furthermore, in order to reinforce the formed cooperatives, the initiative is also expected to receive assistance (RWF 160 million) through the NEP.
- A ***joint*** (UNDP, One UN and the Rwandan government) ***flagship program on youth and women employment*** was launched in 2014, engaging various ministries and the Private Sector Federation (PSF). Output 3 of the program focuses on access to financial products and services (including financial education) on part of youth (between 10 and 35 years). The creation of a youth business incubator, with onsite and off-site mentoring services, is also foreseen. Together with UNDP, MYICT co-chairs the steering committee for the flagship program, engaging 13 implementing partners as well as 11 donors / development agencies.

[203] Apart from Rwanda, the other countries are Afghanistan, Haiti, Jordan, Laos, Liberia, Nepal and South Sudan.

- The 2010-2014 UNDP/UNCDF funded ***Building an Inclusive Financial Sector In Rwanda (BIFSIR) program*** has supported the implementation of the FSDP (I and II) through capacity building efforts at the macro, meso (including support to AMIR and BDF) and micro level. A second round of the program is about to be launched (although UNCDF participation/funding is not yet clear, UNDP will continue to support the program and a contribution on part of South Korea has been secured for the first year).
- The World Bank Group funded ***Financial Inclusion Support Framework (FISF)***, launched in 2014, assists in policy and legal/regulatory reforms as well as in financial infrastructure development and other support measures. Although not particularly targeting youth, one of the key areas is financial literacy and the framework will support the development of a core financial education module for SACCO clients.

At the ***market level***, there are ***few other players with regard to the youth segment***. One exception can be found in COOJAD, established in 2007 as a youth-only cooperative (with youth defined as between 14 and 35 years of age). However, this cooperative is seemingly in the process of winding down its activities as some of their more successful branches are apparently being integrated into the *Umurenge* SACCOs; one of the stakeholder was under the impression that it was becoming *"an instrument of government"*. *Banque Populaire du Rwanda* (BPR) also apparently targets youth, but without specific products/services. Other FSPs do not really focus on youth as a segment – *"They do not understand or are not concerned with youth particularities"*. More locally, in the area of the UFC Mahoko branch, there are eight other banks, but only UFC provides specific products/services for youth. Similarly, at the Gasarenda branch, UFC is known as *"THE youth bank"* and faces little competition from others.

With regard to ***informal norms and attitudes***, interviewed stakeholders point to a generally ***poor savings culture***. As saving habits among adults are commonly not very strong, it has hence been fairly hard to convince youth in certain areas to save (they are used to a *"culture of spending"*). The savings culture among adults is in general (i.e. among adults) not very strong here. Even if now integrated into the school curriculum, experience shows that financial education *"is still a new concept culturally – it is hard to convince parents and change the mindset"*. Nevertheless, savings groups seem to work better in rural areas *"as there are more alternatives to use your money in urban areas and in rural youth are simply 'pushed' into self-employment because of the lack of employment opportunities"*. Finally, one stakeholder also pointed to a general obstacle in reaching out to women (*"resistance is ingrained in our culture"*).

Finally, in terms of ***economic opportunities for youth***, most interviewed stakeholders (as well as YS clients - *"Making business here is easy"*) agree that there are generally plenty of possibilities for self-employment. Furthermore, there seems to be a high awareness among Rwandan youth of the need to become self-employed. The most promising 'youth' sectors include construction (carpentry, welding, wiring), targeted services (hotels/hospitality, hair dressing/braiding, IT), small retail commerce (although competition is high in certain areas). In rural areas, agriculture has started to become more attractive for youth – *"land is often the only accessible resource that they have"* - even if *"youth are commonly not really thinking long-term, but rather looking at things that can bring money now".* The breeding of livestock and the selling of crops and agricultural produce also somewhat are hence increasing in importance (one stakeholders pointed to not only more traditional crops, such as Irish potatoes, but also to plums and other newer, more 'innovative', fruits/vegetables). At the Gasarenda branch (rural setting), opportunities are also found in the production of sorghum beer as well as in the collection and selling of firewood, while trading and transport are clearly important sectors around the Mahoko branch (located just along one of the main routes near the border with the Democratic Republic of Congo).

There is also a common understanding among stakeholders that youth need to be supported and encouraged in so many other ways apart from financial access - *"We cannot only preach savings and financial services"*. The most apparent shortcoming is the lack of technical as well as entrepreneurship skills - *"What is really lacking are adequate skills – quality output from TVET is fairly low and it's hard to find adequate human resources"*. Youth hence need training as well as coaching and mentoring; also with regard to the development of specific business plans and models since they tend to present ideas *"that are* *not so good or exciting"*. The taxation level and *"hidden contributions"* (i.e. informal local 'taxes') are also considered quite burdensome for youth start-ups.

2.2 YS Program at the national level

The YS program is considered by most stakeholders (including also those who had just learnt of it from the evaluators) as an ***"extremely timely and relevant program"***. Despite efforts on part of the national government and local initiatives, youth financing is still a new area for Rwanda and the YS program has definitely *"filled a gap"* (*"Youth financial inclusion as a topic is picking up, also thanks to initiatives like the YS program"*). While there have been other efforts to support youth financial inclusion on part of international organizations/entities (including Save the Children and Making Cents International), UFC's youth experience have *"put youth finance on the agenda and generated a flagship for the country"* (*"The impact of UFC's youth experience is huge and is indeed considered a success story"*). The YS program and efforts at the national level are considered the have been *"two parallel and complementary processes"*. Furthermore, the YS focus on savings coupled with financial education is particular appreciated (*"We need to rub these issues in their faces"*). Finally, some stakeholders called for the scaling-up of the YS initiative in Rwanda in order to *"capitalize of UFC's experience"* and not *"miss the opportunity"*.

Perhaps the ***only 'difficulty'*** identified at the national level ***lies in the age limit*** since the YS definition (12-24 years) is not in line with the Rwandan definition (14-35 years). Although some of the interviewed stakeholders did not really consider this as a constraint *("It does not really bother me; there is plenty to work with in the 12-24 range"*), most stakeholders called for a better alignment with the national definition, especially in urban areas where youth study/train longer and marry later than in rural areas. While some stakeholders would extend the age limit to 35, at least with regard to credit products, other claimed that *"29/30 would be enough"*. One stakeholder also pointed to the limited target (i.e. only one partner FSP) – since youth financial inclusion *"is still nowhere; not even half baked yet"*, the engagement of only one FSP was not considered to suffice.

Within the Rwanda context, ***few stakeholders at the global, macro and meso level have been engaged*** in or consulted by the YS program. Apart from the local UNCDF representative,[204] AFR and AMIR, direct interaction with other stakeholders during the course of the program appears to have been very limited. The most inclusive YS-related event involves the (final) workshop and breakfast meeting facilitated by AFR in 2014, which trained local FSPs as well as engaged donors, policy makers, etc. (see Section 2.1 above). Apart from taking part in the 2014 AFR-facilitated event, AMIR apparently also attended a YS-related 'kick-off' meeting as well as participated in some YS-led UFC site visits. Most other stakeholders have not really heard of the YS program directly (and some of them did not know it at all), although indirectly many of them know of UFC's youth experience (UFC was also invited to address the theme of youth financial inclusion at the 2014 'Youth Boot Camp' organized by MYICT and NYC - see Section 2.1 above). On the whole, therefore, apart from the AFR-facilitated YS event in 2014, YS interaction and dissemination at the national (Rwandan) level have been sparse (also with regard to the distribution of publications and other learning documents). One stakeholder thought that interaction and communication with relevant entities at the global, macro and meso level in the country have been *"far below par"*, which was deemed by the same respondent as quite common with regard to all global initiatives without a dedicated representative in loco. Another stakeholder also called for the importance of sharing success stories on part of clients at a national level.

Nevertheless, the YS program has seemingly had an ***indirect influence at the macro level*** on at least one occasion/topic. During the drafting of the 2013 National Financial Education Strategy, especially concerning the integration of financial education into the school curricula, UFC provided feedback on its YS experience with regard to the provision of non-financial services. AMIR also played a role in this process. Furthermore,

[204] YS involvement on part of the local UNCDF representative has included : (i) facilitation of government endorsement; (ii) identification of potential applicants; (iii) participation in one YS training event on challenges with youth finance; (iv) assistance with YS program missions and backstopping facilitation; and (v) support to the grantee in loco.

while the Rwanda Bankers' Association (RBA) in particular has been lobbying heavily for a new leasing law for years, UFC was also consulted with regard to its microleasing experience in preparation of the 2015 Leasing Law. Even if the microleasing product is, strictly speaking, not a YS product (but rather developed with support from another partner – see further Section 3.3 below), it was nevertheless originally developed to target the youth segment.

Possible attribution at market level is difficult to determine - *"There has indeed been a change in recent years with more FSPs taking an interest in the youth market, but not necessarily thanks to UFC's efforts and the YS program"*. Albeit a couple of other FSPs interviewed during the course of the fieldwork knew of UFC's experience with youth products, they had never heard of the YS program per se. One of these FSPs is currently in the process of developing youth savings and (group) loans products and will start piloting in mid 2015. The launch into the youth market on part of this FSP has been prompted by its own field experience *("We saw a need to be filled in the areas in which we operate"*) and collaboration with donor-supported initiatives (some of which partner also with UFC).

The YS program's ***greatest influence*** seems to be with regard to ***informal norms and attitudes in the communities in which UFC operates*** - *"Informal attitudes have been heavily influenced [in a positive way] by the YS program"*; "*The YS program has really opened the mind of all youth in the community"*. The program has boosted general community awareness and attitudes and *"removed 'bad' habits'"*. In fact, at the Gasarenda branch, some of the older people have felt *"ashamed"* for not saving when they see the youth in their communities save and it *"has clearly motivated people [both young and old] in the area to start saving"*. Similarly, at the Mahoko branch, some parents have learned about and have been convinced by the importance of savings directly from their children who received financial education at school. Local administrative authorities at sector level have seen the potential of the programs and the benefits of savings and have played a key role in assisting UFC in sensitizing the communities (see further Section 3.4 below). In fact, as one of the stakeholders pointed out, these awareness raising activities *"can realistically not be expected to be carried out only by the partner FSPs; too high expectations have perhaps been placed on UFC alone to try to change informal norms and attitudes"*.

3 FSP (MICRO) LEVEL

3.1 Institutional characteristics

Name of the institution	Umutanguha Finance Company (UFC) Ltd
Legal form	Limited liability microfinance company
Ownership	3,475 shareholders (previous cooperative members)
Year of inception	2003
Value of YS grant awarded	USD 668,500 (Stage 1 USD 18,550 + Stage 2 USD 650,00)
Value of grant(s) awarded as of Dec. 2014	USD 668,500 (9 disbursements)
Training/TA received in the framework of YS	5 training sessions
Characteristics of YS financial services	Youth savings demand product (*Tangira Kare*), Youth purpose/term savings product (*Ihirwe*), Youth business loan (*Nunguke*), and Youth micro leasing
Characteristics of YS non-financial services	Financial education (and 'light' entrepreneurship) training – 'hybrid' model

Umutanguha (meaning "a friend who never deceives") was set up by a Rwandan association of widowers, *Icyuzuzo*, in 2003 as a single savings and credit cooperative. Microfinance operations started one year later, in 2004. Subsequently, in 2006, it transformed into a union of five cooperatives (*Union de Coopecs Umutanguha*). In July 2013, it transformed further and registered (with the RDB) as a limited liability microfinance company, Umutanguha Finance Company (UFC). Like all MFIs, it is supervised and regulated by BNR.

UFC's ***mission*** is to "facilitate access to financial services and accompanying non-financial services to all financial excluded population mainly those living in rural areas with a particular focus on widows, orphans, youth and women in order to enable them saving and creating small income generating projects and reduce poverty". Since the very beginning, it has placed a strong focus on savings as well as on rural areas. Its vision is to be the MFI of first choice in the markets that it serves and its motto is "Finance for all and for development".

UFC aims to serve the ***financially excluded population, mostly in rural areas***, in order for them to start up or increase their business. It offers savings (current account as well as time and fixed term deposit) and credit products (based on both individual and group methodology). Within the framework of the YS program, in 2012, UFC started offering the following four specific financial products targeting young people (between 12 and 24 years old): savings demand product (*Tangira Kare*); purpose/terms savings product (*Ihirwe*); business loan (*Nunguke*); and microleasing. It also started providing youth-targeted non-financial services, namely financial education (and 'light' entrepreneurship) training. See further Sections 3.3 and 3.4 below.

Within the Rwandan microfinance sector, UFC is considered a comparatively small financial institution, reaching (as of December 2014) ***89,050 clients / active savers (including 5,791 active borrowers)*** through a network of ***seven physical branches*** located in the Western province (Gasiza, Kabaya, Mahoko and Vunga) and Southern province (Gasarenda) as well as in Kigali (Nyabugogo and Nyamirambo). It is also running ***a mobile branch*** out of Nyanza in the Southern province.

FSP key indicators	Dec-12	Dec-13	Dec-14
Clients (#)	48,951	70,893	89,050
% female	50.1%	49.4%	50.6%
Active savers (#)	48,951	70,893	89,050
Active borrowers (#)	1,527	4,580	5,791
Branches (#)	7	7	7
Gross outstanding portfolio (USD)	1,956,160	2,399,146	2,766,111

Total savings (USD)	918,816	1,252,161	1,636,523
Total assets (USD)	2,759,287	3,318,599	3,977,446

UFC staff and management is relatively small, counting ***40 individuals, of which an equivalent of five can be considered to be engaged full-time in the YS program***, in December 2014. At headquarters, the Operations Manager, and also the nominated youth champion, is dedicated to the YS program on a full-time basis. At branch level, all staff (branch managers, loan officers and cashiers) are partially participating in and dedicating their time to YS activities and in total their time commitment is estimated as the equivalent of four full-time staff.

FSP staff	Dec-11	Dec-12	Dec-13	Dec-14
Total staff	32	36	36	40
% female	34.4%	30.6%	30.6%	35.0%
Staff involved in YS	4	5	5	5
% female	50.0%	40.0%	40.0%	40.0%

3.2 YS process at the FSP level

The ***YS process started in 2010 when UFC was invited*** by the local UNCDF representative ***to participate in the first YS call for proposals***. Apart from UCF, apparently only one other potential institution was identified in COOJAD (the 'youth only' SACCO – see Section 2.1 above), but since it did not meet the minimum criteria, the application did not go beyond the concept stage. Other FSPs did not participate because seemingly not aware of this opportunity. With regard to the application process, UFC management considered it to have been easy enough without an excessive workload (*"Even if it was new to us, the process of first a concept note and then a two step application process was good"*) and the selection criteria were not considered to have been *"so tight"*.

Once selected, UFC participated at Making Cents International's Global Youth Enterprise & Livelihoods Development Conference in September 2010 and received training on how to conduct a market research targeted at soliciting youth needs and consequently to design tailored products and services. UFC, in close collaboration with a local external consultant, conducted the ***market research*** between November 2010 and January 2011, after which it was selected to participate in the second phase of the program (i.e. pilot and roll out). On the basis of the findings from the market research, UFC developed specific youth financial products and services (see Sections 3.3 and 3.4 below for more details) which were first ***piloted*** at two branches (Kabaya and Mahoko in the Western province) between January and June 2012 and subsequently ***rolled out*** at all the other branches in September 2012.

The ***grant amount of USD 650,000***, delivered in eight disbursements, was considered to have been ***appropriate to meet UFC's needs and expectations*** with regard to reaching the projected YS targets. The ***grant purpose was also deemed adequate***; the YS funds have been used to finance the market research, the pilot and roll-out of the new products and services, marketing, staff salaries, and capacity building activities. In terms of grant disbursement, UFC has not reported any delays or other issues. Finally, with regard to the reporting requirements, although they are quite detailed, they have been *"manageable; the reporting has also forced us to reflect on what we have done and on how to move forward, which is good"*.

During the course of the YS program, UFC has participated in ***one training event per year*** in addition to the many webinars organized by the YS PM/team. The training needs were identified through simple questionnaires - learning needs and resource assessment (LNRA) exercise - sent to the FSPs before the training events and contents were modulated according to the FSPs' needs and expectations. As the training session were delivered to FSPs that were very different from one another in terms of size, legal form, alignment with international practices, etc., they may have required different approaches. Nevertheless, UFC staff was ***satisfied with the quality of the training*** (*"very practical"*) and particularly appreciated the sharing experiences and best practices with the other FSPs. Furthermore, UFC stated to be

very satisfied with the assistance from the YS program itself (i.e. the YM PM/team) – *"The assistance provided has been punctual and impeccable"*; *"The process has been very good; it has made us feel responsible for our work"*. Also an external (i.e. non-UFC) stakeholder applauded the commitment on part of the YS PM who has worked for the better part of the program implementation period with a very limited amount of resources (other than her own) at her disposal - *"Human resources available at the program level have not been enough; the burden of running the whole thing should not be placed on just one person, even if external consultants have been engaged for ad hoc initiatives"*.

List of training (location, title and number of people participating)		
Washington DC, September 2010	Conference and training on the youth-targeted market research	1
Dakar, July 2011	Training on product development for youth, pilot phase steps	2
Addis Ababa, March 2012	Training on youth client protection	2
Istanbul, May, 2013	Training on monitoring and evaluating (LQAS methodology)	2
Kigali, September 2014	Workshop on sharing best practices and knowledge	3

UFC has demonstrated a ***very strong commitment*** to the YS program (and to youth in general – *"We served youth also before and would have kept serving them also without the YS program"*). While youth were indeed considered as part of the *"financially excluded and/or under-served segments"* before the YS program, the social mission has now been redefined to specifically include youth as a target group. The ***YS products, services and 'ideals' have been institutionalized***, now embedded into its strategy (for example, the 2015-2019 business plan include specific youth targets/projections; see further Section 3.6 below) and operations - *"The YS program has reinforced our mission, strategy, etc."* In the very beginning of the program, a ***youth champion*** was appointed among management at UFC headquarters in order to follow the whole process and manage the relationship with the YS PM/team. At branch level, there are no exclusively dedicated YS staff since ***all UFC personnel are engaged*** in the provision of YS products and services as well as related YS activities (awareness raising, marketing events, etc.) on a part-time basis. Furthermore, UFC staff turnover is generally very low and most key personnel have hence been involved in the YS program from start to finish. UFC individuals at all levels - staff, management and governance - seem genuinely dedicated to serving the youth segment. Commitment on part of UFC staff is evidenced also 'externally' by some of the initiatives with which it works (see Section 3.4 below) – *"The loan officer is very committed to youth and has worked well beyond his mandate"*.

A ***sort of 'exit strategy' has also been developed*** towards continuing to serve youth after the end of the YS program. With regard to the provision of non-financial services, the decision of using a 'hybrid' model was made for its cost-effectiveness; i.e. with a long-term vision knowing that after then YS program they would not have the resources to completely internalize the provision of the non-financial services. For this reasons, partnerships with various YSOs and initiatives have been created. Moreover, during the implementation of the YS program, UFC has established other important relationships with the aim of being able to (sustainably) serve the youth segment also in the future (*"The YS program has allowed us to leverage support and funding from other entities as well"*). See further Section 3.4 below.

In 2013, UFC started the ***process of changing its legal form***, from a union of savings and credit cooperatives to a limited liability microfinance company. This transformation will allow UFC to open more physical branches and expanding outreach with regard to the youth segment was indeed one of reasons that pushed for this change. As a limited liability microfinance company, UFC loses the 'privilege' of allowing 16 year olds to open an account independently (without the consent of the parent/guardian). On the other hand, the absence of the cooperative membership fee (around USD 15) facilitates access since youth can open a savings account without any initial costs. This benefit comes together with a somewhat lighter oversight system (besides BNR, cooperatives are also supervised by RCA) as well as more options for type and growth of delivery channels (apart from opening more physical branches, UFC, as a limited liability microfinance company, now also has the possibility of developing mobile banking services; an option not available to cooperatives because of the proximity rule for members/clients).

3.3 YS products (savings, loans and other financial products)

Within the YS program, UFC has developed two saving products, namely ***a youth demand savings account (Tangira Kare) and a youth purpose/term savings account (Ihirwe)*** open to all clients between 12 and 24 years of age. With regard to the former account, the conditions (namely the initial capital and the minimum accepted balance) are more favorable than the equivalent regular account for adults in order to stimulate youth's propensity to save and encourage them to participate even with small amounts. With regard to the latter account, it provides the YS clients with the opportunity of obtaining a loan four times the savings amount accumulated already one month after being opened. In comparison, the adult term deposit account, albeit with the same leverage of funds (i.e. four times the value of accumulated savings), has a longer minimum period of compulsory savings (adults can only ask for a loan three months from opening the account). As YS client move beyond 24 years, they continue to save, but are passed onto the adult products.

Name of product / Characteristics	*Tangira Kare*	Regular demand deposit	*Ihirwe*	Regular term deposit
Currency	RWF	RWF	RWF	RWF
Min. interest rate (%)	None	None	6%	4%
Max. interest rate (%)	None	None	6%	9%
Fees	None	None	None	None
Min. accepted balance (USD)	0.15	1.5	7	28
Initial capital	1.6	5	7	28
Interest repayments frequency	Not accrued	Not accrued	Annually	Annually
Penalty in case of anticipated withdrawal	n/a	n/a	None	Current quarter interest

With regard to credit, UFC has developed a ***youth business loan (Nunguke)***, which is based on both group and individual lending methodology. While the maximum credit amount is lower for the *Nunguke* loan than for the regular (adult) loan, the interest rate is also slightly lower and the collateral requirements (for individual loans) are lighter. Furthermore, for the individual loans, it is also possible for the YS account holder to rely on a guarantor (not possible for the regular loan) and/or apply for a BDF youth guarantee (see further Section 3.4 below). In case of the BDF guarantee, UFC facilitates the application process (since it can be quite cumbersome for the individual client). Finally, based upon feedback from the first YS loan clients, the maximum duration for the *Nunguke* product has been extended from 24 to 36 months.

In September 2012, UFC also started to pilot a ***youth microleasing products*** targeting four types of leasing equipment/objects (motorcycles as well as welding, sawing and sewing machines). This product was developed with the assistance from the Rabobank Foundation / De Lage Landen Bank with the specific purpose of seeking to support young people without collaterals or guarantors. At the end of 2013, hairdressing equipment was also included among eligible leasing equipment/objects in order to promote female *Akazi Kanoze* / EDC graduates (see further Section 3.4 below). However, until the approval of the new Leasing Law, the leasing contract was not really aligned to the (old) law and hence rephrased as 'asset financing' (instead of leasing) and more or less treated as a loan (albeit with lighter collateral conditions). Furthermore, the microleasing product has now been extended to all clients, i.e. including also those above 24 years of age, with a slight difference in terms of the maximum loan amount.

Name of product / Characteristics	*Nunguke*	Regular loan	Microleasing
Credit methodology	Group / Individual	Group / Individual	Individual lending
Currency of the credit	RWF	RWF	RWF
Type of interest	Declining		Declining

Interest rate (%), annual	21.6%[205]	22.8%	22.8%
Insurance	Compulsory life insurance 0.6%		Compulsory life insurance 0.6%
Loan commissions	1.18%		2%
Up front fee	USD 1.5 - 0.2% of amount requested		None
Max. credit amount (USD)	5,862 (or indicatively 4 times the *Ihirwe* balance)	11,725 (or indicatively 4 times the regular savings balance)	5,130 (or indicatively 4 times the *Ihirwe* or regular savings balance)
Collaterals / guarantees	Group: peer enforcement Individual: Physical collateral (lighter conditions), Guarantor, BDF guarantee	Group: peer enforcement Physical collateral (stricter conditions; 100-200%)	None
Target population	Youth (18-24 years)	All	Youth (18-24 years) + All

The market research considerably supported UFC in defining targeted youth products *("It was absolutely essential in order for us to adequately respond to their needs"*). The ***main conclusion from the market research*** was that youth provide an interesting market segment, albeit with certain characteristics that need to be addressed. More specifically:

- Youth were found to have the ***ability to save, although through small amounts***. The developed YS savings products, with their low initial capital and minimum account balance, adequately address this 'youth-specific' requirement/need.
- Youth deemed the ***cooperative membership fee*** (around USD 15) to be too high and hence considered as a ***constraint to opening an account*** (since the membership fee cannot be differentiated – 'one member, one fee'). Before transforming into a limited liability microfinance company, UFC tried to overcome the obstacle of the membership fee by allowing YS clients to it in installments (this 'solution' does, however, not respect the Cooperative Law).
- The ***lack of collateral, financial literacy, entrepreneurial skills and self-esteem*** generally make young people riskier clients than adults. Even though the YS loan product does not differentiate itself substantially from the one for adults, the microleasing product represents an original solution tailored to the needs of youth. Other stakeholders interviewed at the meso and market level also regard microleasing as an appropriate and important financial product for youth. UFC's collaboration with BDF for the provision of guarantees for youth loans also intends to overcome the 'lack of collateral' challenge (see Section 3.4 below). Finally, by providing financial education and partnering with YSOs/initiatives that provide entrepreneurship training, UFC has also sought to address the less 'tangible' challenges with serving (potentially) riskier youth (see Section 3.4 below).
- ***Gender*** was taken into account in the market research, but results did not call for the development of products with different characteristics for girls / young women and boys / young men or for the use different marketing strategies to encourage female access. Nevertheless, UFC staff appear 'gender conscious' and aware of potential gender challenges and differences (they also try to target girls and young women in the 'recruitment' of YS client). With regard to the microleasing product, as mentioned above, the list of eligible leasing equipment/objects was extended in order to accommodate the needs of female *Akazi Kanoze* / EDC graduates.

3.4 YS non-financial services

The provision of non-financial services (namely financial education and 'light' entrepreneurship training) represents perhaps one of the most innovative solutions brought by the YS program to UFC. For the provision of these services, UFC has adopted a ***'hybrid' model using peer-to-peer youth trainers***. This

[205] As referred by UFC to the evaluators during fieldwork (and double-checked afterwards), even if the draft 2015-2019 business plan states 22.8% (i.e. the same as for the regular loan).

model originates in UFC's collaboration with ***Akazi Kanoze / EDC*** (see Section 2.1 above), which solicited UFC's assistance in providing its graduates in the Southern province with complementary financial education training and financial services (most notably loans/leasing to cover investments in equipment, production material, etc.). The collaboration started in August 2012 and the one-year agreement was later extended by six month. As a first step, *Akazi Kanoze* / EDC trained a group of ten peer-to-peer youth trainers (compensated on a per diem basis).[206] Once trained, *Akazi Kanoze* / EDC coached them in training the *Akazi Kanoze* / EDC graduates (as well as other potential clients within their own communities). By the end of the agreement, the peer-to-peer youth trainers had trained a total of 371 *Akazi Kanoze* / EDC graduates.[207] Besides these first trainers, an additional 15 have been trained with technical assistance from Reach Global. A ***total of 25 peer-to-peer youth trainers*** are hence engaged in the provision of non-financial services to youth.

The use this approach is considered beneficial in that the trainers, who are themselves young, have a positive 'psychological' effect on the (potential) clients who generally feel comfortable working with young people from their same community. The limits lie in the trainers' need for refresher training, which UFC does not feel qualified to provide with internal resources. However, beyond the original agreement, *Akazi Kanoze* / EDC still offers coaching services, free of charge, to the peer-to-peer youth trainers (as well as the trained graduates). Moreover, young trainers are generally considered as relatively 'unstable' within their communities because of the same 'mobility' as youth clients (albeit very few trainers have 'resigned' to date). Finally, the model can be considered as a relatively cost-effective solution in that the peer-to-peer youth trainers are not engaged (and paid) as full-time UFC staff.

The current UFC YS curriculum, used by the peer-to-peer youth trainers ('hybrid' model) as well as directly by some UFC staff ('unified' model) and based on the 'critical minimum' approach, , is based on an adaptation of training material used by the Mennonite Economic Development Associates (MEDA) integrated with the *Akazi Kanoze* / EDC syllabus (as well, more recently, with AFR training material related to mobile banking). The content has also been revised based on feedback from the peer-to-peer youth trainers as well as trained youth. The curriculum now includes the following four modules: (i) ***Savings - "You can do it"***; (ii) ***Loan management - "Handle with care"***; (iii) ***Digital finance - "Know your options"***; and (iv) ***Entrepreneurship - "Let your money grow"***. The ***training material seems to be very detailed and thoroughly developed***, with practical exercises, simple stories and effective pictures (seeking to take into account the possible low level of literacy level among targeted youth). Moreover, UFC has developed an ***internal manual*** to guide the peer-to-peer youth trainers (as well as its own staff, commonly the branch managers) in order to standardize the process by indicating the objectives, duration of each session, tools to be used, steps to be followed etc.

With regard to ***delivery channels***, UFC has first and foremost collaborated with and communicated through the local administrative authorities at the sector level. This relationship has worked very well, especially with regard to general sensitization of the communities and *"bringing our message to the villages"*. The financial education and 'light' entrepreneurship training is also provided at schools (engaging both head masters and teachers), in churches and community halls as well as directly through UFC staff at the branches. Delivery through TVET institutions is also anticipated for the near future.

UFC has been ***very proactive in engaging and collaborating with other initiatives***, not only with regard to the provision of non-financial services, but also for general outreach and other support. With a view to long-term sustainability (i.e. after the YS program), the UFC 'partnership policy' has been (and still is) to engage only in collaborations that are 'free of charge' (i.e. which do not involve UFC having to pay for partners' services). Nevertheless, UFC has not really had to 'convince' anyone to collaborate with them *"since the YS idea was 'sellable' on its own".* Apart from the partnerships already mentioned above, UFC

[206] The per diem compensation currently covers almost only expenses for transport, communication, eating and drinking, but UFC is considering increasing the amount.
[207] For each trained *Akazi Kanoze* / EDC graduate, UFC received a contribution of USD 200 to cover training expenses and other overhead costs.

has also established the following collaborations (some formal and some less formal, i.e. without a signed agreement or Memorandum of Understanding - for an overview of the institutions/initiatives, see also Section 2.1 above):

- In December 2012, UFC signed a Memorandum of Understanding with ***STRYDE / TechnoServe***. First and foremost, TechnoServe is encouraging its clientele (youth between the ages of 18 and 30) to save with UFC in order to promote a stronger youth savings culture. Good business ideas and plans are also to presented to UFC for the start-up or development of youth economic activities. As of December 2014, 400 STRYDE youth had been linked with UFC products.
- Following the mid-term evaluation, UFC sought, with support from the YS PM, the assistance of ***AFR*** (with KfW funding covering the capacity building efforts) in developing its mobile banking services and supporting financial education in rural areas. The initial agreement was signed in October 2013, but the pilot testing of the device has taken some time and discussions with the mobile phone operator (MTN) with regard to the official application programming interface (API) agreement are still ongoing. There is also need for sensitization – *"Trust/acceptance on part of clients is an issue and need to be built"*.
- In June 2014, UFC entered into a tripartite agreement with ***DOT Rwanda and BDF*** for the creation of a 'national youth platform' (UFC collaborated also with BDF before the tripartite agreement). DOT Rwanda will link its training graduates with UFC YS financial products (and non-financial services), while BDF is to provide guarantees (or matching grants) to young loan applicants. At the time of fieldwork, 10-20 UFC YS clients had been approved for BDF guarantees.
- ***CARE International Rwanda*** targets the creation of young (21 years and below) female savings groups and is, as of recently, seeking to link 'mature' groups with UFC YS products/services. Through this collaboration, UFC also offers an (optional) training module on reproductive health.
- At the Gasarenda branch, as of October 2014, UFC is also collaborating with ***World Vision*** (a very active organization in the area) towards facilitating links for the World Vision clientele with UFC training and savings. At the time of fieldwork, this collaboration had already engaged around 300 youth clients and RWF 32 million (≈USD 46,000) in savings deposits.

The ***established partnerships have generally been working very well*** according to both UFC and the various initiatives (*"UFC is special; don't waste time connecting with other banks or financial institutions"*). However, the division of responsibilities has sometimes been a challenge (especially with regard to monitoring of youth in loco; in this regard, one UFC representative called for a balance between quantitative and qualitative indicators). Also, one of the youth-serving initiatives stated that they were *"not completely satisfied"* with the collaboration since only a very limited number of loans has actually been disbursed. Current loan disbursements fall short of initial expectations, primarily because of the challenge UFC is facing with regard to reaching out into some areas (until the institutional transformation process is complete, UFC cannot not open more physical branches), but perhaps also because there is *"not enough willingness"* to actually extend loans to this still riskier group of clients – *"There still seems to be some resistance with regard to serving youth; still scared of taking the first step"*). Because of the delays in accessing UFC credit, some trained youth have apparently opened accounts with the *Umurenge* SACCOs active in their areas. The collaboration will nevertheless continue - *"UFC is still so much better than other providers since most do not have experience in providing adequate non-financial services"*.

Finally, since these partnerships (currently) come at no cost for UFC, they are a cost-effective approach to expand outreach and provide non-financial services. As such, they are likely to be sustained even after the end of the YS program, even if most, if not all, of the partner initiatives in turn rely on other donor funding.

3.5 YS outreach

Before the start of the YS program, UFC was 'indirectly' serving youth through its 'normal' products for adults. As a union of cooperatives, it was able to mobilize savings starting at 16 years and provide loans to anyone over the age of 18. At the start of the YS program, UFC hence already had an estimated 5,000 youth clients (defined, however, according to the national definition, i.e. up to 35 years).

By December 2014, at the end of the YS program, ***UFC had reached, and in some cases even surpassed, the proposed YS targets***, as outlined by the Performance based Agreement (PBA). The PBA targets were indeed not considered as difficult to achieve and UFC is considered a ***'star' YS performer*** as a result of its high performance and results exceeding projections (also with regard to female clients). In particular, UFC surpassed the proposed target for the number of YS clients with 86.8%. Nevertheless, some of the YS clients (albeit few in relation to the great number of total YS clients) can be expected to be 'old' clients (i.e. having joined UFC prior to 2012 and then having changed their adult accounts into YS accounts). Even though data on 'old' is not available, the existence of such clients was detected during the FGDs and interviews with YS clients at one of the branches (see Section 4 below).

Even after the introduction of the YS products, some young clients are using products for adults; in December 2014, UFC reached a total of 32,231 youth clients and 97.4% of these had a YS account. However, as the proportion of YS clients over youth clients is increasing, UFC is clearly making an effort towards 'matching' clients with the most appropriate product for their needs (even if, in some exceptional cases, a youth client might prefer an adult product, perhaps because of the higher maximum loan amount). Given UFC's strong rural presence, almost the totality (98.2%) of YS clients come from rural areas, while 49.9% are women. No information is available with regard to client poverty levels since it is not tracked or gathered (an LQAS methodology survey, which included one poverty proxy indicator, was carried out in September 2013, but has not yet been repeated).

Active clients	Dec-10	Dec-11	Dec-12	Dec-13	Dec-14
Total number of clients	25,069	34,615	48,951	70,893	89,050
% of women clients	43.5%	49.2%	50.1%	49.4%	50.6%
Min. target: % of women clients		35.0%	40.0%	45.0%	50.0%
Proposed target: % of women clients		40.0%	45.0%	50.0%	55.0%
Number of youth clients (12-24)	650	1,503	10,156	23,176	32,231
% of total clients	2.6%	4.3%	20.7%	32.7%	36.2%
Growth		131.2%	575.7%	128.2%	39.1%
Number of new youth clients (12-24)	n/a	n/a	n/a	n/a	n/a
Number of YouthStart clients (12-24)	650	1,503	9,321	22,341	31,396
Min. target: Number of YouthStart clients (12-24)		1,891	6,631	11,342	12,603
Proposed target: Number of YouthStart clients (12-24)		2,521	8,841	15,122	16,804
Growth		131%	520%	140%	41%
% of total clients	3%	4%	19%	32%	35%
% of youth clients			92%	96%	97%
% of women among YS clients	48%	41%	51%	49%	50%
Min. target: % of women among YS clients		43%	46%	49%	50%
Proposed target: % of women among YS clients		51%	51%	52%	53%
% of rural clients among YS clients	0%	0%	98%	98%	98%
% of minors among YS clients	30%	20%	60%	50%	48%
% of poor/low-income clients among YS clients	n/a	n/a	n/a	n/a	n/a
% of in-school clients among YS clients (all)	n/a	n/a	n/a	n/a	n/a

Reasons for why clients leave the institution (drop out ratio) is seemingly not tracked or investigated. However, UFC does track ‘dormant’ accounts (internally defined as those accounts that have been inactive for six months) and the proportion of such accounts has been an challenge during certain periods (for example, in the first quarter of 2014, as many as 13% of the YS accounts were considered as ‘dormant’).

UFC has a ***limited loan portfolio dedicated to young people***, mainly because of limited funding resources. In December 2014, the gross outstanding YS portfolio amounted to only USD 185,725, or 6.7% of the total portfolio. Albeit increasing, the number of YS borrowers stands at a very modest 353 clients (however, the focus of the YS program has been on savings rather than credit). Out of these, women account for almost half (46.7%). In line with the lower maximum credit amount for the YS loan product, the average disbursed loan size for YS clients is only two-fifths of the one for adult clients. However, the YS loans are better performing (with a PAR30 ratio of 3.0% compared to 4.9% at the end of 2014). Around half of the YS loans are group loans.

TOTAL Portfolio Features	Jan-Dec 2012	Jan-Dec 2013	Jan-Dec 2014
Gross outstanding portfolio (USD)	**1,956,160**	**2,399,146**	**2,766,111**
Growth (local currency)	40.6%	29.1%	21.6%
Number of active borrowers	1,527	4,580	5,791
Average disbursed loan size, USD	1,424	1,403	1,521
Average outstanding balance per borrower (USD)	1,281	524	478
Average disb. loan size on p.c. GDP	205.0%	199.4%	211.6%
Average outstanding balance on p.c. GDP	184.5%	74.4%	66.4%
PAR 30	5.6%	5.0%	4.9%
YS Portfolio Features			
Gross outstanding portfolio (USD)	101,958	170,043	185,725
Growth (local currency)		75.6%	15.2%
% of total portfolio	5.2%	7.1%	6.7%
Number of YS active borrowers	152	247	353
Growth		62.5%	42.9%
% of Female borrowers (among YS borrowers)	29.6%	37.2%	46.7%
% of Rural borrowers (among YS borrowers)		96.4%	98.0%
% of in-school YS borrowers (all)	n/a	n/a	n/a
Average disbursed loan size, USD	896	605	680
Average outstanding loan balance, USD	671	688	526
Average disb. loan size on p.c. GDP	129.1%	86.0%	94.5%
Average outstanding balance on p.c. GDP	96.6%	97.8%	73.2%
PAR 30	0.0%	1.8%	3.0%

In terms of savings, the YS share is higher, representing of 28.8% of voluntary depositors and 15.7% of total savings in December 2014. Three-fifths of the YS depositors are female and minors. The average savings balance for YS clients is around half that of the one for adults. Almost all of the YS savings accounts are individual as there are only around 230 accounts registered in the name of savings groups. At the Mahoko branch (which had some youth clients prior to the YS program), total savings deposits on part of youth clients have increased from RWF 100,000 (≈USD 150) before the YS program to RWF 32 million (≈USD 46,000) in the beginning of 2015, while at the Gasarenda branch youth represent around 50% of all savings accounts and 30% of total savings deposits.

TOTAL Deposits Features	Dec-12	Dec-13	Dec-14
Amount of savings (USD)	**918,816**	**1,252,161**	**1,636,523**
Growth (local currency)	39.7%	43.5%	37.9%
Number of voluntary depositors	**48,951**	**70,893**	**89,050**
Min. target: number of voluntary depositors	40,904	52,784	61,394
Proposed target: number of voluntary depositors	45,449	58,649	68,216
% Women voluntary depositors	50.1%	49.4%	50.6%
% Rural voluntary depositors	93.0%	93.3%	94.3%
Average saving balance per depositor (USD)	19	18	18

YS Deposits Features			
Amount of savings (USD)	**88,868**	**183,262**	**256,399**
Growth (local currency)		117%	48%
Number of voluntary depositors	**9,321**	**22,341**	**25,656**
Growth		140%	15%
% Women voluntary depositors	51%	49%	61%
% Rural voluntary depositors	98%	98%	98%
% Minors voluntary depositors	60%	50%	58%
Average saving balance per depositor (USD)	10	8	10

By the end of the YS program, in December 2014, UFC had provided ***non-financial services***, namely financial education and 'light' entrepreneurship training, to 30,814 YS clients (98.1% of all YS clients), ***surpassing the proposed PBA outreach target*** for non-financial service delivery by 83.4%. Almost all of the trained YS clients come from rural areas, while half of them are female and just below half are minors. When comparing the number of YS savings accounts with the number of YS clients trained, the difference of 5,158 reveals that not all those who receive training actually open an account. This result appears common when involving schools in the delivery of non-financial services as this delivery channel easily reaches a large number of youth, but all of them might not have the interest in or capacity to save.

Non-financial services	Dec-12	Dec-13	Dec-14
Number of youth clients having received non-financial services	**5,819**	**21,543**	**31,649**
% of total youth clients	57.3%	93.0%	98.2%
Number of YouthStart clients having received non-financial services	**5,819**	**21,543**	**30,814**
Min. target: Number of YS clients having received non-financial services	6,631	11,342	12,603
Proposed target: Number of YS clients having received non-financial services	8,841	15,122	16,804
Growth		270.2%	43.0%
% of YS clients	62.4%	96.4%	98.1%
% of women among YS clients having received non-financial services	47.5%	50.5%	50.7%
% of rural clients among YS clients having received non-financial services	0.0%	0.0%	98.2%
% of minors among YS clients having received non-financial services	57.3%	50.9%	46.6%
% of in-school (all)	n/a	n/a	n/a
% of in-school (compulsory school age)	n/a	n/a	n/a

In general, the main challenges with regard to reaching youth (as defined by the YS program) include the relatively poor savings culture, but the 'misalignment' with the national youth definition (which includes youth up to 35 years of age). Nevertheless, *"the YS program has given great visibility to the institution"* and, with the current resources (and branch network), it is actually quite difficult for UFC to serve all those who request YS products/services. Local administrative authorities frequently solicit UFC to engage in their communities as they have realized the potential of youth in reaching their financial inclusions targets (based on the performance agreements with the President's office – see Section 2.1 above). Furthermore, UFC has in fact suspended marketing initiatives through the radio as this delivery channel sensitizes youth also in areas that UFC currently does not serve and it hence cannot meet their demands for products/services.

3.6 Sustainability

The financial sustainability 'exercise' related to YS products is based purely on UFC's estimation since no formal analysis is carried out with regard to product breakdown. Estimation of expenses includes: (i) Average salary of staff involved in YS; (ii) Operational expenses linked to YS; (iii) Expenses related to YS non-financial services; (iv) Other expenses linked to YS; and (v) Provision expenses on YS portfolio. The revenue side includes earnings from lending (interest rate and upfront fees) and sales of savings passbooks. It would also have been appropriate to consider the opportunity cost of funds (mobilizing savings rather than leveraging funds at market level), but this task is quite complicated. Indeed, as a large portion of the YS deposits are in current accounts, the funds are exposed to a high risk of volatility since UFC has not control over when YS clients may decide to withdraw their savings amounts. Therefore, even if UFC has indeed mobilized USD 256,399 from YS deposits at basically zero interest rate, such funds cannot be compared to the same amount asked from an investor or funder. The final sustainability analysis for Rwanda/UFC will, however, be integrated with the findings from the Business Case Analysis carried out by the Frankfurt School of Finance & Management once the final version is available. In the meantime, based upon UFC's own, and more rudimentary, estimations, it emerges that YS products/services are already ***operationally sustainable*** (as of December 2014, OSS stands at 104.2%).

Profitability and Sustainability (FSP)	Jan-Dec 2012	Jan-Dec 2013	Jan-Dec 2014

Return on Equity before donations (ROE)	5.0%	3.6%	3.8%
Return on Assets before donations (ROA)	2.6%	1.7%	1.7%
Operational Self-Sufficiency (OSS)	110.9%	109.0%	108.3%
Min. target: OSS	110.0%	115.0%	120.0%
Proposed target: OSS	125.0%	130.0%	135.0%
Profitability and Sustainability (YS)			
OSS	41.3%	82.3%	104.2%

In more general sustainability terms, UFC demonstrates a high commitment and dedication to serving the youth segment. One stakeholder believed that while there initially might have been a mix between an interest in youth and in the possibility of simply accessing donor funds, UFC seems to have developed a genuine interest and commitment towards serving youth during the course of the YS program. The number of agreements and partnerships established (as summarized in Section 3.4 above) also point to a ***willingness on part of the institution to continue serving youth***, and with a model that can considered to be relatively cost-effective. UFC is also thinking about solutions for older youth (i.e. between 25 and 35 years) as their YS clients 'graduate', but might still not be completely 'ready' for regular (adult) products. Also, the 2015-2019 business plan, sets the following youth-specific targets for the next five years:

2015-2019 projections	**2015**	**2016**	**2017**	**2018**	**2019**
Number of loans	2,281	2,674	3,181	3,558	3,803
Youth business & leasing	323	408	486	540	571
Number of depositors	53,836	64,961	74,489	82,906	89,582
Youth demand account	28,080	32,793	36,218	39,156	41,488

Moreover, UFC believes that the YS program has ***positively influenced the overall performance*** of the institution thanks to the visibility that it has provided (*"The YS program has helped us think big"*), which has promoted an increase in outreach ("*Youth also bring new clients"*) as well as the possibility of accessing funding from other sources. UFC has gained in terms of visibility and reputation (in certain areas it is known as *"THE youth bank"*) and has obtained a considerable competitive advantage if compared to the main competitors in the areas in which it operates (this advantage might become smaller in national terms as UFC increased its branch network and extends beyond its current areas of operations). Other FSPs express an interest in serving the youth segment, but the lack of capacity and resources to conduct an adequate market research and provide adequate non-financial services are considered as significant constraints. Or, as another stakeholder put it; *"Other FSPs are still skeptical – the same 'hand-handling' would be required for them"*.

UFC's primary challenge perhaps actually lies in seeking to serve all youth who request its products/services. UFC (at all levels) is noticeably aware that it is stretched to meet even present demand with current resources (and branch network) - "*It's impossible to satisfy all demand"; "The demand is so great that we cannot meet it all"*. For this reason, UFC appears more than willing to share its experience and best practices with other institutions interested in providing youth-targeted products/services in the country.

3.7 Client protection

In 2012, UFC received YS-sponsored training on youth client protection. The training was provided by Reach Global and attended by the youth champion as well as the previous branch manager of Kigali (now the UFC auditor). UFC has also demonstrated its commitment to client protection by having endorsed the Smart Campaign[208] and by participating in MFTransparency's transparent pricing initiative.

[208] UFC has also received Smart Campaign related training through AMIR.

In general terms, UFC can be described to be on an initial path towards meeting international practices. In particular, and since the start of the YS program, the following ***improvements*** have been carried out (with reference to the Smart Campaign's client protection principles, CPPs, in parentheses):

- Market research investigating client satisfaction has been introduced and is undertaken twice per year (CPP1);
- Marketing material has introduced information on interest rate (CPP3);
- Pricing of youth products has taken into account clients' capacity and hence is not only market driven (since UFC is one of the very few providers of youth products, it could have applied also less competitive prices) (CPP4);
- The removal from branch premises of publicly exposed photos/names of non-paying clients (CPP5);
- A sentence has been added in the client passbook on the commitment towards the protection of clients (CPP6); and
- Suggestion boxes at branch level were introduced to widen the range of complaint channels available (CPP7).

Nevertheless, the most ***important gaps*** that still need to be covered include:

- Lack of a specific repayment capacity analysis for youth, which is currently using the standard formula used for adults (CPP2);
- Improvable level of transparency (while all costs are described in the contract, the total cost and the annual percentage rate, APR, are not shown; more detailed information on the precise conditions of the *Nunguke* account in marketing material) (CPP3);
- Lack of privacy clause in the contract (CPP6); and
- Improvable complaint mechanism to inform clients on the channels available in order to improve their use (CPP7).

4 CLIENT LEVEL[209]

Since the YS program in Rwanda has had an almost total rural focus (in line with UFC's social mission), the evaluation team, in consultation with UFC, selected two non-Kigali branches in which to carry out the FGDs and interviews with YS clients; ***one rural branch in the Southern province*** (***Gasarenda***; Nyamagabe district); and ***one slightly less rural branch in the Western province*** (***Mahoko***, Rubavu district). While the YS products/services had been piloted at the Mahoko branch, the Gasarenda branch is one of the branches in which the products/services were rolled out. With regard to the client sampling, the selection process followed the guidelines as outlined in the Inception Report.

Two FGDs were held at each of the two selected locations/branches in community halls close to the branch premises.[210] In total, FGDs and interviews were held with ***33 YS clients, 67% of whom were women and 27% of whom were minors***.[211] The table below summarizes some of their key socio-demographic characteristics.

Typology of FGD	Respondents (#)	Female (%)	Age (mean)	Married (%)	# in household (mean)	Years of schooling	New clients (%)	Working (%)
Savings	8	50%	17.5	0%	7.1	7.6	63%*	88%
Savings & loans	8	50%	25.0	63%	4.6	8.1	50%**	100%
Savings & NFS	8	63%	19.0	13%	5.9	8.5	100%	50%
Only females	9	100%	18.0	0%	7.0	7.8	100%	56%
Total	***33***	***67%***	***19.8***	***18%***	***6.2***	***8.0***	***79%***	***73%***

* The remaining 37% were UFC clients also before the YS program and then passed over to YS products once available.

** The remaining 50% were UFC clients also before the YS program and then passed over to YS products once available.

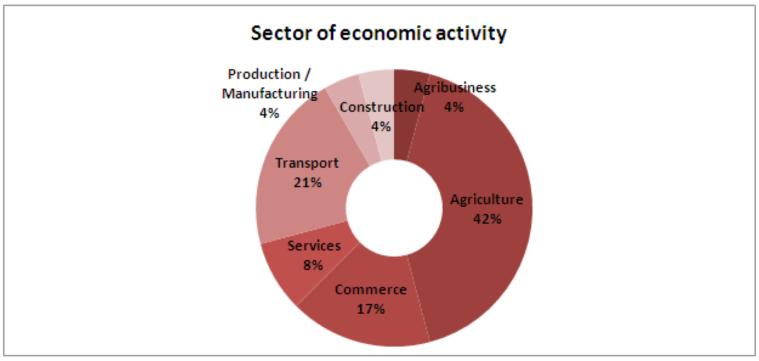
All 33 respondents had the YS current savings account (*Tangira Kare*), while ***ten also had a YS credit*** (*Nunguke*). One-fifth of the interviewed YS clients had been recruited among existing youth clients, while the remaining (new) YS clients had learnt of the YS products through different channels, primarily in school and in some cases also at churches (where they had received UFC sensitization and financial education), but also directly at the branch prompted by 'word-of-mouth' recommendations from relatives, neighbors or other community members.

All clients declared to have some source of 'income'. ***Among minors***, the majority receive pocket money from parents or relatives and a ***consistent number also carries out small jobs*** after school or during weekends or holidays (primarily the breeding animals/livestock, but also small retail). With regard to those ***above 18 years, the main source of income comes from their business activities***. The primary sectors of involvement are presented in the pie chart below.

[209] All information in this section is based on the results from the FGDs and interviews with YS clients carried out by the evaluators during fieldwork since UFC does not (yet) track client-specific indicators that can be used to assess likely impact. An LQAS methodology survey, which included one poverty proxy indicator (related to food security), was carried out in September 2013, but has not yet been repeated.

[210] At the Gasarenda branch, both the 'Savings & non-financial services' group and the 'Girls & young women' group had been gathered by UFC in the morning the day of the branch visit since those attending school had to be back after lunch. Since all clients (i.e. also those in the 'Girls & young women' group) had received non-financial services, both groups (total 17 participants) participated in the same discussion. After the main discussion, the three male participants were asked to leave the room and a shorter follow-on discussion was held with only the female participants in order to further solicit their feedback on a selected number of questions/areas focused on gender issues.

[211] At the Gasarenda branch, an additional, but separate, interview was also held with another YS client, a member of an all (adult) female savings group set up through the facilitation of a local initiative supported by a foreign donor and with a *Tangira Kare* group account since 2012.



In terms of ***use of money***, some buy school material, purchase things for daily needs (buying shoes, clothes, etc.), or help their families in times of need. Almost all of them, independent of the current use of financial services (i.e. savings and/or loans), invest their money in small business activities. None of the female YS clients save money with a view to future marriage (dowry or alike).

Prior to accessing YS products, financial inclusion among the interviewed clients was very low (even though the YS borrowers mostly come from families that had previous access to credit). Only a few of them (all above 18 year) were using informal channels (*tontine*) before, and some of them still use it in parallel with the YS products. *Tontine*, even though they considered it as riskier and insecure, is seen as different from their YS savings account as it is used for different purposes (usually for small daily needs because some live at quite a distance from the branch – accumulated *tontine* savings are often put into their YS account on a more or less regular basis once they are able to reach the branch). None is currently using services from other formal financial institutions (and only one used to have a saving account with *Banque Populaire de Rwanda*, BPR, but then closed it and opened a YS account because he did not like BPR's customer service).

In general terms, ***responses do not differ according to gender***; differences in attitudes and behaviors rather seem be driven by age (with some influence also by school attendance).

4.1 Feedback on YS financial products

Clients recognize and appreciate the idea of having youth-specific products, different from regular adult products, and on the whole they are ***very satisfied with the YS products/services***. In general, they ***informed on the current options available*** in the market (making comparisons with BPR and COOJAD products as well as with the *tontine*) and have a ***generally good understanding of the conditions of the YS products*** (not all of them know all the conditions – the more difficult concept to grasp seems to be the product that matches savings with credit).

With regard to UFC as an institution, the respondents appreciate its ***simple structure and closeness to clients***, as they do not feel comfortable with formal big banks. The main (and in most cases the only) criticism is related to the ***limited branch network*** (many clients live at quite a distance from the nearest branch).

With regard to the ***savings options***, they did not have any specific complaints, or suggestions, primarily because of good product conditions and personalized service - *"I would not trust a machine [an ATM] for depositing my money"*; *"I like the manual, not electronic, deposits since I am more sure that my money is my money"*; *"They note down my deposits in my passbook and I know what I have (I can see the transactions) and I can withdraw whenever I want"*. However, most of the respondents would save more if they received an interest on their accumulated balance.

With regard to ***credit***, the respondents were a bit more 'critical' and indeed suggested some improvements. Most notably, they called for a higher maximum amount and a lower interest rate, a more flexible repayment schedule to better fit certain business cycles (mainly related to agricultural activities), as well as more confidence in clients in case of problems with and delays in repayment (i.e. they would like more time with the loan officer to discuss and explain the reasons for delays).

The ***respondents do not believe there is any need to differentiate products by gender***, as both the male and female clients called for the same conditions (even if they might use their money for different things, the current product characteristics meet the needs of both female and male client). Only two female clients called for a lower interest rate on credit to women in order to encourage female lending (*"culturally speaking, borrowing is considered to be for men"*). Moreover, some clients said that they would need ***microleasing*** (they know this a UFC product) since they do not have the collateral, guarantee or enough savings to obtain a sufficiently large enough loan for their investment needs. Many clients also called for ***more in-depth business training***.

4.2 Feedback on YS non-financial services

According to the UFC approach, any client opening a YS saving account needs to attend a financial education training session. Among the 33 respondents, only three of had not received any training, while all the others had been trained either by a peer-to-peer youth trainers at their school (or church) or directly at branch (sessions spread out over three days covering general financial education topics as well as a description of YS products). Those with a YS loan has also received 'light' entrepreneurship training. In some cases, the clients overlap the concepts of financial education with the explanation of terms and conditions of the YS product (training versus marketing/sensitization).

In terms of satisfaction, the participants are all ***very happy with the training contents and organization*** – *"It gave us hope that also we young people can save"*; *"Before I got the training I was ashamed of saving RWF 300; now I feel lucky to save RWF 300"*; *"It was a new concept, but easy, adequate, not difficult"*; *"The trainers were young and we were allowed to interact with them (ask questions)"*; *"Timing was good and always precise - not late"*. They raised no complaints with regard to any aspect of the training (organization, quality of content, or teaching modes). Moreover, female participants did not ask for separate, 'women only' training sessions and said that they feel comfortable in mixed sessions. One client suggested that it would be useful if a refresher training was available, while others asked for more in-depth business training (even if not yet interested in asking for a loan).

Almost of the participants claimed ***financial education to be the most important product/service*** - *"It is useless to get and save money without knowing how to use it"*. The others considered savings to be more important than other products. However, they also understood that in order to launch a new business activity, getting a loan is an important source of support.

4.3 Feedback on likely impact for YS clients

All clients, but a couple, declared that their life / situation had changed somehow since access YS products/services. Minors primarily referred to an increase their financial capacity to addressing daily (especially school) needs, the gaining of independence from their family, or the ability to start a small business activities (buying animals/livestock for breeding) with the savings. With regard to YS YS clients over the age of 18, they also referred to an improvement in their business activities, but also to improved living conditions (building a house, buying land or being able to face an emergency situation or unexpected problem). Even though the direct causality is not possible to establish, most of them felt that these improvements had been driven thanks to the access to YS products/services. They did indeed appreciate the link between financial education and access to products as a good instrument in order to learn the importance of savings, how to manage money (in order to prepare for the future, address emergency needs or improve business activities) and prevent them from the 'risk' of *"wasting their money"*. ***Even the younger YS clients have indeed managed to start small business activities with their relatively small savings amounts***, primarily thanks to practical examples demonstrated to them during the financial education sessions as well as a good mixture of existing economic opportunities in their communities. All of the interviewed YS clients recognize a ***change in their financial habits*** and they had all (except a few cases) ***increased the amount of savings*** since accessing the YS products.

The feedback on impact resulting from the FGDs and interviews is also confirmed by UFC staff - *"Accessing loans have allowed them to create their own jobs and better their lives"*; *"Clients who used to rent their motorbikes before, can now purchase them and provide taxi services on their own"*.

APPENDIX 1. LIST OF RELEVANT STAKEHOLDERS INTERVIEWED / CONTACTED

Institution	Person, Position	Date of interview (comments in case not interviewed)
UNCDF/UNDP (global level)		
United Nations Capital Development Fund (UNCDF)	Mr. Arthur Sabiti, National Technical Advisor – Inclusive Finance	2 March 2015
United Nations Development Program (UNDP)	Mr. Auke Lootsma, Country Director	10 March 2015
Global level (other)		
CARE International Rwanda – engaged in microfinance (member of AMIR) and youth empowerment	Mr. Apollo B. Gabazira	Contacted a couple of times, but no response.
Department for International Development (DFID) – supports AFR	Mr. Sydney Augustine, Economic Adviser	5 March 2015
Digital Opportunity Trust (DOT) Rwanda – manages the Entrepreneurship and Enterprise Development Project funded by the Canadian International Development Agency (CIDA); collaborates with UFC	Mrs. Violette Uwamutara, Country Manager	10 March 2015
	Mr. Emmanuel Nzeyimana, Country Program Manager	
Education Development Center (EDC) – manages the Akazi Kanoze (Youth Livelihoods) Project funded by USAID; collaborates with UFC	Mr. Steve Kamanzi, Deputy Chief of Party, Akazi Kanoze / Youth Livelihoods Project	3 March 2015
	Mr. Jacques Sezikeye, Project Team Leader, Akazi Kanoze / Youth Livelihoods Project	
KfW Development Bank – supports AFR and MCF	Dr. Daniela Beckmann, Director of KfW Kigali office	Contacted a couple of times, but no response.
Savings Bank Foundation for International Cooperation (SBFIC) – collaborates with UFC	Mrs. Britta Konitzer, Representative and Senior Consultant	Contacted, but not in loco during fieldwork (referred to AMIR).
TechnoServe – manages the Strengthening Rural Youth Development through Enterprise (STRYDE) program supported by MCF; collaborates with UFC	Mrs. Angelique Tuyisenge, Acting Country Manager and Senior Program Manager for STRYDE	5 March 2015
	Mr. Alimas Hakizimana	
World Bank - supports AFR, AGI and RICEM	Mr. Thomas O'Brien, Country Program Coordinator	Contacted a couple of times, but no response.
Macro level		
Ministry of Finance and Economic Planning (MINECOFIN)	Mr. Eric Rwigamba, Director General, Financial Sector	4 March 2015
Ministry of Gender and Family Promotion (MIGEPROF) – implements, together with MYICT, the Women and Youth Access to Finance Program	Mrs. Winnie Muhumuza, Adolescent Girls Initiative (AGI) Coordinator	10 March 2015
Ministry of Youth and Information and Communication Technology (MYICT) - implements, together with MIGEPROF, the Women and Youth Access to Finance Program	Mrs. Rosemary Mbabazi, Permanent Secretary	10 March 2015
	Mr. Jean Marie Vianney Niyitegeka, Project Manager	

Institution	Person, Position	Date of interview (comments in case not interviewed)
National Bank of Rwanda (BNR)	Mr. Kevin Shyamba Kavugizo, Director, Microfinance Supervision Department, Financial Stability Directorate	4 March 2015
Meso level		
Access to Finance Rwanda (AFR) – funded by DFID, KfW and World Bank; collaborates with UFC	Mrs. Judith Aguga Acon, Technical Director	3 March 2015
Association of Microfinance Institutions in Rwanda (AMIR) – UFC is a member	Mrs. Rita Ngarambe, former Executive Secretary	3 March 2015
	Mr. Jean Pierre Uwizeye, Senior Officer, Financial Education and Attaché to RICEM	
Business Development Fund (BDF) – collaborates with UFC	Mr. Innocent Bulindi, CEO	2 March 2015
GirlHub Rwanda – collaborates with UFC	Mrs. Carine Uwamahoro, Manager	Contacted, but not able to meet.
Microfinance Challenge Fund (MCF) Rwanda – managed by Frankfurt School of Finance & Management and funded by AFR and KfW	Mrs. Willemien Libois, Senior Project Manager	Not in Rwanda (based in Kenya) - possibly to contact later (also with regard to the business case study).
Rwanda Bankers' Association (RBA)	Mrs. Jacky Mugwaneza, Executive Secretary	10 March 2015
	Mr. Vincent Bayingana, Executive Assistant	
Rwanda Cooperative Agency (RCA) - involved in implementation of the Women and Youth Access to Finance Program (MIGEPROF and MYICT)	Mr. Damien Mugabo, Director General	4 March 2015
Rwanda Development Board (RDB) – administers the Entrepreneurship Development Program (EDP)	Mr. Apollo Munanura, Head of Human Capital and Institutional Development Department	Contacted, but no response.
Rwanda Institute of Cooperatives, Entrepreneurship and Microfinance (RICEM)	Mr. Bahizi Brekmans, Managing Director	Contacted, but replied stating not relevant to meet with.
Market level		
COOPEC Ubaka	Mrs. Jeanne d'Arc Mukankusi, Responsible for Financial Education and Debt Recovery	10 March 2015 (FGD organized with assistance of AMIR)
Goshen Finance	Mrs. Gertrude Munyana, Marketing and Product Officer	
Sager Ganza Microfinance	Mr. Julien Mafutala, CEO	
Vision Finance Company	Mr. Nathan T. Ross, CEO	
	Mr. Francis Ndayiziga, Operations	
COOJAD – working exclusively with youth	Mr. Charles	Contacted (also through AMIR), but not able to meet.
Al Halaal; Amasezerano; COOPEC Zamuka; Duterimbere (apparently also seeking to target youth, with a focus on women); Inkingi; Letshego; RIM		Invited to FGD (through AMIR), but not able to attend.

APPENDIX 2. LIST OF UFC STAFF INTERVIEWED

Person, Position	Date of interview (comments in case not interviewed)
Mr. Jules Théoneste Ndahayo, CEO	5 and 10 March 2015
Mrs. Josée Mukandinda, Operations Manager and YouthStart Manager (and Youth Champion)	4 and 10 March 2015
Mr. Ghislain K. Cyizihiro, Finance and Marketing Manager	4 and 5 March 2015
Mrs. Marie Chantal Maniriho, Branch Manager (Mahoko branch)	6 March 2015
Mr. Emmanuel Gumyusenge, Branch Manager (Gasarenda branch)	9 March 2015
Mrs. Béatrice Nyampamo, Loan Officer (Mahoko branch)	6 March 2015
Mr. Jean Baptiste Munezero, Loan Officer (Gasarenda branch)	9 March 2015
Mr. Innocent Sibomana, Vice Chairman of the Board of Directors	5 March 2015

ANNEX 10: Uganda Country Report

1 INTRODUCTION

The field work in Uganda was conducted by Mary-Jo Kakinda and Marine Exposito from March 19th to April 2nd.

The evaluation team interviewed the UNCDF Country Technical Specialist on Inclusive Finance; officials of the Ministries of Finance, Planning and Economic Development and Gender, Labour and Social Development; and officials of the Bank of Uganda Microfinance Division (Non-Bank Financial Institutions) and Public Relations Department. Other stakeholders who were interviewed included officials of the GiZ, DFID funded Financial Sector Deepening program (FSD Uganda) and Association of Microfinance Institutions of Uganda (AMFIU) as well as PostBank Uganda, which was involved in the first phase of the YS Program. However, the evaluation team was not able to interview someone from Stanbic Bank which was also involved in the first phase of YS as the person who was involved in the YS program was no longer working with the Bank. Appendix 1 gives a list of the stakeholders interviewed for this evaluation.

Within the FSPs, the evaluation team was able to interview the management team, staff who were in charge of the YS program both at the Head Offices and at the branches. Appendix 2 gives the list of the FSP staff who were interviewed by the evaluation team.

2 NATIONAL CONTEXT (MACRO, MESO AND MARKET LEVEL)

Category	Data/information
Political and macroeconomic context	
Political context	**Political context:** **Uganda remains generally peaceful and stable.** A constitutional referendum in 2005 cancelled a 19-year ban on multi-party politics. Uganda held presidential and parliamentary elections in February 2011. The incumbent President **(Yoweri Kaguta Museveni, President of Uganda since 1986)** and his ruling National Resistance Movement (NRM) were re-elected with a 68% majority for another five-year term. The opposition denounced vote rigging and condemned the elections results. The NRM has faced growing internal dissent since 2011 due to weak governance, corruption and concerns over the worsening state of public services. **Uganda ranked 142th out of 174 countries on the Transparency International Corruption Perceptions Index** in 2014. The US State Department's 2012 Human Rights Report on Uganda indicated that the country annually loses 768.9 billion shillings ($286 million) to corruption. In 2012, the embezzlement of $12.6 million in donor funds for rebuilding northern Uganda, ravaged by a 20-year war, and Karamoja (Uganda's poorest region) highlighted the presence of corruption in high-level government offices. This scandal prompted the EU, The UK, Germany, Denmark, Ireland and Norway to suspend aid. In 2014, **Ugandan parliamentarians were seeking a major salary increase yet they were earning 60 times what most state employees earn.** This caused widespread criticism and protests.
Macroeconomic context	**Structure of the Economy**: **Uganda has substantial natural resources, including fertile soils, regular rainfall, small deposits of copper, gold, and other minerals, and recently discovered oil**. **Agriculture is the most important sector of the economy in terms of employment,** employing over 80% of the workforce. However, the **services sector accounts for the largest share of the GDP (50% in 2013)**, followed by industry (26.9%) and agriculture (23.1%). Coffee accounts for the bulk of export revenues. With the support of foreign countries and international agencies, the government has, since 1986 acted to rehabilitate and stabilize the economy by **undertaking currency reform, raising producer prices on export crops, increasing prices of petroleum products and improving civil service wages**. The policy changes are especially aimed at dampening inflation and boosting production and export earnings. **Growth** **Uganda has had two decades of very strong economic growth, with GDP growth averaging 5.8% in the 1990s and 6.7% in the 2000s.** Despite the impressive growth performance, the structure of the economy has merely shifted from low-productivity agriculture to services dominated by equally low–productivity small businesses. Production processes remain low in skill and technology application. **In 2013 and 2014, Uganda saw the consolidation of macroeconomic stability and a gradual recovery of economic activity** from the drop in 2012. This economic recovery benefited from a fiscal and monetary policy stance focused on containing inflationary pressures, while ensuring debt and exchange rate stability, thus providing an enabling macroeconomic environment for growth. **Estimated GDP growth reached 5.9% in 2014, up from 2.8% in 2012.** These positive growth figures were driven by strong export and public investment performance, and strong performance in the construction industry (13.4% of GDP); bringing real GDP growth closer to Uganda's underlying growth potential of 7%. The performance of the

	Agriculture, Fisheries and Forestry sector, however, remained sluggish. On the demand side, GDP growth in Uganda during 2013 benefited from favourable external conditions, with a marked improvement of Uganda's trade balance, partly driven by exports. **Estimates and projections confirm this generally positive outlook for the Ugandan economy**. **GDP growth is forecasted to reach 7% in 2015**, on the back of an improving trade balance and a mildly expansionary fiscal policy. Growth prospects, however, continue to be hampered by a relatively unfavourable investment climate for the private sector, as well as by capacity constraints in public sector investment and management. Unreliable power, high energy costs, inadequate transportation infrastructure and corruption, also inhibit economic development and investors' confidence. **Uganda's diaspora has contributed enormously to Uganda's economic growth through remittances and other investments** (especially property). According to the World Bank, in 2010-2011, Uganda received $694 million in remittances from Ugandans abroad, the highest foreign exchange earner for the country. **The discovery of commercially viable oil deposits in Uganda offers an opportunity for economic transformation if the oil revenues are well-managed.** Oil revenues should reduce Uganda's dependency on foreign financing and has potential in job creation. **<u>Inflation</u>** **Inflation rate in Uganda averaged 7% from 1998 until 2015**, reaching an all-time high of 30.48% in October of 2011 and a record low of -5.36% in November 2001. **Annual inflation rate for 2014 reached 4.3%, down from the double-digit figures recorded in 2011 and 2012 – 18.7% and 14% respectively.** This inflation reduction is due a series of favourable conditions: favourable weather conditions for agricultural production, the moderation of international primary commodity prices and the government's pursuit of a generally prudent macroeconomic policy stance, both on the fiscal and monetary fronts. This context contributed to keep food prices table – accounting for 27% of CPI inflation computations – while reducing demand-side policy pressures on the economy. On the monetary side, the Bank of Uganda's success in regaining price stability enabled it to bring down its Central Bank Rate from an average 18% in 2012 to 11.7% in 2013. **<u>Exchange rate</u>** The Ugandan Shilling averaged Ush 2,602.44 against the US Dollar from 2009 until March 2015. **The exchange rate has been relatively stable over the past few years and as of December 2014, the Ugandan Shilling was Ush 2,773.07 for $1.** **<u>Poverty</u>** **The share of population living on less than $1.25 a day declined from 64% in 1996 to 38% in 2009.** Uganda has made good progress towards achieving some of the targets set out in its Poverty Eradication Action Plan (PEAP) and in the Millennium Development Goals (MDGs). The percentage of the population below the national poverty line reduced from 44% in 1997/1998 to 31% in 2005/2006. P**overty remains deep-rooted in the country's rural areas, which are home to more than 85% of Ugandans who depend on farming as the main source of income.** Uganda's population is estimated at 36.3 million. **The population growth rate of 3.2% is one of the highest in the world,** and poses serious challenges to job creation, agricultural production, income distribution and the delivery of social services. Nearly half of the population (around 48 %) is below the age of 15 years, resulting in the highest dependency ratio in the world, currently standing at 1.12 dependents per worker compared to the 0.87 average for Sub-Saharan Africa. Uganda has realised that the lack of women's rights is a major cause of poverty in the country. Results of the 1998/99 Uganda Participatory Poverty Assessment (UPPAP) – on which the revised Poverty Eradication Action Plan (PEAP) is based – and the UPPAP2 (2001/2002) **demonstrate strong linkage between gender and poverty**. Key

	policies such as the National Gender Policy (1997) have also been enacted to mainstream gender in the national development process to improve the social, legal/civic, political, economic and cultural conditions of the people, especially of women.				
Key demographic/economic data	***2010***	***2011***	***2012***	***2013***	***2014 (est)***
GDP growth	6.2	6.2	2.8	5.8	5.9
GNI per capita (USD)	460	470	440	550	550
HDI: Position Value	 143/169 0.422	 161/187 0.446	 161/187 0.456	 164/187 0.484	 Na Na
Inflation rate	4.0%	18.7%	14.0%	5.5%	4.3%
Average exchange rate (national currency per US$)	2,117.56	2,522.75	2,489.21	2,593.61	2,778.07
End of year exchange rate (national currency per US$)	2,308.30	2,490.99	2,685.95	2,527.96	2,773.07
Poverty headcount ratio at $2 a day (PPP) (% of population)	Na	Na	Na	62.9%	Na
Financial inclusion					
Sector overview	A variety of financial institutions exist, including **25 banks, 3 credit institutions, 4 MDIs and over 1,000 unregulated MFIs and SACCOs as of 2012.** According to the IMF 6th PSI review of July 2013, the banking sector remains solvent, liquid and profitable. The commercial banks remained strongly capitalised with the overall capital adequacy ratio increasing from 18.3% in June 2012 to 21.3% in June 2013. The Bank of Uganda introduced Basel III additional capital requirements in 2012/13, beefing up the commercial bank's paid up capital. **Microfinance in Uganda grew rapidly between 1998 and 2003** due to a combination of significant donor funding (approximately US$40 million); a shared stakeholder vision for the sector, including active government support for the vision; skilled human resources; and intensive collaboration among the major stakeholders (practitioner organizations, donor agencies, and government bodies). At the end of 2003, approximately 1,500 MFIs were serving more than 935,000 small savers and close to 400,000 borrowers in the country. The Ugandan parliament passed the Micro Deposit-Taking Institution Act in 2003, which created the conditions for MFIs to become regulated, deposit-taking institutions. **The larger and more sustainable microfinance institutions offer a relatively broad range of financial services.** These institutions are also in **fierce competition** with each other, especially in urban areas. While institutions in tiers one through three are primarily concentrated in urban areas, they are expanding into rural areas where tier four institutions have historically had a stronger outreach. A few banks are downscaling their operations to reach lower-income clients as some MFIs scale up and diversify their portfolio. The majority of tier four MFIs remain small and rural, facing abundant operational and financial challenges. As of Dec. 2012, the total outstanding loan portfolio of AMFIU (the microfinance professional association) members was USD 353.8 million (70 respondent MFIs), serving 3.1 million clients (74 respondent MFIs). The voluntary savings balance was UGX 94.4 million (46 respondent MFIs) and compulsory savings balance was UGX 51.3 million (47 respondent MFIs). As of December 2012, AMFIU member MFIs operated a network of 633 outlets in 90				

<table>
<tr><td></td><td colspan="2">districts cutting across all regions of Uganda. Over half of the 633 outlets was being run by only 6 institutions: BRAC Uganda, Centenary Bank, Post Bank, Pride Microfinance, Finance Trust Bank and FINCA Uganda.

Since 2001, the Ugandan government has taken steps to double the number of adults accessing formal financial services from 28% in 2009 to 54% in 2013. However, 2.6 million adults remain excluded (15% of the adult population), particularly in rural areas. In Uganda, 74% (up from 60% in 2009) of the rural poor rely on informal financial services, consisting mainly of community-led self-help groups and welfare funds where they save and lend money amongst themselves.</td></tr>
<tr><td>Policy setting and legal/regulatory framework</td><td colspan="2">The Bank of Uganda is in charge of supervising the microfinance sector (from tier 1 to 3). The Ugandan regulatory framework (Bank of Uganda, July 1999) classifies microfinance institutions in four tiers. Tier 1 includes Commercial Banks; tier 2 Credit Institutions; tier 3 Microfinance Deposit-taking Institutions (MDIs); tier 4 all other financial services providers, mainly SACCOs and NGOs.
Tier 1 (Commercial Banks) regulated under the FI Act 2004.
Tier 2 (Credit Institutions) also regulated under FI Act 2004. They operate like banks but are restricted from operating current account deposits and being members of cheque clearing house.
Tier 3 (MDIs) is regulated by the Microfinance Deposit-taking Institution Act, ratified in 2003 and by the MDI regulations issued in 2004 with stricter requirements (prohibits intermediation of loan insurance fund, stricter provisioning compared to banks, maximum loan maturity of 2 years) that has seen only 4 institutions successfully transform into MDIs so far.
Tier 4 institutions (unregulated MFIs, SACCOs and NGOs). These institutions are registered either under the Cooperative Societies Statute of 1991, the Companies Act for MFIs or the Non-Governmental statute for microfinance NGOs. The tier 4 financial segment is therefore heavily unregulated with lack of an inclusive regulatory environment.
A bill to provide regulation of tier-four institutions has been under discussion for several years. Unlike the MDI Act of 2003, which the industry heavily lobbied for, the tier four bill is driven by an increase in client complaints and the government’s desire to channel funds to disadvantaged people.

The spread of mobile payments and its growing integration with more formal retail payments and bank systems bodes well for further expansion and financial inclusion but poses some challenges to payment system stability. As a response, the Bank of Uganda issued Mobile Money Guidelines, which came into force on 1 October 2013.

The Credit Reference Bureau (CRB) established in 2010 has helped the sector to address exposure to inherent credit risk. The CRB captures the payment profile showing past and present credit repayment behaviour. However non-regulated tier 4 institutions are not obliged to submit information to the bureau.

Uganda is part of the East African Community.</td></tr>
<tr><td rowspan="9">Financial inclusion data (2011 - World Bank, Global Findex)</td><td>Account at a formal financial institution (% age 15+)</td><td>27.8%</td></tr>
<tr><td>Account at a formal financial institution, female (% age 15+)</td><td>23.1%</td></tr>
<tr><td>Account at a formal financial institution, male (% age 15+)</td><td>32.5%</td></tr>
<tr><td>Account at a formal financial institution, young adults (% ages 15-24)</td><td>21.6%</td></tr>
<tr><td>Loan in the past year (% age 15+)</td><td>Na</td></tr>
<tr><td>Loan in the past year, female (% age 15+)</td><td>Na</td></tr>
<tr><td>Loan from a financial institution in the past year, young adults (% ages 15-24)</td><td>Na</td></tr>
<tr><td>Loan in the past year, young adults (% ages 15-24)</td><td>Na</td></tr>
<tr><td>Loan from a financial institution in the past year (% age 15+)</td><td>Na</td></tr>
</table>

	Loan from a financial institution in the past year, female (% age 15+)	Na
	Loan from a financial institution in the past year, male (% age 15+)	Na
	Saved any money in the past year (% age 15+)	75.2%
	Saved any money in the past year, female (% age 15+)	72.0%
	Saved any money in the past year, male (% age 15+)	78.4%
	Saved any money in the past year, young adults (% ages 15-24)	68.6%
FSP positioning and other relevant stakeholders	The level of **competition in Uganda is high**, especially in the urban and semi-urban areas. The downscaling of banks is a common phenomenon, as well as the proliferation of unregulated microfinance institutions. **The sector is very concentrated around a few large institutions** including downscaling Banks (Centenary Bank, Equity Bank and Finance Trust Bank), 2 credit institutions (Post Bank and Opportunity Bank) and the 3 Microfinance Deposit-taking Institutions (FINCA Uganda, PRIDE and UGAFODE) and BRAC Uganda (a tier 4 institution). Despite the presence of the Credit Bureau, **cross and over-indebtedness is widespread** among Ugandan borrowers, due to the numerous unregulated financial institutions that do not share credit information. The umbrella body for microfinance institutions and network for microfinance practitioners and stakeholders is the **Association of Microfinance Institutions Uganda (AMFIU)** with over 100 members. AMFIU is at the frontline in promoting social performance management to its members through a number of different initiatives and partnerships and has played a major role in capacity development, setting standards and advocacy services by lobbying government for favourable policies; sharing information and experiences; and linking actors.	
Youth sector and policies		
National definition of 'youth'	**The national youth policy (2001) defines youth as all young persons, female and male, aged 12 to 30 years.** The study "YouthMap: A cross-sectional situational analysis on Youth in Uganda (2011)", notes that the draft of the revised national youth policy (2011-2016), refers to youth as 15-29.	
Policy and legislation	The national youth policy (2001) "advocates for mobilization of resources to promote youth participation and integration in the mainstream of national development". The policy's missions is "youth empowerment" and its goal to "provide an appropriate framework for enabling youth to develop social, economic, cultural and political skills so as to enhance their participation in the overall development process and improve their quality of life". The Children Act 1997 consolidated the law relating to children, their rights, protections and provisions. The National Employment Policy for Uganda (2011) lists youth employment as a policy priority action area. Regionally, the Commonwealth Youth Programme has been active in Northern Uganda and the African Youth Forum was hosted in Uganda in 2010 in partnership with UNICEF and the African Union Commission. The national development plan (2010/11 – 2014/15) details a number of initiatives relating to youth.	
Public institutions	The Minister for Youth and Children is head of the Department of Youth and Children Affairs as part of the Ministry of Gender Labour and Social Development (MGLSD). The aim of the department is to, "ensure care, protection and empowerment of children and youth," with a focus on policy, legislation, programmes, stakeholder coordination, participation, service provider training and responding to the "concerns of children and youth." At the district level, youth issues are managed within the portfolio of the Community Development Officer (CDO).	
Youth and representation	The National Youth Council (NYC) is an autonomous body established by the National Youth Council Act 1993 and seeks to be "the leading organization in empowerment of Youth" and acts as an umbrella organisation for young people and youth organisations in Uganda and seeks to "organize, mobilize and engage Youth in	

	development activities." Participants of the YouthMap Uganda: A Cross-Sector Situational Analysis on Youth in Uganda (2011) highlighted a, "distrust of the NYC by youth because of its association with government".

2.1 Youth financial inclusion environment and market conditions

The national youth policy (2001) defines a youth as a person between the age of 12 and 30 years old, which represent close to 80% of the population. Youth below 18 account for over 50% of the population while youth between 18 and 30 are estimated at 7.7 million (UNHS 2013/2014), representing 21.3% of the total population of the country. Due to the high school dropout rates, it is estimated that 67% of the youth get engaged in some form of employment by the age of 18 years. 60% of the working youth are self-employed with 70% of the working youth in rural areas being engaged in agriculture while 70% of the youth in urban areas are engaged in the service sector (Ministry of Gender, Labour and Social Development). However, **50% of the potentially economically active youth are not engaged in income generating employment** (Ministry of Finance, Planning and Economic Development - 2011) hence the importance of financial inclusion for youth.

Youth Financial Inclusion is indeed a priority for the Government of Uganda. The National Youth Policy recognises productive employment as a measure of ensuring effective participation of the youth in economic growth and development. Uganda's Vision 2040 recognises that Uganda has a labour force that is largely under or unemployed due to inappropriate skills and the slow labour absorptive capacity of the economy**. The National Development Plan (2010/11 to 2014/15) identifies promotion of non-formal skills, start-ups and youth entrepreneurship** as part of Government strategies to address the challenges of labour and employment in the country.

As a result, **the Government of Uganda has in the past undertaken a number of programs intended to address the problem of unemployment and poverty among the youth through financial inclusion**. These included: Northern Uganda Social Action Plan (NUSAF2), Skills Uganda, Youth Enterprise Scheme and Youth Venture Capital Fund. **The Ministry of Gender, Labour and Social Development (MGLSD) has established the Youth Livelihood Programme (YLP)** with a budget of Ush 265 billion (US $100 million) over 5 years (2014–2018). The programme aims to provide youth with:

1 Marketable vocational skills and tools kits for self-employment and job creation;
2 Financial support to enable groups of 10 to 15 youth to establish income generating activities: selected youth groups are granted interest free loans below one year maturity, loans with a longer term (1 to 3 years) have a 5% fee. So far, the program has reached out to 43,955 youth between 18 and 30 years old in 112 districts. The loan appraisal is done by government officials at different levels depending on loan amounts (county, district, etc.);
3 Entrepreneurship and business management skills, personal financial management, life skills and mindset change.

One challenge of the YLP is to be politicised (ex. The loan appraisal done by the county officials will be political rather than critical).

The regulatory framework of Uganda cannot be described as particularly supportive of youth. According to the Bank of Uganda (BoU) regulations, **youth above 18 can operate a bank account while those below 18 operate it jointly with a guardian/mentor**. They can deposit but not withdraw without the guardian/mentor. **Youth can take a loan from the age of 18.**

The BoU is a major stakeholder in the sector of financial inclusion, through a Financial Inclusion Project supported by GIZ in order to increase access to financial services and empower the users of financial services to make rational decisions in their personal finances so as to contribute to economic growth. The project is planned to run for an initial period of three years (2012-2015). In the framework of this project, the BoU adopted in July 2013 a **financial inclusion strategy** that has four pillars: i) financial literacy; ii) financial consumer protection; iii) financial innovation, including agent banking and mobile phone based services; and iv) financial services data and measurement. The BoU also developed a **national strategy for**

Financial Literacy (August 2013) and is coordinating its implementation. The strategy aims to: 1) Improve client ability to manage personal finances; 2) Equip people with the ability to protect themselves against fraud; 3) Promote more high-quality initiatives to strengthen financial literacy; 4) Use resources efficiently to strengthen financial literacy; and, 5) Improve coordination and knowledge sharing around financial literacy. The campaign's core consumer protection messages include avoiding fraudulent schemes and unnecessary debt, understanding the cost of borrowing and increasing knowledge on where and how to save, as well as how to evaluate the safety of deposits. **Youth are defined as a major target in the financial literacy strategy**, which aims at integrating financial literacy in secondary schools' and universities curricula.

Besides working with the Ugandan government on their financial inclusion strategy, **the UNCDF implements a series of other projects/programs in the field of financial inclusion:**

4 CleanStart: the UNCDF plans to invest US$1.3 million over a period of four years (2013-2017) to develop replicable business models for scaling up microfinance for cleaner and more efficient forms of energy for poor people. By the end of the programme, more than 40,000 low-income households and micro-entrepreneurs in Uganda will have access to modern energy.

5 MicroLead is a global initiative to support the development and roll-out of deposit services by regulated financial service providers which seeks to respond to the rural vacuum of services.

6 Mobile Money for the Poor is a program aiming at scaling up sustainable branchless and mobile financial services that reach the poor.

7 The Better Than Cash Alliance, launched in September 2012, is an alliance of governments, private sector and development organizations committed to accelerating the shift from cash to electronic payments.

A programme funded by DFID - Financial Sector Deepening Uganda (FSD) - aims at increasing financial inclusion in general for low-income Ugandans through a market development approach by:

- Providing technical assistance to policy makers so as to improve the regulatory framework, develop support institutions and ensure that regulation always accommodates emerging innovative products and processes including Agency Banking, Mobile Money and Insurance;
- Facilitating financial institutions to invest and push forward the innovation frontier in delivering better products and services through cost effective business models and harnessing the power of ICT;
- Promoting financial education with delivery of new financial services and enhancing the uptake and usage of these services; and
- Sponsoring appropriate research to inform and influence policy making, provide evidence and enhance understanding of client behaviour including research on Small and Medium Enterprises (SMEs).

The **GIZ Agricultural and Rural Finance program (AGRUFIN)** seeks to increase access to improved financial services for Uganda's rural population, especially the actors in agricultural value chains. With activities in three action areas, the programme aims to improve the legal framework for financial intermediaries in rural areas, to enhance the rural and agricultural finance products available from the financial institutions, and to raise the level of financial literacy in the rural population.

The Association of Microfinance Institutions in Uganda (AMFIU) has a dedicated department for financial inclusion and they implemented projects to improve financial inclusions of persons with disabilities, people affected by HIV and people dealing with agriculture.

There are a number of **other agencies facilitating youth financial inclusion**. These include:

- Private Education Development Network (PEDN): an NGO that empowers youth through financial literacy, business skills training, youth mentoring and entrepreneurial training for young people in and out of school.
- Plan Uganda: supports youth financial inclusion through VSLAs. Plan's project "A Working Future - Uganda" supports 12,000 young people (15-24 years) by enlisting them with VSLAs.
- KingDom-Prosperity: trains university students on how to generate and use money.
- BRAC Uganda: provides financial literacy to the youth so as to improve their social life and economic welfare. BRAC trains club leaders (mentors) who then offer the training to their peers.

Other FSPs providing loan products to youth include DFCU, Centenary Bank and Stanbic Bank which have received government funding for youth loans under the Youth Venture Capital Fund. The interventions of the three institutions are, therefore, not a result of the YS program. These youth loans were however reported by several stakeholders as unsuccessful, due to poor repayment from the youth since they were aware the loans were funded by government money. In Uganda, **youth are considered a very risky target group** due to their mobility with the majority having no social ties and no collateral in form of land titles to be able to receive loans from formal financial institutions. Therefore, no financial institution has developed a business loan product specifically targeting youth (apart from Finance Trust Bank under YS and the government initiative mentioned above).

Centenary Bank, Postbank and other banks also offer savings products dedicated to youth. Centenary Bank has the CenteJunior Account for children up to a maximum of 17 years with a tiered interest up to 4%, opening deposit and minimum balance of UShs 20,000, no ledger fees, maintenance or monthly charges. This account is similar to FINCA's Smart Start Account except that in the case of FINCA, the opening deposit is UShs 3,000. Centenary Bank also offers the CenteVolution Savings Account for students in tertiary educational institutions (18-26 years) which has an opening deposit and minimum balance of UShs 5,000 with no monthly charges. **PostBank** which was involved in the first phase of YS was, through the market research, able to identify the needs of young people both in school and out of school. As a result, PostBank has established (1) the Youth Account with an initial deposit of UShs 20,000 for out-of-school youth who seek financial empowerment and development and (2) the Student Account with free deposits and interest for deposits above UShs 50,000. PostBank is also supporting youth from 18 years old as members of Village Savings and Loan Associations (VSLAs) in the North and Eastern parts of the country to access loans through groups.

2.2 YS Program at the national level

While YS was credited for choosing good partners, the visibility of its interventions was poor with the influence of the program not being show-cased and dissemination activities being few. All stakeholders noted that YS had a gap as its interventions failed to involve key national stakeholders in the long run and lacked of visibility. There was one YouthStart presentation by the UNCDF Country Technical Specialist at an AMFIU conference attended by other MFIs. Officials from the Ministry of Finance, Planning and Economic Development and Bank of Uganda attended the start-up training in Senegal and occasionally received emails from UNCDF thereafter on the progress of the program. AMFIU participated in 2 events organized by the UNCDF: a training on youth financial inclusion during the Microfinance Credit Summit in 2011 and a meeting on youth financial inclusion with the UNCDF and other networks during the SPTF conference in Dakar in 2014. AMFIU reported not to have received publications/newsletters from the UNCDF on the progress of YS in Uganda; the information received being very scattered and uneasy to share with their members. The UNCDF tried to organize a task force comprising of microfinance professional associations, central banks and other actors to facilitate information sharing on youth financial inclusion; however, this good initiative was described as " lacking a momentum". The implementation of the Task force was indeed made difficult by poor internet connexion and availability of members.

If YS influence at FSP level is significant, YS did not have an influence at the country level (policy settings, legal/regulatory framework, market conditions)**.The advocacy part of the YS program is considered very limited by the stakeholders, which could have been different if YS had used the UN political capital and** especially **the local UNCDF representatives.** The UNCDF in Uganda works with the government on the national financial inclusion strategy so they are in the position to dialogue frequently with senior government officials and have a strong lobbying capacity. However, the YS program did not use the UNCDF staff in Uganda as a lobbying force, a situation that resulted from 1) the lack of definition of YS political agenda and probably 2) the allocation of resources not allowing UNCDF representatives to engage more actively in the YS program. Stakeholders acknowledged that the YS project's manager (Maria Perdomo) attempted to lobby with the BoU regarding agency banking (meetings and letters), however without success.

One project stakeholder considers that the UNCDF now has more power to advocate with the government as they have empirical evidence to back their argumentation.

The YS program is considered very relevant and suitable to the Ugandan context and could be scaled up within the current partner FSPs or replicated with other FSPs. **Stakeholders however regret the "minimal" scale of the project, due to narrow delivery channels** (two FSPs). According to a stakeholder, YouthStart would have benefited to use broader delivery channels such as mobile banking and the digital space to be able to reach out to a larger population. YS was described as a costly project compared to the number of youth reached.

3 FSP (MICRO) LEVEL

3.1 Institutional characteristics

3.1.1. FINCA Uganda

Name of the institution	FINCA Uganda
Legal form	MDI, Company limited by shares
Ownership	FINCA Microfinance Holdings
Year of inception	1992
Value of YS grant awarded	USD 737,351
TA received in the framework of YS project	Youth market Survey, Client Protection, Financial product TA (MEDA), NFS TA and ToT (Reach Global), LQAS
Characteristics of YS financial services	Current and fixed deposit savings account
Characteristics of YS non-financial services	Financial literacy (unified model)

FINCA Uganda is a subsidiary of FINCA Microfinance Holdings (FMH), which is owned and managed by FINCA International Inc. **FINCA Uganda started operating in 1992 and is operating as a Microfinance Deposit Taking Institution (MDI) since 2004**. It is regulated by the Bank of Uganda MDI Act 2003.

FINCA Uganda's mission is to provide financial services to the world's lowest income entrepreneurs so that they can create jobs, build assets and improve their standards of living.

FINCA Uganda's vision is to serve more low income entrepreneurs than any other Microfinance Institution while operating on commercial principles of performance and sustainability.

FINCA Uganda is focusing on increasing their outreach to rural and remote areas and to youth and very poor individuals; reducing operating expenses; and improving and diversifying their products and services. Currently, FINCA Uganda offers **Savings, Loans and Money transfer services** to their clients across their **27 networked branches and Points of Service (POS) agencies countrywide**. FINCA offers current and fixed deposit accounts as well as individual agriculture and business loans, group loans, school fees loan and solar loans.

FSP key indicators	Dec-12	Dec-13	Dec-14
Clients (#)	115,763	155,607	172,538
Active borrowers (#)	54,788	56,712	57,192
Active savers (#)	115,069	121,499	146,628
Branches (#)			27
Total staff (#)	590	640	622
Gross outstanding portfolio (USD)	17,723,107	25,118,910	25,994,118
PAR 30	3.9%	2.0%	2.7%
Write-off ratio	2.0%	3.1%	1.9%
Restructured loans	0.0%	0.0%	0.0%
Total savings (USD)	9,649,209	12,636,278	19,979,648
Total assets (USD)	25,804,627	34,848,701	41,882,487
ROA*	0.5%	0.5%	6.1%
ROE*	1.2%	1.4%	20.1%
OSS*	93.3%	97.2%	118.9%
Equity/Total Assets	0	0	0
Female clients	42.6%	40.8%	40.7%
Rural clients	0.0%	0.0%	0.0%

*The income statement provided by FINCA Uganda as of Dec. 2014 was not detailed enough so the ROE, ROA and OSS ratios as of Dec. 2014 are estimated figures.

The number of staff dedicated to the YouthStart program increased from 1 in 2011 to 29 in 2014.

FSP staff	Dec-11	Dec-12	Dec-13	Dec-14
Total staff	533	590	640	622
% female	40.7%	40.7%	41.1%	44.9%
Staff involved in YS	1	9	17	29
% female	100.0%	55.6%	47.1%	62.1%

The percentage of female staff working with the YS program is high (reaching 62.1% as of December 2014) and is significantly higher than the share of women staff at institutional level (44.9%). The female staff working with the YS program included senior staff (the Project Manager, Customer Service Support Manager) as well as Savings Field Officers.

3.1.2. Finance Trust Bank

Name of the institution	Finance Trust Bank
Legal form	Bank, Company limited by shares
Ownership	Uganda Women Trust (17.4%), Oikocredit (20.3%), IPAE (14.7%), RIF North I (18.9%), PEAMEF (18.9%), Founder members (9.2%), Other shareholders (0.65%)
Year of inception	1984
Value of YS grant awarded	USD 768,900
TA received in the framework of YS project	Youth market Survey, Client Protection, Financial product TA (MEDA), NFS TA and ToT (Reach Global), LQAS
Characteristics of YS financial services	Current savings account, loan
Characteristics of YS non-financial services	Financial literacy (unified model)

FTB is a microfinance bank and a Tier 1 Financial institution which was granted an operating license in November 2013, taking over the business of Uganda Finance Trust Limited (MDI). Finance Trust Bank was first registered as an NGO in 1984 as “Uganda Women’s Finance and Credit Trust Limited” which later changed its name to “Uganda Women’s Finance Trust Limited” in 1997. In October 2005, Uganda Women’s Finance Trust Limited was licensed as a Microfinance Deposit Taking Institution.

FTB’s vision is “to be the Preferred and Affordable Microfinance Bank”.

FTB’s mission is “to provide customized financial services to low and medium income people, especially women, for poverty reduction with a focus on excellent customer experience and accessibility.”

The bank offers a **broad range of financial products and services including lending operations, deposit accounts, money transfer services, utility bills collection and insurance services to micro, small and medium enterprises/entrepreneurs, institutions, individuals (with special emphasis on women and youth).** FTB is also active in trade finance, asset management and treasury services. With its headquarters in Katwe (Kampala), FTB operates a network of **34 branches** (as of Dec. 2014). 70% of the banks’ branches are located in rural areas.

FTB offers a series of current and fixed deposit accounts. Regarding loans, FTB has Individual Business, Group Business, Salary, School Fees, Personal Development, Agricultural, Mama’s and Easy Advance loans. Recently FTB introduced new loan products including; Youth Special Loan, Cash Collateralised Loans, Lwengo SACCO Group Loans, Asset Financing Loans and Bank Overdrafts. FTB also offers Bank Guarantees.

FSP key indicators	Dec-12	Dec-13	Dec-14
Clients (#)	221,505	300,331	369,317
Active borrowers (#)	22,529	25,151	27,636
Active savers (#)	221,505	300,331	369,317
Branches (#)			34
Total staff (#)	422	495	539
Gross outstanding portfolio (USD)	18,273,693	24,158,298	28,884,874
PAR 30	3.0%	2.7%	4.5%
Write-off ratio	0.002%	0.002%	0.001%
Restructured loans	Na	Na	Na
Total savings (USD)	12,081,983	17,964,954	28,642,987
Total assets (USD)	24,589,691	36,492,290	43,926,375
ROA	1.6%	1.3%	1.1%
ROE	10.0%	5.2%	3.9%
OSS	102.4%	99.4%	104.2%
Equity/Total Assets	16.0%	31.5%	26.8%
Rural clients	63.9%	53.6%	56.0%
Female clients	81.7%	70.0%	58.7%

Na: not available

The number of staff dedicated to the Youth Start program increased from 10 in Dec. 2012 to 25 in Dec. 2014. As of Dec. 2014, 48% of the YS staff are female, which is below the institutional gender balance (54.2% of female staff). YS female staff included the project manager (at head office), a project officer and 10 youth mobilizers (one per branch).

FTB staff	Dec-11	Dec-12	Dec-13	Dec-14
Total staff	Na	422	495	539
% female	Na	54.5%	54.3%	54.2%
Staff involved in YS	Na	10	20	25
% female	Na	40.0%	40.0%	48.0%

Na: not available

3.2 YS process at the FSP level

The YS program was initiated in 2010 when all potential participants FSPs received a start-up training in Senegal on how to conduct a market study to design youth products. Finance Trust and FINCA completed the market research in December 2010 and January 2011 respectively which was followed by the approval of their participation in the second phase of YS by the UNCDF. On the basis of the market study results, FINCA and Finance Trust developed current youth savings accounts. Finance Trust conducted another market study in March 2013 and designed a youth loan product. Both FINCA and Finance Trust were supported by Reach Global to develop the financial literacy curricula and conduct the training of trainers. Both FINCA and Finance Trust were approached by Straight Talk which partnered with them to give reproductive health trainings to YS clients (see below, paragraph on non-financial services).

The selection of FSPs to participate in the second stage of the program was based on the proposals that were developed after the market study. PostBank was satisfied with the reasons given by the UNCDF not to include them in the second phase of YS (challenges in their financial performance) and **considered the selection process transparent.** However, as much as they had challenges, they felt that they should have been provided technical assistance to enable them to be able to effectively participate in the program.

3.2.1 FINCA Uganda

FINCA had a team dedicated to the YS program including a project manager and Youth savings officers during the program duration. In **late 2014, they institutionalized the SmartStart savings account which was put under supervision of the business department** and was not anymore treated as a project aside mainstream operations. According to FINCA's staff members, **the institutionalization of the product is a**

key step for the project's long term success and should have been realized earlier. A dedicated team outside the business department was necessary to achieve the project's targets but did not allow FINCA's staff to "own" the product until it was institutionalized at the end of the project.

According to FINCA's management team, **the grant amount and the indicative use of the grant were adequate** according to their planning. However, **FINCA's staff has different views on the performance based financing**: on the one hand, funds disbursement based on planned activities allowed FINCA to build capacity and competitiveness in youth financing but on the other hand, it led FINCA to have to realize investments in order to reach the project's targets before receiving the grant. FINCA was able to "save" as they provided financial education internally from the end of 2012. Some managers would have wished to receive additional funding to finance a loan fund for the youth and an impact study. FINCA's management team members praised the Project Manager's flexibility and availability to discuss the use of the grant. FINCA indeed had to review their initial panning based on agency and mobile banking as these two innovations were facing legal constraints (agency banking is still not allowed in Uganda). The funding provided by the UNCDF was really useful especially for financial education and marketing (flyers, training material).

The main challenges linked to the project design were the reporting requirements: (1) according to FINCA Uganda, some indicators were not well-defined at the beginning of the project (ex. active/dormant accounts, sometimes the same clients were counted twice in the total number of clients if they had both received financial education and opened a savings account) and (2) there were numerous changes in the reporting templates overtime, which was time-consuming. **FINCA would also have appreciated more flexibility with regards to the targets**, which sometimes created unnecessary stress and could have led the youth savings officers to focus on numbers only without maintaining the quality of their work.

The trainings and TA funded by the UNCDF were described as very useful by FINCA staff. FINCA received trainings on client protection, LQAS, financial education and TA from MEDA in order to help them achieve YS targets and to meet youth females' needs. The latter did not bring a significant added value as FINCA already had experience with youth female with their already existing Star Girl savings product. FINCA staff would have wished to participate in a greater number of workshops and practical field studies (such as focus group discussions).

Before the beginning of YS, FINCA already had savings products targeting youth:
- FINCA Junior: a savings account for 0-18 year old that was operated by parents/guardians;
- Star Girl: in 2009, FINCA set up a savings product for girls aged 10-19 years old that had dropped out of school. This product had financial education and reproductive health training which was provided by other organisations including the Population Council. It was noted that boys were also interested in attending the trainings (some were putting on skirts to be able to qualify for financial education that was targeting girls only).

YouthStart came at an appropriate time for FINCA, when they realized the need to develop a savings product involving boys/young men as well as girls/young women. **The market research enabled FINCA to adjust and broaden its youth savings offer.** FINCA indeed reviewed the characteristics of the FINCA Junior account, which shifted from targeting 0-18 years old to only target children below 12 years while a new youth savings product (SmartStart Account) would target youth in school and out of school (both boys and girls) of 12-24 years. The Smart Start account was piloted in 2012 and rolled-out in 2013-2014.

YouthStart key indicators	Dec-12	Dec-13	Dec-14
Clients (#)	1,782	7,230	16,769
Active borrowers (#)	0	0	0
Active savers (#)	1,782	7,230	16,769
Total savings (USD)	20,452	82,023	198,770
Rural clients	Na	38.4%	45.9%
Female clients	37.7%	39.6%	42.9%

Na: not available

YS contributed to change FINCA's strategy and attitude towards the youth. YS enabled FINCA to consider the youth as a distinct market segment and have specific products for them (not only targeting parents). FINCA considered YS as an "impactful project" that allowed savings culture to develop among the youth. **Other added-values of YS for FINCA were the following:**

- Reach out to a new pool of clients who represent a real client base for the future;
- Increase FINCA's savings outstanding balance;
- Access to a new client base beside the youth, namely schools, education professionals and parents;
- Improve the image, visibility and branding of FINCA: "We were known to care for women and now we are known to care for the youth";
- Help FINCA develop marketing strategies specifically targeting the youth, which are still used after the end of the project: target schools (this had never been done before YS), organize lotteries for youth savers with attractive prizes like a bicycle or a smart phone, reward the best savers, work with YSOs at branch level;
- Support FINCA to provide financial literacy (even the parents/guardians were sometimes attending sessions);
- Develop a youth-friendly attitude among staff and strengthen their savings culture: YS has created awareness among company staff on the role of savings and staff has now understood that youth are a special group of interest (majority of the population, vulnerable target).

FINCA Uganda considered helpful that YS involved 2 MFIS of the FINCA network, facilitating experience sharing. FINCA also shared experience with FTB on a personal level. Other experience sharing events organized by the UNCDF (such as the one in Rwanda) were considered very useful: FINCA staff learnt about the leasing product in Rwanda and that rewards for good savers could become an income generating tool (ex. The reward can be a goat instead of a bicycle).

FINCA did not raise funds from other donors thanks to YS but partnered with Reproductive Health Uganda and Straight Talk Foundation to sensitise youth about sexual and reproductive health.

3.2.2 Finance Trust Bank

FTB piloted both youth savings products in 2012 in 10 branches before they were rolled out in 2013 in 20 branches and in 2014 in 23 branches (out of 34).The provision of financial literacy trainings to youth started in 2012. In Dec. 2014, FTB started piloting two youth loan products (one individual and one group loan). FTB targeted both youth in school and out of school.

Before YS, FTB was already engaged with youth through the Girls Choice project (a WWB project ended in 2011) and had a savings product targeting girls aged 10 to 19 in 6 branches. The Girls Choice savings account is still offered by FTB although it was partly cannibalized by YS. From 2008, FTB also have been offering a Junior savings accounts for youth from birth, targeting parents.

FTB had a team dedicated to the YS project composed of a Youth champion (the current Managing Director), a project manager and 23 youth mobilizers (as of December 2014). FTB considered necessary to have such a dedicated team, separate from mainstream business, in order to achieve the targets. One of FTB's managers stated that "the model was right to acquire experience", a dedicated team was necessary as getting to understand the youth behaviours takes a lot of resources.

If this team structure allowed FTB to roll out the YS program and reach most of the targets, it also slowed down the institutionalization of youth products and prevented major change of staff attitude towards serving youth:

- **the dual supervision of the youth mobilizers** – reporting both at branch and HO level - **led to the disengagement of branch staff in the YS program**. As the project was supervised by HO, branch staff did not feel involved in its implementation which hampered the institutionalization of the youth savings accounts.
- **Youth mobilizers developed very personal relationship with the youth, which lead to the non-involvement of other branch staff with youth clients.** As stated by a former youth mobilizer, "youth feel linked to the youth mobilizer and not to the bank". One former youth mobilizer reported that she

still opens accounts for youth although she is now a credit officer because youth clients demand that she serves them and other branch staff also consider that she should be the one dealing with the youth. The mindset change among staff is still in process and youth should have been exposed to more staff in order to feel part of the bank and not only linked to one individual. One of FTB's managers admitted that "there was no institutionalization", they "should have trained all branch staff to the YS products".
- At the end of the project, **the experience and proximity with youth gained with the project became lost or diluted as a consequence of the redeployment of the youth mobilizers** to other positions.

The grant amount was generally considered adequate by FTB. It was sufficient to meet staff and equipment cost (a van - mobile branch - and 10 points of sales terminals were acquired with project funding). **However, the project could not be rolled out in all branches because of insufficient funding** according to FTB team. If they had received more funding, they could have:
- Implemented YS in all 34 branches. Other branches were indeed asking for the YS project as it was bringing many cross-selling opportunities (parents, siblings, school staff, etc.).
- Organized additional social events for the youth (they only did it once as it was costly).
- Worked with a community-based organization to deliver financial education: there were indeed too many potential youth clients compared to the number of youth mobilizers and FTB would have liked to seek the support of a community-based organization.
- Developed business skills training for youth (this was lacking).

FTB appreciated the UNCDF flexibility with budget allocation and strategies: FTB had initially planned to have 8 youth mobilizers but quickly realized this staffing would not be sufficient to reach the targets. They had to reallocate the budget to employ additional youth mobilizers (23 as of Dec. 2014). The guidelines in terms of grant use were considered adequate by FTB during the project; however they would now need a grant to fund youth loans.

One of FTB's management team memebers acknowledges "**the project was a success**". **YS was a timely intervention and perfectly fitted in FTB's strategy** for two reasons. First, in 2012-2013, FTB revised their strategy when they became a bank and redefined their primary target as women and youth; therefore being a pioneer in youth finance was really part of FTB strategy. Moreover, the YS program came as the continuity of the Girls choice project, which had already showed the youth potential. YS allowed FTB to access to a larger budget than Girls choice and to design savings products to involve both girls /young women and boys/young men.

YS brought several added values to FTB:

- In terms of business: YS helped to reach out to their primary target (the youth), grow the savings balance and the client base (and secure a client base for the future as youth are believed to remain loyal) and benefit from cross-selling opportunities (to parents, siblings, school staff, etc.). With YS, FTB developed specific marketing strategies to reach the youth and schools became a major target.
- In terms of image and reputation: YS helped FTB to be seen as a "youth-friendly bank".
- In terms of learning curve: YS was a learning project in terms of product development as it covered the whole process from product design to roll-out with high technical expertise.
- YS contributed to improve the savings culture in Uganda

Trainings received through the UNCDF were generally considered sufficient and very useful. FTB reported as most useful the trainings on how to conduct a market research for the youth and how to pilot youth financial products and non-financial services. One FTB manager stated the UNCDF could have organized additional trainings for senior managers. The quarterly webinars to share experiences with other FSPs were useful however there were connection issues and all members could never be logged on at the same time.

Targets were considered adequate, FTB even surpassed all targets except the percentage of female youth clients that could not be reached (see below, outreach section). Targets were discussed between FTB and the UNCDF and revised during the course of the project.

FTB team reported to have encountered challenges with the reporting required by YS.

YouthStart key indicators	Dec-12	Dec-13	Dec-14
Clients (#)	5,966	17,249	29,018
Active borrowers (#)	0	0	34
Active savers (#)	5,941	17,151	28,747
Gross outstanding portfolio (USD)	0	0	11,139
PAR 30	N/A	N/A	na
Write-off ratio	N/A	N/A	na
Restructured loans	N/A	N/A	na
Total savings (USD)	100,731	356,046	738,178
Rural clients	34.6%	46.0%	54.7%
Female clients	35.4%	33.3%	37.8%

N/A: not applicable
na: not available

FTB has not obtained additional funds to keep implementing the YS project. Youth savings products have been integrated in FTB's mainstream product offer but all youth mobilizers have been redeployed to other positions, financial literacy is not provided anymore and schools are not targeted as much as during the project (see below, section on sustainability).

Regarding the **management and supervision role of the UNCDF team**, the staff of FTB described the quarterly monitoring visits by the team as very useful in terms of providing guidance on various aspects of the program and the team as very supportive as they gave training when it was needed and also responded to emails and gave feedback on reports submitted to them promptly. They also provided support to enable FTB reach the targets by approving budget re-allocation and strategy changes. The UNCDF project staff was described as "tough on targets but understanding".

3.3 YS products (savings, loans and other financial products)

FINCA Uganda developed a current savings account while FTB developed 2 current savings accounts and later 2 loan products for youth.

3.3.1 FINCA Uganda

Under the YouthStart project, FINCA designed **a current savings account called SmartStart**. FINCA decided not to design a youth loan product because they first wanted to understand the youth financial behaviour through a savings product. Moreover, youth are considered a risky target for loans as they are mobile, have no/little experience and no collateral. Youth from 18 years old are already targeted by FINCA with standard group loans.

The **Smart Start** Account for youth (12-24 years) **has different characteristics compared to the adult savings account**, making it attractive to youth. Smart Start has an opening balance requirement and minimum balance of UShs 3,000 only while the current account targeting adults (FINCA Easy) has a UShs 5,000 opening balance. Smart Start is free of charge has an interest rate of 4% per annum (from a monthly balance of UShs 50,000) while FINCA Easy has an interest rate of 3% per annum. Finally, Smart Start comes with financial education. Smart Start account holders can also access to a free ATM card when they reach 18 years old.

Current Savings Accounts	Smart Start account (YS)	Easy account (Adults)
Currency	UGX	UGX
Interet rate (%)	4% p.a.on the minimum monthly balance og UGX 50,000	3% p.a.
Fees	None	UGX 1,000 per month
Min. accepted balance	UGX 3,000	UGX 5,000
Term (months)	Any	Any
Penalty in case of anticipated withdrawal	None	None

The methodology of the market study included literature and secondary data review, interviews with FINCA staff and external stakeholders as well as focus group discussions with youth.

The market study segmented youth by age for both for the financial education and the savings services, advising FINCA to create 3 different savings accounts:

- Classroom based group savings accounts for primary school students (11-14 years old), with individual ledgers kept by teachers or other responsible adults.
- Individual accounts with a guardian's co-signature for secondary school students (14-18 years old).
- Individual own accounts for young adults (over 18 years old), without a guardian's participation.

The market research was generally considered adequate and useful by FINCA even though its findings were not really integrated in the product design (FINCA designed only one savings product for youth). FINCA's CEO would have wished the study to adopt a different segmentation of the youth, not only according to their age (ex. rural/urban, in school/out of school).

The market research did not specifically focus on gender and concluded that neither the youth feedback or FINCA's view advocated for gender segmentation. Girls/young women and boys/young men seem to have the same needs in terms of savings products and financial education. FINCA already had a youth savings account for girls only before YS and the aim at the stage of the market study was to involve boys/young men as well as there was a strong demand. The market study however mentioned that "The gender aspects (...) may ultimately play an important role in tailoring the financial education for young women, whose economic and social activities are likely to be very differentiated."

3.3.2. Finance Trust Bank

Under YS, FTB first developed **two current savings products**, the **Teen Classic account** for youth aged 12-17 and the **Youth Progress account** for youth aged 18-24. These youth savings accounts are tailored for the youth: they have a lower minimum balance and reduced fees compared to accounts targeting adults. The youth accounts were initially free of charge but FTB added a Ushs 200 monthly fee (against Ushs 500 for adults) when a new tax on financial services was introduced by the government. Interest rates on the youth accounts are the same as for adults.

Savings Products	Teen Classic (YS)	Youth progress account (YS)	Adults current account (Trust Savers Account)
Currency	UGX	UGX	UGX
Interest rate (%)	2% p.a on balances of Ush: 50,000 - 499,999 - 2.5% p.a on balances of Ush: 500,000 - 9,999,999 - 3% p.a on balances of Ush: 10,000,000 and above - No interest is paid on dormant accounts	2% p.a on balances of Ush: 50,000 - 499,999 - 2.5% p.a on balances of Ush: 500,000 - 9,999,999 - 3% p.a on balances of Ush: 10,000,000 and above - No interest is paid on dormant accounts	2% p.a on balances of Ush: 50,000 - 499,999 - 2.5% p.a on balances of Ush: 500,000 - 9,999,999 - 3% p.a on balances of Ush: 10,000,000 and above - No interest is paid on dormant accounts
Fees	UShs 1000 Account opening fee; UShs 200 monthly fee	UShs 1000 Account opening fee; UShs 200 monthly fee	Account opening fees: • Nil for individual savings • UShs 15,000 for a Joint Account • UShs 25,000 for Group • UShs 25,000 for businesses; Monthly charge UShs 2,000; Withdrawal charge: UShs 500/transaction below UShs 50,000.
Min. accepted balance	Ushs 3000 at account opening; 2500 later	Ushs 6000 at account opening; 5000 later	Ushs 10,000
Term (months)	Any	Any	Any
Interest payment frequency	semi-annually	semi-annually	semi-annually
Withdrawals	Unlimited withdrawals	Unlimited withdrawals	Unlimited withdrawals
Target population	12-17 years old	18-24 years old	Adults, partners, companies

In December 2014, FTB developed two youth loan products, a **Youth Special Loan** (individual lending) and a **Youth Solidarity Loan** (group lending). Both youth loan products have distinctive characteristics compared to adults:

- Interest rate: 23% flat p.a. for youth against 30% for adults;
- Graduation level from one loan cycle to another: 50% for youth against 20% for adults;
- Maturity: 1 year for youth against 5 years max for adults;
- Small chattels are accepted as collaterals for youth, which is not the case for adults;
- No monitoring fee or stamp duty, reduced fees (compared to adults).

Youth complained of the bi-weekly repayment frequency so FTB is going to switch to monthly repayment, as for adults.

FTB conducted two market researches outsourced to Friends Consult Ltd, one for youth savings accounts in 2011 and one for youth loans in 2013. FTB staff was "completely satisfied" with the training on how to conduct a market research targeting youth, which allowed FTB to train the consultants who did the market research and review their proposed tools.

The market research for youth savings included FGDs and was considered as very useful by FTB, especially regarding how to deal with minors. **The output of the market research was partly integrated in the product design**: the research advised to create two savings accounts for the youth, one targeting primary and secondary school students of all ages and one targeting working youth and university students of all ages. FTB finally decided to segment the market by age only, developing one product for teens (12-17 years old, mostly in-school) and one product for young adults (18-24 when opening the account, mostly in university or working).

The market research for savings identified important factors to be addressed in order to attract youth into formal savings and insure business viability of the product for FTB. Most of the following identified factors were taken into account by FTB in the design of the YS Products or are going to be developed:

- Low charges, fair interest paid to the saver, location convenience, low initial deposit, low minimum balance requirements and clear, speedy transaction processing – FTB took these characteristics into account in the product design and is in the process to improve location convenience by developing mobile banking and POS technology;
- Linkage to complimentary financial products such as loans and insurance (for older youth aged 20-24) – FTB launched two youth loan products in Dec. 2014 and is planning to develop a youth loan insurance product;
- Linkage to complimentary non-financial products including financial literacy, business/entrepreneurship training, etc. – FTB developed a financial literacy program with YS support and plans to develop a business skills training;
- Useful collaboration with persons and institutions that work or live with the youth including YSOs, business/entrepreneurship training organizations, churches, mosques, teachers, parents, guardians and other mentors - FTB was not able to partner with a YSO or a business/entrepreneurship training organization but did collaborate with churches, mosques, teachers, parents, guardians and other mentors.

The Market research for youth loans was completed in March 2013 and **was considered very useful** by FTB staff. **The output of the market research was generally integrated in product design**: the market research indeed advised FTB to develop both an individual and a group youth loan, which was done by the bank. However, the characteristics of the loan products developed are different from what was recommended in the market research: (1) No grace period (the market research recommended a grace period of 1 to 3 months), (2) the borrower's business have to have been running for at least 6 months (the market research recommended that loans can finance a start-up business), (3) maximum maturity of 12 months for both loans (the market research recommended a maximum duration of 36 months for the individual loan), (4) bi-weekly repayments (the market research recommended a flexible repayment frequency), (5) flat interest rate of 23% p.a. (against 25% on a reducing balance recommended by the market research).**These adjustments from the market research recommendations show the prudential attitude of FTB with regards to youth loans.**

FTB received a training on how to integrate gender in product design. However, **according to FTB staff, it is not necessary to have different financial products for girls/young women and boys/young men as they have the same financial needs.** However, mobilizing techniques have to be different for female (girls need group activities to be convinced while boys are more independent), as well as reproductive health training. Likewise, the market research integrated gender analysis but only noted minimal differences between male and female youth of similar age groups and did not advise to segment the market according to gender.

3.4 YS non-financial services

3.4.1 FINCA Uganda

As for non-financial services, **FINCA Uganda provided financial literacy trainings to the youth** in schools, youth serving organizations and community organizations in order to target both youth in school and out of school. According to FINCA staff, financial education is key because trained youth would open an account with a purpose in mind and would make more frequent deposits.

FINCA started providing financial literacy trainings under the linked model, through a Youth Serving Organization (Private Education Development Network - PEDN) in 2011. However, **FINCA decided to terminate the contract with PEDN at the end of 2012 because of PEDN's insufficient geographic coverage and staffing as well as conflict of objectives.** PEDN's objective was indeed to train youth while FINCA's objective was mostly to open youth savings accounts. After FINCA dropped PEDN, they were asked by the UNCDF Project Manager to partner with another YSO but could not find any in Uganda.

When FINCA decided to internalize the provision of non-financial services, they benefited from the support of Reach Global to make the training material shorter and more impactful on youth. FINCA adopted the **critical minimum approach** and the financial literacy module was reduced from 8 to 3 sessions. The reduced curriculum is adequate to meet the financial education needs of the youth. Both Training of Teachers (the first one on the long financial literacy curricula and the second one on the critical minimum approach) were described as very useful by FINCA field staff.

The provision of financial education seems to have been less standardized and structured in FINCA Uganda than in FINCA DRC. FINCA Uganda field staff reported that a training session would only last 30 minutes to one hour. This might be due to the internalization of the provision of financial education, FINCA Uganda's main objective being account opening. The targets in terms of number of youth trained were indeed less clear for the savings officers than the targets in terms of account opening. Moreover, FINCA Uganda encountered challenges in being granted time to provide financial education by the schools.

Both market researches (for Star Girl and Smart Start accounts) showed that both male and female have the same needs in terms of financial education (the curriculum can be the same) but financial education has to be delivered differently (give different examples, etc.).

In addition, **FINCA Uganda collaborated with Straight Talk Foundation to provide reproductive health training to the youth**. Straight Talk Foundation contacted FINCA when they heard the institution was involved with the youth through the YS program.

3.4.2 Finance Trust Bank

FTB's non-financial services for youth included financial education (under YS) and reproductive health (in partnership with Straight Talk Foundation, not linked to the YS project).

FTB chose to provide financial education internally (unified model) because it would allow the bank to (1) develop expertise internally and (2) focus on account opening and reach the targets. At the end of 2013, the number of youth to be trained became overwhelming and FTB considered partnering with a YSO but did not manage to find a skilled organization to support them with financial education. Moreover, such a partnership would have been costly. As an alternative solution, youth mobilizers trained community members and other youth to provide financial education. This solution allowed FTB to train a greater number of youth but the risk was to affect the quality and standardization of financial education. FTB set a target of two financial education sessions per month per youth mobilizer, with about 40 youth per group.

The financial education curriculum, developed with the support of Reach Global, **was considered very adequate to meet the youth needs.** One session would last at most one hour, depending on the time granted by the school. One youth mobilizer would have wished the financial education to be more practical, by teaching the youth ways to generate income (ex. how to make beads, soap, etc). "Teaching the youth how to save without teaching them how to generate income is not efficient". The Training of Teachers provided by Reach Global was also described as good although it was reported as "a bit short to grasp everything" by one youth mobilizer.

Straight Talk contacted FTB after hearing the bank was involved with youth and trained their youth client on reproductive health in Kampala. In other areas, some youth mobilizers received a training on reproductive health education by HYCOPE Uganda so they were also able to provide reproductive health trainings to the youth clients. Youth trained by the youth mobilizers were also helping to deliver reproductive health trainings. Reproductive health education sessions were differentiated according to gender.

YS made FTB realize that financial education is key to make people save and borrow. **Financial education is at the heart of FTB strategy for the next few years:** they received funding from Rural Challenge Fund to pilot financial literacy trainings to adults groups. They also received funding from ABI to develop a financial literacy curriculum in 2015 and funding from Incofin to organize a ToT for LOs and sales executives.

3.5 YS outreach

3.5.1 FINCA Uganda

As of December 2014, **FINCA Uganda reached out to 21,446 youth clients including 16,769 YouthStart clients. 43% of the YS clients are women, 7% are minors and 46% live in rural areas.**

YS outstanding savings balance was USD 198,770 as of December 2014, representing 1% of FINCA's total savings outstanding balance. The average savings balance per youth borrower is USD 12, much lower than adults (USD 136).

	Active clients	Dec-11	Dec-12	Dec-13	Dec-14
Total	**Total number of clients**	**102,920**	**115,763**	**155,607**	**172,538**
	% of women clients	**43.4%**	**42.6%**	**40.8%**	**40.7%**
	Min. target: % of women clients	50%	50%	55%	55%
	Proposed target: % of women clients	55%	55%	60%	60%
Youth	**Number of youth clients (12-24)**	**172**	**7,730**	**13,225**	**21,446**
	% of total clients	0.2%	6.7%	8.5%	12.4%
	Number of new youth clients (12-24)	172	1,610	5,448	9,539
	Growth of new youth clients	N/A	836%	238%	75%
YS	**Number of YouthStart clients (12-24) - Financial services**	**172**	**1,782**	**7,230**	**16,769**
	Min. target: Number of YouthStart clients (12-24)	50	2,403	6,703	12,270
	Proposed target: Number of YouthStart clients (12-24)	1,000	5,738	11,925	15,900
	Growth	N/A	936%	306%	132%
	% of total clients	0.2%	2%	5%	10%
	% of youth clients	100%	23%	55%	78%
	% of women among YS clients	Na	38%	40%	43%
	Min. target: % of women among YS clients	50%	55%	55%	55%
	Proposed target: % of women among YS clients	63%	63%	63%	63%
	% of rural clients among YS clients	Na	Na	38%	46%
	% of minors among YS clients	Na	24%	11%	7%
	% of in-school clients among YS clients (all)	100%	100%	100%	100%

N/A: not applicable
Na: not available

As of December 2014, **all YS targets have been achieved except the target in terms of female YS clients.** However, both targets in terms of number of YS clients for financial services and non-financial services were revised downward from the initial Performance Based Agreement (stage 2) with the UNCDF, as they were considered too ambitious.

FINCA was unable to reach the target in terms of gender: females were the majority to attend financial education (56.7%) but were fewer than men to open accounts (46%). This phenomenon is due to several reasons:

- Social reason: opening a savings account is not a priority for girls/young women, who usually use the money they earn to give to/take care of their family.
- Girls/young women are less used to having small income-generating activities because of social reasons (young women usually stay at home) and because of the nature of the small jobs available (digging, fetching water, loading trucks). Therefore, women are not able to save as much as men and less inclined to open a savings account.
- According to the youth savings officers interviews, girls/women "take more time to decide to open a savings account" than boys/young men.

FINCA Uganda had specific strategies to reach out to female clients: (1) reward parents/guardians who would bring over 3 girls/young women to open an account, (2) FINCA would target YSOs which only support girls/young women. The percentage of female savers is higher for YS savers (46%) than for the total number of clients (40.7%).

The percentage of minors reached is very low (only 7% of the YS clients) due to the following reasons:
- Most youth are in boarding school and FINCA could only meet with the youth there during the visitor's day.
- It was challenging to convince the parent/guardian to be the co-account holder as FINCA is mostly seen as a credit institution but not as a savings facility. Parents also sometimes distrusted FINCA (low trust in the financial sector).
- Youth are not comfortable with the need to have a guardian/parent co-account holder: they fear that the guardian/parent will withdraw money from their account and will stop giving them pocket money if they manage to save successfully.
- Minors need to be encouraged a lot, they request for gifts and a lot of follow-up which is time-consuming for the youth savings officers.

The main challenge to reach the outreach target was proximity with clients: the locations of the branches were often distant from the schools and homes of the youth. To face this challenge, FINCA created savings club in schools where only one person from the club could go and deposit money on the respective accounts of the club members. FINCA is also in the final stages preceding the launch of mobile banking, which will significantly help outreach.

3.5.2 Finance Trust Bank

	Active clients	Dec-11	Dec-12	Dec-13	Dec-14
Total	**Total number of clients**	**Na**	**221,505**	**300,331**	**369,317**
	% of women clients	**Na**	**81.7%**	**70.0%**	**58.7%**
	Min. target: % of women clients	68.0%	68.0%	68.0%	68.0%
	Proposed target: % of women clients	50.0%	57.0%	53.0%	51.0%
Youth	**Number of youth clients (12-24)**	**Na**	**21,052**	**35,832**	**61,952**
	% of total clients	N/A	9.5%	11.9%	16.8%
	Growth	N/A	N/A	70.2%	72.9%
	Number of new youth clients (12-24)	Na	Na	Na	Na
YS	**Number of YouthStart clients (12-24) - Financial services**	**0**	**5,966**	**17,249**	**29,018**
	Min. target: Number of YouthStart clients (12-24)	947	6,489	13,697	20,619
	Proposed target: Number of YouthStart clients (12-24)	3,054	9,574	18,054	26,198
	Growth	N/A	N/A	189%	68%
	% of total clients	N/A	3%	6%	8%
	% of youth clients	N/A	28%	48%	47%
	% of women among YS clients	N/A	35%	33%	38%
	Min. target: % of women among YS clients	60%	63%	67%	69%
	Proposed target: % of women among YS clients	70%	70%	70%	70%
	% of rural clients among YS clients	N/A	35%	46%	55%
	% of minors among YS clients	N/A	25%	25%	28%
	% of in-school clients among YS clients (all)	Na	Na	Na	Na

As of December 2014, FTB reached out to 61,952 youth clients including 29,018 YouthStart clients (financial services) of which 38% are female, 55% are from rural areas and 28% are minors. As of Dec. 2014, FTB had provided financial education to 27,003 youth. Among the YS clients having received financial education (20,047), 58% were women, 37% minors and 52% lived in rural areas. The "client conversion rate" (from financial education to account opening) is thus lower for women and minors: 58% and 37% of YS clients having received financial education were female and minors respectively but only 38% and 28% of YS savers were respectively female and minors.

As of Dec. 2014, the YS savings balance amounted to USD 738,178 (2.6% of FTB's total deposits) and the average savings balance was USD 25.7 for youth against USD 77.5 for all clients. YS outstanding portfolio reached USD 11,139 as of Dec. 2014 with 34 borrowers and an average loan balance at USD 328 against USD 1,045 for all clients.

As of December 2014, **FTB had reached all YS targets except the percentage of women among YS clients.**

Challenges faced during the implementation of the YS project included the following:
- Recruiting performing youth mobilizers: FTB had to replace many non-performing youth mobilizers and the replacements were taking time which affected the bank's performance with regard to the targets. FTB decided to make regional recruitments for youth mobilizers although the project was managed at head-office level, in order to reduce costs and be quicker.
- Transport difficulties especially during the raining season;
- Difficulties to be granted time by the schools, schools' bureaucracy;
- Perceptions of parents/guardians who tend to think that their children are too young to be involved in financial matters, and also fear that their children will start stealing or pressuring them to be given money if they open a savings account;
- The minimum deposit to open an account was sometimes perceived as high by the youth (Ushs 3000 for teens and Ushs 6000 for young adults);
- Competition: FINCA and DFCU offered cheaper youth savings products and were also targeting schools;
- Insufficient proximity of branches with the youth;
- Collecting cash in the field was forbidden by FTB management at the end of 2013 as fraud cases were reported among youth mobilizers. This slowed down the growth of youth savings deposits as it is uneasy for youth to travel to the branch to deposit.

The target in terms of percentage of female YS clients was not reached because of the following reasons:
- Girls were observed to take longer to make a decision and needed more efforts to be convinced to open a savings account;
- In 6 branches, the Girls choice account (targeting only girls) was competing with the YS savings accounts;
- Boys/young men have more earning capacity as they start generating income earlier (wash cars, fetch water, etc.) while girls/young women are more protected so they tend to stay at home to do housework;
- Boys/young men have more control over their money and are more independent in decision-making than girls/young women.

As of end of March 2015, **both youth loan products showed low uptake**: no Youth solidarity loan had been disbursed yet and the Youth Special Loan only had 45 borrowers. According to FTB's credit department and other staff interviewed, this is due to several reasons:
- There is a **lack of ownership** of the youth loan products by FTB staff due to lack of training on these products. There is a staff culture issue: only 8 former youth mobilizers are still working with FTB while the rest of the staff is not used to working with youth. FTB staff is still very risk-adverse with these products as they have a negative image of youth who are believed to be bad payers. "Youth are tricky people when it comes to loans, you cannot trust them" (one former YM now credit officer). The failure of the government's "youth loan fund" (youth failed to repay the loans funded with government money) seems to play a significant role in the staff perceptions.
- There is a **lack of commitment of branch staff** as no targets have been set regarding these youth loan products.
- **These two loan products may not be fully adapted to the youth**: (1) although many youth need loans to start an activity, FTB requires the business to have been running for at least 6 months before the youth can qualify for a loan; (2)collaterals (small chattels) are a requirement and many youth do not have any; (3) FTB also requires a guarantor for youth who have no land and are not married; (4)the group loan is not attractive for youth as youth are mobile, involved in different activities therefore have no common interest; (5) the interest rate is still too high and bi-weekly payments are not appropriate;
- Loans are only piloted in 6 branches (out of 35).

The performance of Youth Special Loan has been deteriorating and the PAR 1 is estimated at 19% as of end of March 2015.

3.6 Sustainability

3.6.1 FINCA Uganda

FINCA conducted a profitability analysis of its products and **the Smart Start account is not profitable**. According to FINCA's management team, **it will be possible to assess the influence of YS on the institution's overall sustainability in an additional 2 to 5 years**. As said by a FINCA manager, "FINCA is looking for an emotional connection with the youth as savings is a relationship and trust issue, and this will come with time".

Since late 2014, **the Smart Start account has been institutionalized and was put under the business department.** It is not managed as a project anymore, the youth field officers have been transferred to other positions (mostly savings officers). FINCA still targets schools and provides financial literacy to youth, but sessions seem shorter and less structured as the focus is on account opening. FINCA has developed a financial education flyer (Youth financial literacy savings initiative) to encourage youth to save. FINCA also still uses the marketing strategies towards youth developed under YS.

However, **the targets of number of Smart Start account opened are lower than during the YS program**. Therefore, **FINCA expects the number of Smart Start accounts opening to slow down.** Savings officers are well aware of their general targets (number of accounts to be opened) while the target of Smart Start accounts to be opened is less known.

FINCA plans to maintain and diversify their youth products as YS allowed them to realize that youth have broader needs than savings. As mentioned by a FINCA manager, "FINCA is still looking at keeping in touch with the youth and understanding them better". **FINCA is now in the process to conduct a market research to develop a youth loan product** (education loan or start-up loan). In the second half of 2015, FINCA plans to pilot a payment card for the youth, allowing them to buy school materials in bookshops for example, without having to go to the bank and withdraw with their guardian. FINCA plans to sharpen its customer relationship management tools for the youth to be able to engage them and keep them actively involved with FINCA (for example, be able to know automatically who is turning 18 and is eligible for a loan to have targeted marketing activities). FINCA also plans to develop a death and disability insurance product for the youth. FINCA would like to involve the youth in mobile banking and are in the final phase before the launch. FINCA is also piloting remote account opening, which will significantly facilitate outreach, combined with mobile banking.

FINCA plans to broaden their financial education module to address income generation (ex. ways to generate income on campus) and client protection. This "income generating" financial education will also participate in changing the girls/young women's mentalities, communicating to them that they can also be economically active.

3.6.2 Finance Trust Bank

Since the end of the project, **the Teen Classic account and Youth Progress accounts are part of the "mainstream product offer" and FTB is piloting two youth loans** since Dec. 2014. As stated by a FTB's manager, "Youth products are now in our DNA". However, **FTB has changed its way to reach out to youth as it would be too costly to continue implementing YS without funding**. There is no dedicated team to youth outreach (all performing youth mobilizers were enrolled in other positions), FTB staff does not provide financial education or reproductive health trainings anymore and does not target schools as much as during the project. As a consequence of the redeployment of the youth mobilizers to other positions, the very personal relationships built between the youth and the youth mobilizers were sometimes "lost", which affected the youth involvement with the bank as personal relationship is key to retain youth customers. Savings officers have general targets and no specific targets for youth account openings so FTB expects a decrease in the number of youth accounts opened. Moreover, the youth savings balance has stopped growing in 2015 because there is less follow-up with youth savers, especially with teens.

FTB did not conduct a profitability study of the YS products, which cannot be said to have contributed to FTB's overall sustainability so far. Youth savings indeed represent only 2.5% of FTB's total savings and FTB had to mobilize significant resources to collect these youth savings. However, youth constitute a real client base for the future so the YS products may be contributing to the bank's overall sustainability in the next few years.

FTB will keep targeting the youth as this is key to their social mission, their primary target being women and youth. FTB plans to develop several initiatives aiming at increasing youth financial inclusion:

- Create a school banking model, an initiative heard of through WWB and successfully implemented in Sri Lanka, consisting in setting-up mini-branches run by voluntary students in schools. FTB plans to open 10 of these school branches in 2015.
- Conduct a products' review during the second quarter of 2015 including FGDs with youth and staff and if the need arises, design other products targeting youth.
- Develop additional channels to deliver services to youth such as mobile branches (purchase additional vans – one was funded by the YS program) and Point of sales agents (one had started operating as of end of March 2015).
- Roll-out the youth loans and train all staff on youth products to facilitate their institutionalization.
- Develop a youth policy formalizing the processes to engage with youth and minors, the mobile van operational policy, the school bank model policy, etc.

FTB is now looking for funding to support their outreach to youth. FTB would like to enter a public-private partnership to address the risk of youth loans. For example, the government could guarantee 50% of their youth loan portfolio and/or provide TA to the youth (business skills development, business planning, etc.). FTB also needs funding to get technical assistance on how to develop the school banking model and purchase additional mobile branches.

3.7 Client protection

After the training on client protection, FINCA built an action plan to realize the following activities (among others):

- Train staff and raise awareness among clients regarding the available channels for client complaint resolution;
- Improve transparency by leaving adequate time for youth clients to review product contract details, diclosing total costs and incorporating the Transparent Total cost tool at loan assessment;
- Secure systems and train staff and clients on confidentiality of data, formalize a policy to safeguard against data misuse;
- Provide refresher trainings to staff on prevention of over-indebtedness and strengthen supervision of repayment capacity analysis.

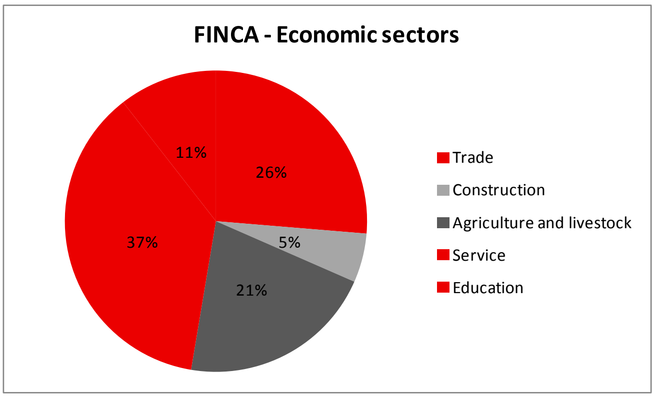
The training on Client Protection was considered very useful by FTB staff. After the training, they raised awareness on client protection with all staff. Loan officers received refresher trainings on how to assess client repayment capacity. The main consequence of the training was the formalization of structured recovery steps to ensure responsible treatment of clients. They established a recovery desk where staff tries and understand why the client is late to repay and which solutions can be agreed upon with the client (informal loan rescheduling, etc.).

4 CLIENT LEVEL

FINCA Uganda: Four FGDs were organized, 2 in Kawempe branch (Kampala) and 2 in schools in Mityana (rural branch). FGDs involved a total of 30 clients, including 57% female and 37% minors. Only 4 of FINCA's 30 respondents did not receive financial education.

FINCA Uganda Typology of FGD	Respondents (#)	Female (%)	Age (mean)	Married (%)	# in household (mean)	Years of schooling	New clients (%)	Working (%)
Savings & NFS	9	56%	20	0%	5.2	11.3	100%	56%
Only females	4	100%	18	0%	4.6	10.4	100%	60%
Savings & NFS	8	50%	17	0%	5.1	9.9	100%	50%
Savings & NFS	9	44%	17	0%	6.8	10.9	100%	78%
Total	***30***	***57%***	***18***	***0%***	***5.5***	***10.7***	***100%***	***63%***

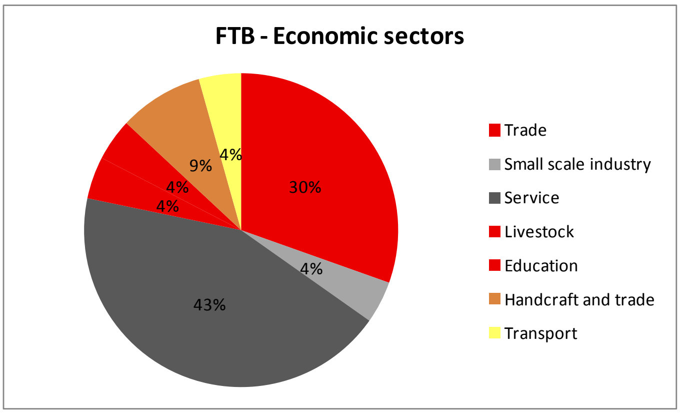
63% of the respondents are working and 21% of the working respondents are self-employed. 37% of the working respondents are active in the services sector and 21% in agriculture/livestock.



FTB: Four FGDs were held, 2 in Nateete branch in Kampala and 2 in Mbarara branch (rural branch).The FGDs involved a total of 29 clients, including 52% female and 32% minors. Only 4 youth clients with a loan were interviewed.

Finance Trust Bank Typology of FGD	Respondents (#)	Female (%)	Age (mean)	Married (%)	# in household (mean)	Years of schooling	New clients (%)	Working (%)
Savings & NFS	8	75%	24	0%	6.4	13.1	100%	63%
Savings & NFS & loans	8	75%	25	25%	2.3	13.6	100%	88%
Savings & NFS	8	25%	13	0%	6.9	6.4	100%	88%
Savings & loans	5	20%	22	20%	2.6	9.4	100%	80%
Total	***29***	***52%***	***21***	***10%***	***4.7***	***10.8***	***100%***	***79%***

79% of the respondents are working and 74% of the working respondents are self employed. 43% of the working respondents are involved in the service sector while 30% are involved in trade. The 12-17 years living in urban areas are involved in income generating activities during the weekend and holidays including fetching water and cleaning houses. On the other hand, those who are 18-24 years old have small businesses including riding bodaboda (motorcycle), selling clothes, selling vegetables in the market and running a soccer academy.



4.1 Feedback on YS financial products

4.1.1 FINCA Uganda

86.7% of respondents think the most important service to have access to is a savings account.

All FGD participants are very satisfied with their savings account, and especially appreciate the low minimum deposit amount (only Ushs 3,000) which makes the savings account very accessible. Minors appreciate the possibility to have a mentor as co-account holder and not their parents. However, most youth clients called for higher interests on the savings account. Respondents are generally not satisfied about the proximity of services: FINCA's branches are often far from their homes so they are not able to access their account as much as they would like. All participants called for mobile money services. Respondents also complained about having to pay a fee when they withdraw from an ATM from another bank.

Youth clients state that they would increase their savings deposits if (1) the interest rate on savings was higher, (2) they received more financial education, (3) they received small gifts when they go to the branch to deposit, (4) there are more lotteries organized by FINCA to win prizes, (5) FINCA helped them to create an income-generating activity, (6) the network of branches was extended, (7) there were more mentors at school who could take their money to the branch, (8) FINCA came at school to pick up their deposits, (9) FINCA gave rewards to the good savers.

Generally, youth clients are asking for small jobs (as marketers for FINCA for example), internships as well as scholarships. Minors wish to have access to ATM cards and to be able to withdraw without an adult. Youth in general are asking for loans to start-up a business or to pay for school fees.

4.1.2 Finance Trust Bank

All FGD participants seem happy to have opened a savings account as they understand the benefits of saving; however **youth clients are complaining about some features of the youth account**:

- the monthly charge that was introduced later (Ushs 200 per month) is considered too high;
- the condition to maintain a minimum balance of Ushs 50,000 in order to received interests is considered too restrictive, very few youth clients manage to earn interests;
- The charges to withdraw from an ATM from another bank are too high.

Generally, FGD participants asked to be more informed about the charges on the account.

Respondents also called for a better proximity of services, with a more extended network of branches, mobile banking services and ATMs in villages. Some respondents were also unhappy about the quality of services at the branch (few and slow tellers, long waiting time). Youth would like savings officers to do more follow-up with them (come back to the schools regularly).

In order to save more, youth clients were asking for individual loans with a grace period, higher interest rate on the savings account, more financial education, reduced fees on the account, facilitated transport to the branch (ex. put a zebra crossing to enable them to cross the road from the school to the branch), end of year party including different schools, rewards for the best savers.

Youth clients called for loans with reduced interests and no collateral in order to start-up a business or pay school fees. Minors would like to access ATM cards. Youth clients mostly need scholarships and jobs.

As for the credit products, **youth are generally happy to have the opportunity to get a loan but call for larger amounts and less requirements in terms of security.**

Both in FINCA and FTB, girls/young women generally did not see the need to have special products designed for them as they have the same needs as men. However some participants noted that given the fact that girls are more vulnerable than boys and don't have as many opportunities to earn income, they should be given higher interest rates on their savings

4.2 Feedback on YS non-financial services

Most clients noted that it is very important to receive financial education because one learns to save and one can generate income with their money (interests). They also noted that one learns to set a goal for their savings so they don't withdraw money and use it unnecessarily which may help one to start a business with their savings and therefore, not need to take a loan. Financial education was, therefore, noted to motivate youth to save by encouraging them to spend less and to start income generating activities.

4.2.1 FINCA Uganda

FGD participants were generally very happy with the quality of financial education. One participant stressed the importance of financial education: "without training I would be good at withdrawing, not at saving". The youth liked that trainers were "open and free with them".

Many participants reported to have **gained confidence with banks** thanks to the training. One participant said that since the training he knows "even him is important" and can go to banks. Another participant said that when her father used to go to the bank she used to stay outside as she was fearing to enter but since the training, she enters as well. Another participant said he realized "we are all equal" although before the training he used to fear the people in the bank (considered as high class and above) but FINCA agents gave him a warm welcome and now he knows "a customer is always a customer". Other participants said **the training increased their banking skills**: for example, one participant learnt how to fill the withdrawal/deposit slip alone.

Youth clients communicated their wish to receive business development skills trainings, in order to know how to set-up and maintain a viable business. Some participants would also have liked to know more about foreign currencies and exchange rates and how to use western union. Most participants would have liked to be taught how to access loans and how to use ATM cards. Youth clients also wish to be more exposed to the different products offered by FINCA (both savings accounts and loans) and to be trained on how to use their savings.

4.2.2 Finance Trust Bank

79.3% of the FGD participants in FTB think it is most important to have access to financial education.

All participants were very satisfied with the financial education. However, they all considered that they should have been better informed about the characteristics of the savings accounts (the clients were not well aware of the charges and interests). Some youth clients said it would be more useful if FTB could provide them with jobs than trainings as they need to earn an income in order to be able to save. Some participants also regretted that the training on financial education was too short.

In addition to financial education, most participants expressed the need to receive trainings on how to start/manage a business, how to successfully invest money in the short term, how to manage a loan.

4.3 Feedback on likely impact for YS clients

93% of the respondents confirm that the YS program had an impact on their lives, through financial education, savings and/or loans.

The financial capacity of youth clients generally improved thanks to the joint provision of financial education and savings: 88.3% of those interviewed confirmed having different financial management habits after the training, including starting to save, spending less money than before and not spending unnecessarily (being able to differentiate between their needs and desires). 83.3% of the respondents are saving more than they did before the training. In addition, all self-employed clients are investing more money in their businesses than before they became clients of the FSPs.

Savings helped youth to cater for issues/emergencies, avoid unnecessary expenditures, be able to pay their tuition and to buy items that they need in their day-to-day lives such as books and uniforms, start/expand small businesses. The clients of FTB have been able to get loans to expand their businesses.

The evaluation team noted that while male youth are more likely to spend their savings on their own personal needs, female youth spend some of their savings on their siblings' school fees or household needs.

Box 1: Testimonies of youth clients on Financial Education

"I learnt how to plan. Before the training, I did not have a specific plan for my money. I used to spend so much", Student, 20 years.

"I now save more and spend less". Student, 16 years.

"The training taught me to save and have targets". Student. 19 years.

"I learnt that I must have a goal to save money. I have less unnecessary expenses than before" Student, 21 years.

"The training taught me how to save, how to withdraw and deposit money, how to use a bank. I now have a goal, to start a business (retail shop). I need to save Shs 9 million" Student, 16 years.

"The training was more than useful. I used to over-spend at school but now as I have to save for my goal, I cannot over-spend. Before the training, I had no responsibility at home and used to spend all my money. I was also gambling, playing cards. One day I lost all my money in gambling. Now I have a goal: to complete high school and join university so I save. I have also helped to recruit more youth to save with FINCA" Student, 20 years.

"I used to waste a lot of money (buying food at the canteen) but I learnt to differentiate between my desires and my needs. Now, I am saving money to pay for my school fees" Student, 20 years.

Box 2: Testimonies of youth clients on savings

"I use the savings I make in my clothes business. I was able to pay school fees for 3rd term, 2014 and also made a contribution to pay for my brother's passport". Christine Namutebi, Student, 17 years.

"Since I started saving, I bought 2 pigs". Student, 20 years.

"I am now able to pay half of my tuition. I give some small loans to my friends and they pay me back with a small interest." Volunteer with an organization, 22 years.

"The training motivated me to save. I decided to start doing small jobs when I opened my savings account. I now save and I manage to buy some school materials for myself and my brother including books and socks. I also pay part of my school fees" Student, 16 years.

"I bought a bicycle for myself at Shs 200,000". Student, 16 years old.

"I learnt how to save and was given advice on how to manage my business. I managed to increase the number of pigs. I had 2 when I joined FINCA. I now have 5". 19 years.

"When I started my own business, I only had a photocopying machine. With my savings, I managed to buy a printer. I make more profits than before". Student, 27 years.

Box 3: Testimonies of youth clients on financial education, savings and loans

"Before the training, I used to spend all my money but after the training, I was able to save some money for investments. I got a loan for my store and managed to pay off the loan. I got a second loan and opened a hair salon." Hairdresser, 26 years.

"I used to fear loans but after the training, I was able to face the pressure and get a loan. I was also able to invest more money in my business as the loan gave a good boost. I am able to buy twice as much vegetables (carrots and onions) as I used to do before the training. I was also able to buy a plot thanks to the additional business income" Sells vegetables in market, 24 years.

"With the 1st loan from FTB, I was able to buy a bodaboda (motorcycle for transport). After paying off this loan, I will take another loan to build small houses on my small plot for people to rent". Bodaboda Rider, 22 years.

APPENDIX 1. LIST OF RELEVANT STAKEHOLDERS CONTACTED / INTERVIEWED

Institution	Person, Position	Date of interview (in case not reached, explain how did the team tried to contact the person)
United Nations Capital Development Fund (UNCDF)	Ms Amani M'Bale, Country Technical Specialist, Inclusive Finance	Thursday 19th March 2015
Bank of Uganda	Ms Hannington Wasswa, Assistant Director, Microfinance Division, Non-Bank Financial Institutions	Thursday 19th March 2015
GiZ	Saliya Kanathigoda, Agricultural and Rural Finance Programme	Thursday 19th March 2015
Ministry of Finance, Planning and Economic Development	Dr Peter Ngategize, National Coordinator, Competitive and Investment Climate Strategy (CICS) Secretariat	Wednesday 25th March 2015
Association of Microfinance Institutions of Uganda (AMFIU)	Ms Flavia N Bwire, Membership & Financial Inclusion Manager	Wednesday 25th March 2015
Ministry of Gender, Labour and Social Development	Mr James Ebitu, Programme Manager, Youth Livelihood Programme	Friday 27th March 2015
Ministry of Gender, Labour and Social Development	Mr Happy James Tumwebaze, Livelihood Specialist	Friday 27th March 2015
Ministry of Gender, Labour and Social Development	Mr Nathan Bwire, Principal Youth Officer	Friday 27th March 2015
Financial Sector Deepening (FSD Uganda)/DFID	Ms Renita Nabisubi, Digital Financial Services Specialist	Friday 27th March 2015
Bank of Uganda	Ms Sylvia Jjuuko, Public Relations Officer	Thursday 2nd April 2015
PostBank	Mr Alemi William Kenyi, Manager Personal Consumer Loans & Credit Projects	Thursday 2nd April 2015
PostBank	Mr Gilbert Katwire Nuwamanya, Sales Manager	Thursday 2nd April 2015
PostBank	Ms Olive Namutebi,	Thursday 2nd April 2015

APPENDIX 2. LIST OF FSP STAFF INTERVIEWED

Institution	Person, Position	Date of interview
FINCA Uganda	Ms Alice Lubwama, Business Development Officer	Thursday 19th and Friday 20th March 2015
FINCA Uganda	Mr Hamadine Bako, Chief Operations Officer	Thursday 19th March 2015
FINCA Uganda	Ms Alice Matama, Savings Area Manager	Friday 20th March 2015
FINCA Uganda	Mr Jaffer Kalinaki, Savings Officer, Ntinda Branch	Friday 20th March 2015
FINCA Uganda	Mr Macline Akugizibwe, Savings Officer, Kireka Branch	Friday 20th March 2015
FINCA Uganda	Ms Norah Namusisi, Savings Officer, Kawempe Branch	Monday 23rd March 2015
FINCA Uganda	Branch Manager, Mityana Branch	Tuesday 24th March 2015
FINCA Uganda	Mr Ntoni Timbyetaho, Savings Manager	Wednesday 25th March 2015
FINCA Uganda	Mr Simon Ahimbisibwe, Head of Marketing	Wednesday 25th March 2015
FINCA Uganda	Mr Julius Omoding, Chief Executive Officer	Wednesday 25th March 2015
FINCA Uganda	Ms Stella Malinga, Head of Banking Services	Wednesday 25th March 2015
Finance Trust Bank	Ms Rachael Nantongo, Head of Operations	Thursday 26th March 2015
Finance Trust Bank	Mr Ali Lwanga, Manager, Credit Evaluation & Administration	Thursday 26th March 2015
Finance Trust Bank	Ms Joanne Katushabe, Marketing Officer	Thursday 26th March 2015
Finance Trust Bank	Ms Leah Namugose, Marketing Manager	Thursday 26th March 2015
Finance Trust Bank	Ms Clare Tumwesigye, Head of Marketing	Thursday 26th March 2015
Finance Trust Bank	Ms Flavia Nakamatte, Project Manager	Thursday 26th March 2015
Finance Trust Bank	Mr Hanny Bright Kamanye, former Youth Mobilizer, Mbarara Branch	Monday 30th March 2015
Finance Trust Bank	Ms Juliet Namirembe, former Youth Mobilizer, Nateete Branch	Tuesday 31st March 2015
Finance Trust Bank	Mr Dennis Kakeeto, Executive Director	Wednesday 1st April

ANNEX 11: Political and Macroeconomic Contexts

Country	Political context	Macroeconomic context
Burkina Faso	Recent popular uprising, leading to the resignation of the long-standing president. Current transitional government in place until elections expected late 2015. Moderate political rights and civil liberties (rated as 'partly free' by Freedom House's Freedom Rating). Medium corruption levels (ranked 87 out of 175 countries in 2014 by Transparency International's Corruption Perceptions Index).	Relatively small economy, with strong GDP growth rates (averaging 7.7% in 2010-2013). Member of the West African Economic and Monetary Union (WAEMU). Negligible levels of inflation (averaging 7.7% in 2010-2014). Stable currency, West African franc (XOF), fixed to the EUR. Although increasing, low GNI per capita (USD 750, Atlas method, in 2013); high poverty level (poverty head count ratio, $2 per day, of 72.6% in 2011); and extremely low HDI (ranked 181 out of 187 countries in 2014 by the UNDP's Human Development Report). Poorly diversified economy, based on agriculture (and mining) and strongly dependent on cotton and gold exports. Very poor, and worsening, business environment (ranked 167 out of 189 countries by the World Bank Group's 2015 Doing Business report). Population of 16.9 million (2013), with 46% aged 14 years and below (2013).
DRC	Tumultuous past (and present), including recent unrest and rebellion in Eastern Congo. Despite falling share of the vote in (apparent) multi-party elections, the ruling party (and President) has been in power for almost a decade and has recently sought to delay upcoming elections (originally scheduled for 2016), causing protests and unrest. Poor political rights and civil liberties (rated as 'not free' by the Freedom House's Freedom Rating). High levels of corruption (ranked 154 out of 175 countries in 2014 by Transparency International's Corruption Perceptions Index).	After decades of decline, the relatively modest sized economy is slowing recovering, registering strong GDP growth rates (averaging 7.7% in 2010-2014). Following double-digit inflation rates up to 2011, increase in consumer prices have since been kept down (averaging 2.5% in 2012-2014), seemingly also because the methodology for computing the consumer price index was changed. Foreign exchange rate has remained stable since 2010, with occasional interventions by the central bank. Even if slightly increasing, very low GNI per capita (USD 430, Atlas method, in 2013); extremely high level of poverty (poverty head count ratio, $2 per day, of 95.2% in 2006); and extremely low HDI (ranked at the very bottom, i.e. 186 out of 187 countries in 2014 by the UNDP's Human Development Report). Agriculture is the mainstay of the economy, with main cash crops including coffee, palm oil, rubber, cotton, sugar, tea, and cocoa. Home to vast natural resource and mineral wealth (including cobalt, copper, diamonds, gold and coltan) and mining and quarrying constitute the main source of government revenue and the bulk of export value. Largely underdeveloped manufacturing sector, while services is gaining ground. Miserable business environment (again ranked at the very bottom, i.e. 184 out of 189 countries, by the World Bank Group's 2015 Doing Business report). Population of 67.5 million (2013), with 45% aged 14 years and below (2013).
Ethiopia	Despite recent attempts towards political improvement and modernization, authoritarian regime affected by weak electoral process and low pluralism. Concerns over political rights and civil liberties (rated as 'not free' by the Freedom House's Freedom Rating). High level of corruption (ranked 110 out of 175 countries in 2014	Relatively large economy with robust GDP growth rates (averaging 10.6% in 2010-2014). Generally high inflation rates; peaking at 33.2% in 2011, but brought down to 7-8% in 2013 and 2014. Slowly depreciating currency. Even if increasing, very low GNI per capita (USD 470, Atlas method, in 2013); high poverty level (poverty head count ratio, $2 per day, of 72.2% in 2010) and very low HDI (ranked 173 out of 187 countries in 2014 by the UNDP's Human Development Report). Economy mostly based on agriculture, contributing 45% of GDP and 80% of employment in 2013. Small, but growing, industry.

Country	Political context	Macroeconomic context
	by Transparency International's Corruption Perceptions Index).	Poor business, and worsening, environment (ranked 132 out of 189 countries by the World Bank Group's 2015 Doing Business report). With a population of 94 million (2013), Ethiopia is the second largest country in Africa. In 2010, 65% of the population was aged 24 years and below.
Malawi	Reasonable stability, but recent turbulence because of corruption on part of high-ranking government officials. Acceptable, and improving, political rights and civil liberties (rated as 'partly free' by Freedom House's Freedom Rating). Gloomy corruption scenario (ranked 110 out of 175 countries in 2014 by Transparency International's Corruption Perceptions Index), including recent government ('cashgate') scandal (causing withdrawal of donor support).	Very small economy, but with relatively solid GDP growth rates (averaging 4.7% in 2010-2014). Rampant inflation (above 20% for the past three years). Sharply depreciating currency. Extremely low, and declining, GNI per capita (standing at only USD 270, Atlas method, in 2013); very high, and only slightly improving poverty level (poverty head count ratio, $2 per day, of 88.1% in 2010); and very low HDI (ranked 174 out of 187 countries in 2014 by the UNDP's Human Development Report). Economy dominated by agriculture, particularly tobacco (accounting for the larger share of the country's export revenue) and staple food (namely maize), with recent flooding (followed by drought) seriously hampering harvest prospects . Small manufacturing (mainly agro-processing) industry. Very poor business environment (ranked 164 out of 189 countries by the World Bank Group's 2015 Doing Business report). Population of 16.4 million (2013), with two-thirds estimated to be under the age of 25 years (2014).
Rwanda	Remarkable stability under strong leadership, although the devastating genocide culminating in 1994 naturally still scars the country/region. Growing concerns over political rights and civil liberties (rated as 'not free' by the Freedom House's Freedom Rating). Improving, and relatively low, rates of corruption (ranked 55 out of 175 countries in 2014 by Transparency International's Corruption Perceptions Index).	Small economy with strong GDP growth rates (averaging 6.9% in 2010-2014). Reasonable levels of inflation (averaging 4.8% in 2010-2014). Relatively stable exchange rate. Albeit improving, low GNI per capita (USD 630, Atlas method, in 2013); widespread poverty (poverty head count ratio, $2 per day, of 82.3% in 2011); and low HDI (ranked 151 out of 187 countries in 2014 by the UNDP's Human Development Report). Economy relying on subsistence agriculture, with commercial farming gaining ground (coffee, tea, cocoa, palm oil and horticulture). Growing service industry (primarily driven by tourism), minimal industry and some mining. Committed reconstruction and reform process, resulting in a favorable and constantly improving business environment (ranked 46 out of 189 countries by the World Bank Group's Doing Business Report in 2015). Population of 11.8 million (2013); 64% aged 24 years and below (2010).
Senegal	Stable country, with an active civil society, whose role culminated in the defeat of the President and peaceful handover of power at the 2012 election. Rated as 'free' by Freedom House's Freedom Rating. Ranked 69 out of 175 countries in 2014 by Transparency International's Corruption Perceptions Index.	Over the last decade Senegal has been outperformed by Sub-Saharan Africa which grew at an average rate of 6% whereas growth in Senegal averaged only 3.3% since 2006. Though initially projected at 4.9%, growth in 2014 has been revised downwards at 4.5% because of the expected negative impacts of the Ebola virus outbreak on the tourism sector (0.2 percentage points of gross domestic product [GDP]) and of delayed rainfall on the agriculture sector (0.2 percentage points of GDP) Poverty remains high in Senegal, affecting 46.7% of the population; and very low HDI (ranked 163 out of 187 countries in 2014 by the UNDP's Human Development Report). Albeit improving, an unfavorable investment climate, costly energy, and weak governance systems have prevented the private sector from stimulating the eceonomy (ranked 161 out of 189 countries by the World Bank Group's 2015 Doing Business report).
Togo	Country political scene still	Small economy, most people (66%) depend on agriculture for their

Country	Political context	Macroeconomic context
	dominated by the President, newly elected in 2015; elections results are not recognized by the opposition Rated as 'partly free' by Freedom House's Freedom Rating. Ranked 126 out of 175 countries in 2014 by Transparency International's Corruption Perceptions Index.	livelihoods, mostly from small family farms. Poverty has declined, but it remains high at 58.7%, according to the 2011 Core Welfare Indicators Questionnaire Survey (CWIQ); and very low HDI (ranked 166 out of 187 countries in 2014 by the UNDP's Human Development Report). Poor, but steadily improving, business environment (ranked 149 out of 189 countries by the World Bank Group's 2015 Doing Business report).
Uganda	Despite growing recent internal dissent, relatively stable and peaceful (introduction of multi-party politics in 2005). Concerns over political rights and civil liberties (rated as 'not free' by the Freedom House's Freedom Rating). High level of corruption (ranked 142 out of 175 countries in 2014 by Transparency International's Corruption Perceptions Index), including 2012 corruption scandal among high-level government officials (causing withdrawal of donor support).	Relatively medium-sized economy, with comparatively modest GDP growth rates (averaging 5.4% in 2010-2014). Fluctuating inflation rate, recently peaking at 14% in 2012, but brought down to 4-5% in 2013 and 2014. Fairly stable exchange rate. Slowly growing, but very low GNI per capita (USD 550, Atlas method, in 2013); high poverty level (poverty head count ratio, $2 per day, of 62.9% in 2013); and very low, and declining, HDI (ranked 164 out of 187 countries in 2014 by the UNDP's Human Development Report). Although agriculture is the most important sector in terms of employment (engaging more than 80% of the workforce), the service sector is growing in importance (accounting for 50% of GDP in 2013). Coffee accounts for the bulk of the expert revenue. Even if slightly improving, very poor business environment (ranked 150 out of 189 countries by the World Bank Group's 2015 Doing Business report). Quickly growing population, estimated at 36.3 million in 2013. Nearly half of the population (around 48 %) is below the age of 15 years, resulting in the highest dependency ratio in the world.

ANNEX 12: Financial Inclusion: 2011 and 2014

Indicators	Burkina Faso			DRC			Ethiopia			Malawi			Rwanda			Senegal			Togo			Uganda		
	2011	2014	Change	2011	2014	Change	2011	2014	Change	2011	2014	Change	2011	2014	Change	2011	2014	Change	2011	2014	Change	2011	2014	Change
Account at a formal financial institution [a]																								
Total (% age 15+)	13,4	13,4	0,1	3,7	10,9	7,2	n/a	21,8	...	16,5	16,1	-0,4	32,8	38,1	5,4	5,8	11,9	6,1	10,2	17,6	7,4	20,5	27,8	7,3
Female (% age 15+)	10,8	11,8	0,9	2,8	8,5	5,8	n/a	21,0	...	16,9	13,0	-3,9	28,2	30,5	2,3	5,5	8,2	2,8	9,2	14,4	5,2	15,1	23,1	8,1
Older adults (% age 25+)	17,4	17,1	-0,3	5,0	14,3	9,3	n/a	25,6	...	20,2	19,5	-0,7	39,9	47,9	8,0	8,7	16,0	7,2	11,9	20,7	8,8	26,2	31,9	5,7
Young adults (% age 15-24)	5,7	6,7	1,0	1,6	5,5	3,9	n/a	14,3	...	10,3	10,2	-0,1	17,8	17,2	-0,6	0,4	4,2	3,7	6,8	11,3	4,5	12,4	21,6	9,3
Account at a formal financial institution and/or through a mobile money provider [a]																								
Total (% age 15+)	13,4	14,4	1,0	3,7	17,5	13,8	n/a	21,8	...	16,5	18,1	1,6	32,8	42,1	9,3	5,8	15,4	9,6	10,2	18,3	8,1	20,5	44,4	23,9
Female (% age 15+)	10,8	12,6	1,8	2,8	14,3	11,5	n/a	21,0	...	16,9	14,0	-2,9	28,2	35,3	7,1	5,5	11,4	5,9	9,2	15,1	5,9	15,1	36,6	21,5
Older adults (% age 25+)	17,4	17,7	0,3	5,0	20,7	15,7	n/a	25,6	...	20,2	21,5	1,3	39,9	50,9	11,0	8,7	19,9	11,2	11,9	21,2	9,3	26,2	50,8	24,6
Young adults (% age 15-24)	5,7	8,3	2,6	1,6	12,3	10,7	n/a	14,3	...	10,3	12,1	1,8	17,8	23,3	5,5	0,4	6,8	6,4	6,8	12,3	5,5	12,4	35,0	22,6
Saved any money in the past year [a]																								
Total (% age 15+)	38,0	50,8	12,8	24,1	65,2	41,1	n/a	48,1	...	33,0	59,7	26,7	30,5	55,2	24,7	15,4	59,0	43,7	19,6	37,5	17,9	44,4	75,2	30,8
Female (% age 15+)	31,8	52,3	20,5	20,8	63,8	42,9	n/a	45,0	...	31,0	59,3	28,3	24,1	52,2	28,1	15,1	57,1	41,9	18,5	35,0	16,4	37,9	72,0	34,0
Older adults (% age 25+)	41,5	60,2	18,7	29,3	71,0	41,7	n/a	53,0	...	32,4	61,8	29,5	36,4	60,9	24,5	18,7	67,3	48,6	20,1	42,3	22,1	52,8	79,7	26,9
Young adults (% age 15-24)	31,3	33,8	2,5	15,7	56,0	40,3	n/a	38,4	...	34,2	56,0	21,8	18,0	42,8	24,8	9,1	43,1	34,0	18,6	28,0	9,4	32,7	68,6	35,9
Saved at a formal financial institution in the past year [a]																								
Total (% age 15+)	7,9	8,7	0,7	1,5	4,7	3,2	n/a	13,6	...	8,2	7,1	-1,2	17,8	25,5	7,7	3,7	6,6	2,9	3,6	6,7	3,0	16,3	16,8	0,4
Female (% age 15+)	6,0	7,5	1,4	0,7	3,1	2,4	n/a	12,4	...	8,9	5,6	-3,3	12,6	20,2	7,6	3,0	4,0	0,9	2,6	6,2	3,6	12,6	14,6	2,0
Older adults (% age 25+)	11,0	11,2	0,2	2,0	6,0	4,0	n/a	15,1	...	9,4	9,2	-0,2	21,9	31,4	9,4	5,7	9,3	3,6	4,6	8,4	3,8	20,8	19,0	-1,8
Young adults (% age 15-24)	2,0	4,0	2,0	0,6	2,7	2,1	n/a	10,8	...	6,2	3,2	-3,0	9,3	13,1	3,8	0,1	1,3	1,2	1,7	3,2	1,5	10,0	13,3	3,3
Loan in the past year [b] / Borrowed any money in the past year [c]																								
Total (% age 15+)	36,0	46,4	10,4	33,7	56,9	23,2	n/a	43,5	...	51,3	66,3	15,0	38,5	51,3	12,8	31,0	56,6	25,6	24,1	28,6	4,5	52,8	79,0	26,2
Female (% age 15+)	30,7	46,5	15,8	36,0	58,5	22,5	n/a	42,9	...	51,0	68,1	17,1	36,7	48,5	11,8	28,0	54,7	26,7	21,3	30,1	8,8	52,2	75,0	22,8
Older adults (% age 25+)	34,8	52,2	17,4	37,9	62,8	24,9	n/a	45,0	...	52,1	65,8	13,7	42,5	56,6	14,1	31,4	61,8	30,4	23,3	30,9	7,6	56,0	81,0	25,0
Young adults (% age 15-24)	38,1	35,8	-2,3	26,8	47,3	20,5	n/a	40,6	...	50,0	67,3	17,3	30,0	39,8	9,8	30,3	46,5	16,2	25,7	23,7	-2,0	48,3	75,9	27,6
Borrowed from a formal financial institution in the past year [a]																								
Total (% age 15+)	3,1	5,0	1,9	1,5	2,4	0,9	n/a	7,4	...	9,2	6,0	-3,2	8,4	8,2	-0,2	3,5	3,5	0,0	3,8	3,7	-0,1	8,9	15,7	6,8
Female (% age 15+)	2,9	3,5	0,6	1,5	2,3	0,8	n/a	7,6	...	11,7	7,3	-4,4	8,0	5,4	-2,6	2,5	3,1	0,6	4,3	4,5	0,2	8,6	13,9	5,3
Older adults (% age 25+)	4,1	6,1	2,0	1,8	3,1	1,3	n/a	9,2	...	11,9	6,6	-5,3	10,1	11,8	1,6	5,2	4,2	-1,0	4,9	4,3	-0,6	11,7	19,6	7,9
Young adults (% age 15-24)	1,2	3,1	1,9	1,0	1,3	0,3	n/a	3,7	...	4,5	5,0	0,5	4,7	0,4	-4,3	0,3	2,2	1,8	1,4	2,4	1,0	4,9	10,0	5,2

n/a: Not available
a: Same data for 2011 and 2014
b: Data for 2011
c: Data for 2014
Source: World Bank, Global Findex: http://datatopics.worldbank.org/financialinclusion/

ANNEX 13: Youth Financial Inclusion Environments

Country	Policy setting (macro level)	Legal/Regulatory framework (macro level)	Support structures/initiatives (meso level)
Burkina Faso	✓ 2012-2016 microfinance strategy / action plan mandates vulnerable groups (including youth) to be given priority in terms of financial access (although actual implementation of this priority is not defined). ≈ 2008 national youth policy (albeit with no specific reference to youth financial access/inclusion). ***Fairly conducive***	✓ Sector overseen and supervised by the Ministry of Economy and Finance, namely Permanent Secretariat of the Microfinance Sector (fairly in terms of actual implementation) and Directorate for Supervision and Control of MFIs (functioning). ✓ At the regional (WAEMU) level, sector supervised by Central Bank of West African States (BCEAO); the new judicial framework (adopted in 2009) covers regulations and guidelines for MFIs. ✓ According to the current legal framework, minors need parent/guardian permission to open and transact on savings accounts. Actual practice, however, seems to allow for minors starting from the age of 15 with a valid ID to open and transact independently. ✓ Legal age limit for credit is set at 18 years. ***Fairly conducive***	✓ *Maison de l'Entreprise* (private body recognized with public utility) provides direct support to FSPs with a focus on business education for youth (to be launched in 2015). ✓ CIF (regional microfinance network) has already piloted a youth credit program (Cred'Art - Crédit aux Artisans), directed at young (20-35) people following vocational training. FCPB implements the product, with some results. ≈ Microfinance sector represented by *Association Professionnelle des Systèmes Financiers Décentralisés du Burkina Faso* (APSFD-BF), but not engaged in youth inclusive finance or financial education. ≈ *Cadre National de Concertation des Acteurs de Microfinance* (CNCAM) includes the main relevant entities for implementation of the 2012-2016 microfinance strategy. ✗ Youth Initiative Support Fund (FAIJ), managed by the Ministry of Youth, Professional Education and Employment, aims at directly supporting youth in setting up businesses, but is generally considered as a largely 'politicized' and ineffective instrument (destroying the respect for credit culture). ✗ No credit reference bureau (regional bureau expected for 2014, but it still unclear when it will become operational). ***Fairly unfavorable***
DRC	✓ 2009 national youth policy specifically seeks to promote youth training, employment and entrepreneurship (albeit with no specific reference to youth financial access/inclusion). ✗ There is no national microfinance policy or strategy. ***Fairly unfavorable***	✓ 2009 instruction regulates MFIs (allowing for the first non-cooperative MFIs to formally enter the market) and a microfinance law was passed in 2011 (recognizing both credit giving and deposit taking MFIs) with additional 2012 instructions providing further requirements and guidelines. A 2002 law also regulates the activities of SACCOs, while another 2002 law regulates the activities of credit institutions. ✓ Sector supervised by Central Bank of Congo (BCC), which (even if there is not national strategy in this regard) considers	✓ Some donor-funded initiatives providing general support to the microfinance sector in order to increase financial inclusion (and literacy). ✓ *Fond National de la Microfinance* (FNM) is a public financial institution specialized at providing support to MFIs reaching out to vulnerable populations (including youth). ✓ *Association Nationale des Institutions de Microfinance* (ANIMF) and *Association Professionnelle des Coopératives d'Epargne et de Crédit* (APROCEC), but not involved in youth

Country	Policy setting (macro level)	Legal/Regulatory framework (macro level)	Support structures/initiatives (meso level)
		youth financial inclusion as a priority (supporting several relevant initiatives). ✓ Legal age limit for credit is set at 18 years. ≈ Minors have to co-register accounts in both their name and the name of their adult parent/guardian (who then has to be present for any withdrawal). BCC is currently considering the possibility of lowering the age limit for independent use of savings account to 15 years as well as preventing parents/guardians to withdraw from the children's savings accounts. ***Neutral***	financial inclusion or education matters. *Groupe d'acteurs de microfinance (GAMF) du Sud Kivu* (GAMF) is another professional association gathering MFIs and SACCOs active in South Kivu, but is not recognized by BCC (or engaged in youth-related matters). ≈ Credit reference bureau exists, but is not fully effective (and not yet open to MFIs; some MFIs are currently being introduced as 'pilots'). ***Neutral***
Ethiopia	✓ Two of the pillars of the 2011-2015 Growth and Transformation Plan (GTP) include promotion of youth (and women) employment and self-employment and strengthening of the financial sector. ✓ Education Sector Development Program (ESDP) has embedded civic and ethical education (including modules on savings, asset building, planning, etc.) in the scholastic system (grade 5-10). ≈ 2004 National Youth Policy places great emphasis on the social and economic development of young people through the job creation and training opportunities, but makes no reference to need for financial inclusion on part of youth. ***Fairly conducive***	✓ 1996 proclamation allowed MFIs to register and deliver financial services; now replaced by the 2009 Micro-Financing Business Proclamation. ✓ 2012 regulation allowing for technological and innovative financial service delivery channels. ✓ Sector governed and supervised by the National Bank of Ethiopia (NBE), issuing directives containing legal requirements and prudential guidelines. ✓ Legal age limit for credit is set at 18 years (with no exceptions for 'emancipated children' – see below). ✓ Minors are not allowed to assume legal responsibilities, but parents/guardians can undertake this responsibility by co-signing for opening and transacting on minors' savings accounts. In addition, the Labor Law and Civil Code recognize the possibility of 'children emancipation' for those who are employed from the age of 14 or for those who receive a special authorization from the family (in these cases, minors are considered as adults and can sign a contract). ✘ NGO participation and foreign ownership in the microfinance sector is prohibited (posing severe problems for smaller MFIs not allowed to receive foreign donor support and finding it difficult to mobilize money at the local market).	✓ Several donor-funded programs and initiatives as supporting financial intermediation and (primarily rural) financial inclusion and literacy (and in some cases also young entrepreneurship). ✓ Association of Ethiopian Microfinance Institutions (AEMFI), set up in 1999 and recently engaged in youth financial inclusion (and employment). ✓ Youth bureaus, supported by the Ministry of Youth, Sports and Culture (MYSC), are set up in each region/state. MYSC has also facilitated the creation of 54 youth development centers for in order to facilitate the collaboration of FSPs and YSOs in the provision of non-financial services. ✓ Credit reference bureau for all financial institutions licensed by NBE. ≈ Presence of regional network, Microfinance African Institutions Network (MAIN), enabling for exchange of best practices across countries (although currently not directly engaged in youth financial inclusion). ≈ Youth League, set up in 2009 by the ruling party (EPRDF) in order to implement programs and objectives of the EPRDF, but its role is not clear. ***Fairly conducive***

Country	Policy setting (macro level)	Legal/Regulatory framework (macro level)	Support structures/initiatives (meso level)
		Fairly conducive	
Malawi	✓ Significance of financial inclusion is recognized by the 2011-2016 Malawi Growth and Development Strategy. ✓ 2010-2015 Financial Sector Development Strategy (FSDS) provides a roadmap of actions and measures to be undertaken for the promotion of an inclusive financial sector (no specific reference to youth, but the importance of financial literacy education is stressed). ✓ 2006 National Microfinance Policy (and Action Plan) points to reaching youth (alongside other 'vulnerable' groups) as a high priority. ✓ 2010-2014 Malawi National Strategy for Financial Inclusion lists youth as one of the key target groups (also with regard to the extension of credit), while the development of financial literacy is considered as key. ✓ Financial education incorporated in into the secondary school curricula in 2014 (even if coming into effect only in 2019). ✓ 2013 National Youth Policy specifically calls for the promotion of access to credit on part of youth in order to foster young entrepreneurship. ***Conducive***	✓ Sector regulated by 2010 Financial Service Act, the 2010 Microfinance Act (regulating both non deposit-taking and deposit-taking MFIs as well as microcredit agencies as defined by the 2010 Financial Service Act) and the 2011 Financial Cooperatives Act. Commercial microfinance banks (including OIBM) governed by 1989 Banking Act. ✓ Reserve Bank of Malawi (RBM), regulatory body responsible for overseeing the microfinance (and banking) sector. ✓ 2013 Personal Property Security Act recognizes moveable property as collateral. ✓ Legal age limit for credit is set at 18 years. ≈ Account co-registered/signed in name of parent/guardian and minor. Minor able to deposit, but not withdraw, without the signature of the co-signed parent/guardian. At the age of 18, account funds have to be transferred by the parent/guardian into the child's name only. ✗ 2014 directive further defines the framework for deposit-taking MFIs (albeit requirements are still considered as quite restrictive for the microfinance sector). ✗ Basic lending rate generally considered to be set too high. ✗ Lack of means of identification of young people (national ID received, at least supposedly, at the age of 18). ***Fairly unfavorable***	✓ A couple of large donor-funded programs supporting general financial inclusion and development of financial sector as well as several, more localized, smaller YSOs and initiatives supporting youth financial education (and access as well as entrepreneurship). ✓ Ministry of Youth and Sports supports the creation of youth clubs at the local level through the facilitation of district youth officers (DYOs). ✓ Financial Inclusion Task Force established in 2010 by Bankers Association of Malawi (BAM) for the drafting of a Financial Sector Charter (targeting unbanked adults, but seeking to improve access through the creation of low cost / 'no thrills' savings products and financial literacy initiatives). ✓ Malawi Union of Savings and Credit Cooperatives (MUSCCO), the apex body for the SACCOs, stresses financial education (member SACCOS are required to educate clients on money management and budgeting). ≈ Malawi Microfinance Network (MAMN) established in 2001, but generally considered as a weak institution with inadequate resources (and not specifically engaged in youth financial inclusion matters). ≈ Two private credit reference bureaus, but their actual use and effectiveness can be questioned. ✗ Youth Enterprise Development Fund (YEDF) established by the government in 2010 to support youth entrepreneurship, but the fund has become "completely politicized" and loans are considered as grants (consequently spoiling the respect for credit). ***Neutral***
Rwanda	✓ Financial inclusion one of the main areas of the second Financial Sector Development Program (FSDP II), which in turn is one of the	✓ Sector regulated by 2008 Microfinance Law and subsequent 2009 Regulation, recognizing four categories of MFIs (including informal groups, which do not require formal legal status or	✓ Several donor-supported and Rwandan financial inclusion and education programs and initiatives (including some with specific youth focus) as well as numerous YSOs and other

Country	Policy setting (macro level)	Legal/Regulatory framework (macro level)	Support structures/initiatives (meso level)
	key components of the second Economic Development and Poverty Reduction Strategy (EDPRS II), the implementation strategy for the government's general development policy (Vision 2020). ✓ 2006 National Microfinance Policy, followed by 2008-2012 and 2013-2017 National Microfinance Policy Implementation Strategy (latter strategy specifically points to the financial inclusion of youth as a priority and identified financial education as one of five strategic 'drivers'). ✓ 2009 National Savings Mobilization Strategy includes specific attention to encourage savings among school children. ✓ 2013 National Financial Education Strategy clearly identifies youth as a priority target and integrates financial education into the school curricula. ✓ Local governments at all levels sign performance contracts directly with the President's office towards meeting certain socio-economic targets, including financial inclusion targets. ✓ 2005 National Youth Policy (part of the Vision 2020 framework) includes focus on the promotion small scale projects and income generating activities on part of youth (not specifically targeting youth financial inclusion, but limited access to loans on part of youth is listed as one of the constraints). ***Conducive***	license). More recently established microfinance banks (few) are governed also by the 2008 Banking Law. ✓ All MFIs (expect informal groups) are regulated and supervised by National Bank of Rwanda (BNR), while SACCOs are also subject to the licensing and oversight of the Rwanda Cooperative Agency (RCA). ✓ 2015 approval of a new leasing law, allowing for the VAT-free leasing of equipment. ✓ Minors starting from the age of 16 can open and transact on accounts independently. Minors below the age of 16 can open a savings account in her/his own name with the permission from the parent/guardian and once the account is opened, deposits can be made independently while withdrawals require the presence or consent from the parent/guardian. ✗ The 2007 Cooperative Law is not considered as supportive of the youth segment since the membership fee and the minimum requirements for savings balance are usually too high for young people. ***Fairly conducive***	initiatives addressing financial access and education as well as entrepreneurship on part of youth. ✓ Business Development Fund (BDF), a public company established in 2011, specifically mandated with the 'access to finance' objective under the SMEs Development Policy (provides higher-leverage guarantees with lighter conditions to young entrepreneurs and manages the Women and Youth Investment Facility providing matching grants). ✓ BNR-facilitated financial inclusion taskforce as well as a separate taskforce for the promotion of financial literacy and education. ✓ 2012 financial literacy campaign, supported by BNR and Ministry of Finance and Economic Planning (MINECOFIN). ✓ Annual 'Youth Boot Camps' organized by Ministry of Youth and Information and Communication Technology (MYICT) and National Youth Council (NYC) to support youth business projects (the districts also hold special youth forums that seek to link up youth projects with mentoring services). ✓ Association of Microfinance Institutions in Rwanda (AMIR), representing a large part of the microfinance sector, established in 2007 (financial education is a key priority; also specifically engaged youth financial inclusion). ✓ Youth sector working group, including various ministries and entities, addresses a broad range of youth related areas, including access to finance and entrepreneurship. ✓ Private credit reference bureau to which all financial institutions (including MFIs) are required to transmit information. ✓ Collateral registry, including both immovable and movable assets/property. ***Conducive***
Senegal	✓ National microfinance strategy in place (drafted with strong involvement of UNCDF,	✓ Regulatory framework (including prudential dispositions) recognizes a variety of financial actors, including MFIs, SACCOs	✓ CIF (regional microfinance network) has already piloted a youth credit program (Cred'Art - Crédit aux Artisans), directed

Country	Policy setting (macro level)	Legal/Regulatory framework (macro level)	Support structures/initiatives (meso level)
	but apparently without specific reference to youth financial access/inclusion) ≈ *Lettre de Politique Sectorielle* (strategic document for microfinance sector) is under discussion (no specific priority to young people emerges from available drafts). ***Neutral***	and other cooperatives. ✓ *Direction de la Réglementation et de la Supervision des Systèmes Financiers Décentralisés* performs a supervisory function at the national level. ✓ At the regional (WAEMU) level, sector supervised by BCEAO; the new judicial framework (adopted in 2009) covers regulations and guidelines for MFIs. ≈ Minors can open accounts and deposit, but need parent/guardian to withdraw. ***Fairly conducive***	at young (20-35) people following vocational training. PAMECAS implements the product, but with worse results compared to FCPB. ≈ Programme National pour la Promotion de la Jeunesse (PNPJ), a government-promoted program foster business development among young entrepreneurs, has not worked very well due to a high degree of politicization, but has contributed to reinforce capacities of MFIs. ≈ *Association Professionnelle des Systèmes Financiers Décentralisés* (AP-SFD) is the intermediate body for the microfinance sector (currently not directly engaged in youth-targeted products or services). ***Neutral***
Togo	**?** 2004-2007 National microfinance strategy (drafted with strong support from UNCDF), but not clear if subsequent versions have been developed. ***Not enough information available***	✓ *Comité National de la Microfinance* (CNM) regulates the sector at the national level. ✓ At the regional (WAEMU) level, sector supervised by BCEAO; the new judicial framework (adopted in 2009) covers regulations and guidelines for MFIs. ≈ Minors need approval from parent/guardian to open an account. ***Neutral***	✓ Several state funds that provide credit to young people (18-35 years) in partnership with financial institutions, including FUCEC (even if some funds have been politicized, supporting the purchase of equipment has had positive results). ≈ *Association Professionnelle des Institutions de Micro-finance* (APIM) *Togo* acts as the professional body for the microfinance sector, but apparently not engaged in youth financial inclusion. ≈ Presence of regional network, Microfinance African Institutions Network (MAIN), enabling for exchange of best practices across countries (although currently not directly engaged in youth financial inclusion). ***Fairly conducive***
Uganda	✓ 2011 National Employment Policy lists youth employment as a policy priority action area and 2010/11-2014/15 National Development Plan details a number of initiatives relating to youth for the promotion of non-formal skills, start-ups and youth entrepreneurship. ✓ 2013 Financial Inclusion Strategy (including	✓ 2004 Financial Institutions Act recognizes four tiers of MFIs (commercial banks, credit institutions, deposit taking MFIs, as well as unregulated MFIs, SACCOs and NGOs). ✓ Bank of Uganda (BoU) is in charge of supervising the microfinance sector (namely the first three tiers). ✓ Legal age limit for credit is set at 18 years.	✓ Some donor-funded and Ugandan programs and initiatives, some with a focus on youth, to support financial inclusion and education (and, especially on part of some local YSOs and initiatives, also business training). ✓ Department of Youth and Children Affairs, as part of the Ministry of Gender, Labor and Social Development (MGLSD), manages youth issues at the district level through Community

Country	Policy setting (macro level)	Legal/Regulatory framework (macro level)	Support structures/initiatives (meso level)
	financial literacy as one of it four main pillars). ✓ 2013 National Strategy for Financial Literacy, with youth defined as a main target (financial education to be into the curricula of secondary schools and universities). ✓ 2001 National Youth Policy recognizes productive employment as a measure of ensuring effective participation of youth in economic growth and development (and advocates for support to MFIs in extending credit facilities to youth). ***Conducive***	≈ Minors need parental consent to open and transact (they are able to deposit, but not withdraw without the presence of a parent/guardian). ✗ No regulation currently exists for fourth tier institutions. ***Neutral***	Development Officers (CDOs). ✓ Credit reference bureau exists (but fourth tier institutions are not obliged to submit information). ≈ Government-funded Youth Livelihood Program (YLP) seeks to provide youth with training and financial support, but is challenged by a degree of 'politicization'. ≈ Association of Microfinance Institutions Uganda (AMFIU), generally considered as a relatively strong network, but without current engagement in youth or financial education. ***Fairly conducive***

✓ Positive feature; ✗ Negative feature; ≈ Neutral feature.
Note: Consultant's 'classifications' of the various aspects of the youth financial inclusion environment include: 'Conducive'; 'Fairly conducive'; 'Neutral'; 'Fairly unfavorable'; and 'Unfavorable'.

ANNEX 14: Market Context

Country	Market context
Burkina Faso	***263 FSPs***, serving 1.2 million direct beneficiaries and with XOF 84 billion (≈USD 140 million) in total savings deposits and XOF 79 billion (≈USD 132 million) in total outstanding loans (2010 data). ***Low, but possibly increasing, degree competition***. ***Very limited number of FSPs serving the youth market***.
DRC	Concentrated formal financial sector (dominated by a handful of commercial banks, some of which have down-scaled into the microfinance market), but with a growing microfinance element (accounting for 5% of total assets in 2012). ***142 microfinance FSPs***, including 23 MFIs and 119 SACCOs (2013 data). ***Moderate competition***, especially considering the limited geographical coverage of the microfinance market (three, out of 11, provinces account for 70% of FSPs and 90% of accounts opened) (2012 data). ***A few FSPs target the youth market*** through the provision of savings accounts (albeit most seemingly only indirectly through parents/guardians).
Ethiopia	Formal financial sector primarily controlled by three state-owned banks. ***32 MFIs*** (including some large state-owned MFIs, such as ACSI), with ETB 13 billion (≈USD 680 million) in mobilized savings and ETB 18 billion (≈USD 930 million) in loan portfolio, ***and more than 8,200 SACCOs***. (2014 data). Also some informally operating NGOs. ***Competitive market***. ***Several other FSPs offering youth savings products*** more or less specifically tailored to their needs.
Malawi	Formal financial sector dominated by a few commercial banks (also because no MFIs are currently licensed to collect savings). ***38 licensed MFIs*** and ***45 Savings and Credit Cooperatives (SACCOs) plus some commercial banks (including OIBM)*** providing microfinance products/services (2013 data). Microfinance sector (excluding banks) estimated to serve around 323,000 borrowers and to have a gross loan portfolio of around USD 28 million (2011 data based on 21 MFIs and the SACCOs). ***Moderate competition*** (except in urban areas where competition is higher). ***Very few players target youth as a segment*** (and without specific products/services).
Rwanda	***491 licensed MFIs***, including 12 with limited liability status, 63 SACCOs and 416 *Umurenge* SACCOs (one in each of the administrative sectors), and ***four licensed microfinance banks*** (some of the other 14 commercial or cooperative banks also provide microfinance services) (2013 data). Microfinance sector (excluding banks) has a combined total of RWF 56.5 billion (≈USD 82 million) of savings deposits and RWF 51.2 billion (≈USD 75 million) in outstanding loans (2012 data based on 483 MFIs). ***Increasing competition*** (especially in urban areas). ***Very few players with regard to the youth segment***.
Senegal	***218 licensed MFIs (and cooperatives)*** with 551 points of service, 3.2 million clients/members, XOF 229 billion (≈USD 394 million) in total savings, and XOF 268 billion (≈USD 461 million) in total outstanding loans. Concentrated microfinance market with three institutions/networks (including PAMECAS) representing 80%. ***Increasing competition, also with regard to the youth segment***, as banks and many MFIs target the youth sector (albeit with a focus on promotion/marketing than on actual development of youth-specific products/services).
Togo	Concentrated formal financial system, with a handful of commercial banks (several with government stakes) accounting for most assets. ***176 MFIs*** organized in eight networks and with 454 points of services. ***Relatively low degree of competition***. ***Very few players in the youth market***.
Uganda	Apart from commercial banks (some of which offer microfinance products/services), the microfinance sector includes ***three credit institutions, four deposit-taking MFIs and over 1,000 unregulated MFIs, SACCOs, NGOs, etc***. (2012 data). Sector primarily concentrated around three banks (including FTB), two credit institutions, three

Country	Market context
	deposit-taking MFIs (including FINCA Uganda) and one unregulated MFI. 70 AMFIU members serve around 3 million borrowers and have a total outstanding loan portfolio of around USD 354 million (2012 data). ***Strong competition***, especially in urban areas. ***Some other FSPs offer dedicated youth savings, and credit, products***.

ANNEX 15: Characteristics and Positioning of YouthStart Partner Financial Service Providers

Country	FSP	Legal form	Geographical coverage	Active savers	Total deposits (USD)	Active borrowers	Gross outstanding loan portfolio (USD)	Total assets (USD)	Market positioning
Burkina Faso	**FCPB**	Cooperative bank	186 branches countrywide	1.1 million	214.9 million	71,985	152.5 million	298.9 million	Dominant microfinance player with 77% of total deposits and 74% of total performing loans (2010). Only institution providing services across the whole country (other FSPs cover only specific areas) and seemingly the only institution providing targeted youth products/services.
DRC	**FINCA DRC**	Limited liability company (non-bank financial institution)	27 branches in the Kinshasa area, Boma, Matadi, Bukavu, and lower Katanga	459,587	29.6 million	119,564	56.6 million	72.7 million	Market leader in the microfinance sector in terms of credit (and total assets), and the third largest institution in terms of savings collected (surpassed by the MECRECO and Imara networks). One of very few institutions servicing the youth market with dedicated products/services.
Ethiopia	**ACSI**	Microfinance share company (state-owned)	346 branches in the Amhara region	2.9 million[a]	231.1 million	975,104	277.6 million	442.9 million	One of the largest players in the country (and the continent) with plans to expand in other parts of the country). At the national level, strongest competitors include Addis Credit & Saving Institutions (ADCSI) as well as Commercial Bank of Ethiopia Oromia Credit and Saving Share Company (OCCSCO), also with regard to the youth segment).
	PEACE	Microfinance share company (private)	22 branches in three, out of 11, regions (Amhara, Oromiya, Southern)	57,038	1.6 million	21,792	4.4 million	5.0 million[b]	Relatively modest share of the microfinance market, competing with ADSCI and Debit Credit and Savings Institution (DECSI), also serving youth.
Malawi	**OIBM**	Commercial	39 branches	497,857[c]	23.0 million[d]	61,445[d]	18 million[d]	41.7	One of the few deposit-taking institutions, dominant

Country	FSP	Legal form	Geographical coverage	Active savers	Total deposits (USD)	Active borrowers	Gross outstanding loan portfolio (USD)	Total assets (USD)	Market positioning
		(microfinance) bank	and 146 service outlets covering all three regions of the country					million[d]	player in the microfinance market representing 28% of active borrowers (just one % point behind the market leader, MRFC, which is seemingly under liquidation) and 52% of the gross loan portfolio (with MRFC at second place with 16%) (2012 data, not including SACCOs). Within the commercial banking sector, market share for ordinary savings stood at 12% (the third largest share) in 2012. In the communities of operation, strongest competitor is FINCA Malawi (reportedly in the final stages of the deposit-taking licensing process). Only institution that targets youth with specifically designed products/services.
Rwanda	**UFC**	Limited liability microfinance company (non-bank financial institution), recently transformed from a union of SACCOs	Seven physical branches (rural focus) and one mobile branch in three, out of five, provinces (Kigali, Southern, Western)	89,050	1.6 million	5,791	2.8 million	4.0 million	Relatively modest share of the total microfinance market. Nevertheless, in terms of number of depositors at the national level, it is surpassed only by *Umurenge* SACCOs and two banks, namely Equity Bank Rwanda and Urwego Opportunity Bank (UOB). With regard to total deposits as well as number of borrowers and gross loan portfolio, its position is somewhat weaker. In the districts in which it presently operates, main competitors include the *Umurenge* SACCOs and the *Banque Populaire du Rwanda* (BPR); the latter apparently targeting youth, but without specific products/services. With the exception of one youth-specific cooperative (seemingly in the process of winding down its activities), presently the only institution that targets youth with specifically designed products/services.
Senegal	**PAMECAS**	Cooperative	95 agencies in	619,782	66.0 million[d]	89,116	71.8	112.8	Together with *Crédit Mutuel du Sénégal* (CMS), and

Country	FSP	Legal form	Geographical coverage	Active savers	Total deposits (USD)	Active borrowers	Gross outstanding loan portfolio (USD)	Total assets (USD)	Market positioning
		bank	all 15 regions				million[d]	million[d]	Alliance de *Crédit et d'Epargne pour la Production* (ACEP), leading microfinance market player holding around one-third of the total microfinance loan portfolio. Some commercial banks and CMS also target youth.
Togo	**FUCEC**	Cooperative bank	37 credit unions countrywide	519,246	153.7 million[d]	167,089	119.2 million[d]	191.2 million[d]	Primary microfinance actor, accounting for more than half of savings and credit amounts, with no real competition with regard to youth segment.
	FINCA Uganda	Microfinance deposit-taking institution	27 networked branches and points of service (POS) agencies countrywide	146,628	20.0 million	57,192	26.0 million	41.9 million	FINCA Uganda and FTB are both among the top microfinance market players (surpassed, in terms of the number of outlets, by BRAC Uganda, Centenary Rural Development Bank (CRDB) and Pride Microfinance). Strongest competitors with regard to the youth segment include CRDB (62 branches plus 48 off-site ATMs) and Post Bank (20 branches), although they do not have the same outreach as FINCA Uganda and FTB have.
Uganda	**FTB**	Commercial microfinance bank (recently transformed from a microfinance deposit-taking institution)	34 branches throughout the country (rural focus)	369,317	28.6 million	27,636	28.9 million	43.9 million	

Note: Figures as of December 2014 (a: Number of clients / b: June 2014 / c: Number of depositors 2013 / d: 2013). Figures in blue from MixMarket

Annex 16: Evaluation Matrix

EQ1, EQ2, etc. are the primary questions for each evaluation area as defined by the five OECD/DAC evaluation criteria, with the criteria of ‘Effectiveness’ divided into two separate areas – one concerning the capacity of partner FSPs (micro level) and outreach/access (client level) and one regarding the broader youth financial inclusion context at global, macro, meso and market level. EQ1.1, EQ1.2, etc. are sub-questions within each of the evaluation areas, while EQ1.3a, EQ1.3b, etc. are simply follow-on questions to the sub-questions (most commonly seeking to elicit lessons learned or recommendations for the future).

Evaluation questions (EQs) in italics are priority questions. While all areas and questions are addressed by the evaluation, it focuses on certain priorities following (i) indications in the ToR[212] and (ii) the Consultant’s understanding of primary ‘interests’ on part of the MCF[213] and UNCDF[214] as well as (iii) because the mid-term evaluation has already covered some areas/questions more extensively than others.

Where relevant, EQs are either cross-referenced against components of the theory of change framework (with **results chain components in red** and **assumptions in green**) or classified as **lessons learned or recommendations (in blue)**. Furthermore, where relevant in the ‘Indicators’ column, cross-reference is made to the high level **program indicators (PIs - in pink)** as defined by the Results Framework in the ProDoc and as summarized in a separate table below following the evaluation matrix.

[212] I.e. the ToR state that the evaluation is expected to “provide and validate evidence” specifically with regard to: 1) Changes in organizational and financial performance of FSPs; 2) Influence of the program on the broader youth financial inclusion systems; and 3) Evidence of any impact to date at client level (pp. 29-30).

[213] As interpreted during the call on 16 December 2014.

[214] As interpreted during the call with the EU on 16 December 2014 and during the call with the YS PM on 16 January 2015.

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
1. RELEVANCE AND QUALITY OF DESIGN EQ1. How relevant and well designed was the program with reference to meeting the needs of its partner countries, partner institutions (intermediaries) and final beneficiaries (youth clients) towards reaching the broader objective of promoting youth financial inclusion?		
Demand for youth financial inclusion		
EQ1.1. How well did the program support the priorities of its partner countries in the area of youth inclusive finance?	• Sufficient consideration of national (and, where relevant, regional) policy and legal/regulatory framework • Sufficient 'gap' analysis carried out in the YS target countries • Alignment between the program (objectives, logic of intervention, etc.) and national (and, where relevant, regional) priorities concerning financial inclusion and/or youth development • Sufficient synergies with (or 'additionality' to) other similar actions (carried out by meso, macro and/or global level stakeholders)	• Review of national (and, where relevant, regional) policy agenda, strategy documents, legal/regulatory regimes (financial inclusion policies, youth development strategies, etc.) prior to the start of the program (i.e. before 2010) – including analysis of consistency or difference in the age definition of youth (i.e. 12-24 years as defined by YS versus national definitions) • Review of ProDoc (and amendments) and other possible program design related documentation (incl. 'gap' analysis if any) • Interviews with country (or regional) UNCDF/UNDP staff and other relevant international donors, programs, initiatives, etc. (international stakeholders at global level) • Interviews with policy makers, regulators, etc. (national stakeholders at macro level) • Interviews with support structures, community groups, etc. (national stakeholders at meso level)

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
EQ1.2. To what extent has the demand for youth financial products (and non-financial services) been linked or not linked to 'concrete economic opportunities' for youth (final beneficiaries)? **'Impact' (creation of livelihoods at client level)** *EQ1.2a. What is missing in the YS 'model' to make sure that such links are created? I.e. what other activities could be undertaken to reinforce coordination between FSPs and relevant economic opportunities for youth?* **Recommendations**	• Existence of 'concrete economic opportunities' - 1) # of business start-ups or development or other economic activities undertaken by YS clients (final beneficiaries); 2) general enterprise creation and development at national level (incl. sectors of expansion and growth) • Existence of demand for youth financial products (and non-financial services) specifically targeting taking advantage of economic opportunities – 1) # of YS clients using loans specifically for business start-up or development or other economic activity and # of beneficiaries using financial services for non-business purposes (education, housing, etc.); 2) general demand for financial products towards supporting enterprise creation and development at national level • Existence of coordination (or at least consultation) on part of FSPs with relevant business support entities, community organization, etc. (national stakeholders at meso level) towards assisting in linking the provision of financial products and non-financial services to youth with opportunities for employment, enterprise creation, etc.	• Review of ProDoc (and amendments) and YS 'model' • Review of available official national reports and databases, economic studies, market assessments, etc. • Review of available studies on youth financial inclusion (analysis of demand at national level) • Interview with YS PM • Interviews with FSPs • Interviews with support structures, community groups, etc. (national stakeholders at meso level) • Data from FSPs' MIS on the # of YS business startups or development (subject to data availability) • FGDs and structured interviews with youth clients (final beneficiaries)

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
Type and selection of partner institutions		
EQ1.3 How appropriate was the design of the program for its partner institutions? **Assumptions 1, 2 and 4a&b** EQ1.3a. Why were some FSPs replaced? I.e. what were the main challenges that called for their replacement? EQ1.3b. How appropriate have credit unions been as a target of support? Is there among credit unions (in comparison to other types of institutions) 1) a stronger 'member effect' that contributes to identity, belonging, and 'coming of age' and/or 2) a 'CSR niche' (given their social mission)? *EQ1.3c. What kinds of FSPs should a program like YS consider supporting in the future? And which types should be avoided?* **Recommendations**	• Adequately designed grant award process, for both Stage 1 and Stage 2 (incl. prerequisites for participation and selection criteria) – 1) # and type of FSPs with prerequisites for participation in the partner countries; 2) # and type of FSPs received call for applications; 3) # and type of FSPs submitted proposals; 4) # and type of FSP selected (awarded grants); 5) # and type of FSPs received grants) – **PI1&PI2** NB: Type of FSP refers not only to its legal status (i.e. whether or not it is a credit union, bank, etc.), but also to other dimensions (small, medium or large; savings or credit 'priority'; individual or group lending; rural, urban or peri-urban; etc.) • Clear capacity building strategies foreseen for selected FSPs • Adequate and regular monitoring mechanisms foreseen for selected FSPs • Adequate 'exit strategy' in place (i.e. what happens at the end of YS program support?) • # of performance indicators not satisfied (and reasons why) (EQ1.3a) • Feelings of 'identification with'/'belonging to' the FSPs on part of clients ('member effect') (EQ1.3b)	• Review of documentation relevant to the grant award process (incl. prerequisites for participation, selection criteria, template applications forms, FSP business plans, minutes from / communication of award decision, etc.) – for both Stage 1 and Stage 2 • Review of data available at MixMarket - to gather information on # and type of FSPs with prerequisites for participation in the partner countries • Review of PBAs (Stage 1 and Stage 2) • Review of quarterly reports submitted by FSPs to YS • Review of monitoring visit reports on part of YS program staff • Review of 'scoring' sheets (criteria to rate FSP performance on quarterly basis) • Interviews with YS PM and other program staff • Interviews with FSPs • Interviews with MFI networks (support structures at meso level) • FGDs with youth clients (final beneficiaries) – to solicit information on the 'identification with'/'belonging to' the FSPs ('member effect') (EQ1.3b)

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
Grant design		
EQ1.4. Were the grant amount and grant purpose adequate to all FSP partners? **Inputs/Resources** and **Assumptions 1, 2 and 4a&b** *EQ1.4a. Should FSPs be able to use grant proceeds to support other possible purposes (such as supporting youth loan portfolio)?* **Recommendations** EQ1.4b. What should the ideal grant amount be? **Recommendations**	• Matching of actual needs of FSPs regarding youth financial inclusion with eligible purposes (market research, marketing, etc.) and respective allocations of grants • Average % of grant disbursed • # of FSPs not completely having used amount (and for which purpose) allocated for disbursement • Amount not used (and reasons why) • # of FSPs that would have needed additional funds to adequately implement the YS program • # and amount of grants or funding available from other donor initiatives or investors targeting the development and provision of youth financial products	• Review of program budget (and revisions) – planned and actual • Review of FSP business plans • Review of PBAs (Stage 1 and Stage 2) and other documentation outlining purpose (and respective allocation) of grant • Review of quarterly reports submitted by FSPs to YS • Review of monitoring visit reports on part of YS program staff • Review of 'scoring' sheets (criteria to rate FSP performance on quarterly basis) • Review of FSPs' funding sources - to identify possible 'liquidity' challenges with regard to financing youth loan portfolio • Interview with YS PM • Interviews with FSPs
Comparison with other youth financial inclusion initiatives		
EQ1.5. How does the YS program compare with other initiatives focusing on the financial inclusion of youth?	Comparison of various aspects of design (and implementation and results), including: • Goals and objectives • Target groups and beneficiaries • Inputs/resources • Activities • Delivery channels and/or business models • Results (outreach, impact)	• Review of documentation of 'comparator' initiatives • Interviews with manager/staff of 'comparator' initiatives

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
Cross-cutting issues		
EQ1.6. How well has gender been integrated into program design (and subsequent implementation and monitoring)? **Activities (program design, management and monitoring)**	• Preparatory gender analysis conducted with regard to different needs, responsibilities ('division of labor') as well as possibilities to access/control savings, resources and program benefits on part of girls / young women (final beneficiaries) • Program supports approaches sensitive to the different needs and responsibilities ('division of labor') on part of girls / young women (final beneficiaries) • Program supports measures to assist the enablement of girls / young women (final beneficiaries) to access and control savings, resources and program benefits • Gender specific results targets (and monitoring indicators) • Gender disaggregated data collection on part of FSPs • % (and position) of female FSP staff 'targeted' by the YS program (training participants, designated youth inclusion 'champions', etc.)	• Review of UNCDF guidelines • Review of ProDoc (and amendments) and other possible program design related documentation • Review of PBAs (Stage 1 and Stage 2) • Review of quarterly reports submitted by FSPs to YS • Review of training/TA participants lists • Interviews with YS PM and other program staff • Interviews with FSPs • FGDs with youth clients (final beneficiaries)

Evaluation Questions (EQ) and Sub-Questions	**Indicators**	**Means and Sources of Verification**
2. EFFICIENCY (COST-EFFECTIVENESS) AND QUALITY OF ACTIVITIES EQ2. How well has the program managed to deliver on expected results?		
Use of funds (cost-effectiveness)		
EQ2.1. Have program funds been used efficiently (cost-effectively)? **Inputs/Resources** in relation to **Results**	• Proportion of grants to FSPs, use and cost of staff versus external consultants for training and TA to FSPs, cost of publications and organization of knowledge dissemination events, travel costs, etc. • 'Value for money' / 'Bank for the buck' ratios - cost of training / # people trained; total program cost (or total grant amount disbursed) / # client reached, etc.	• Review of program budget (and revisions) – planned and actual • Interview with YS PM • Calculations of relevant 'value for money' / 'bang for the buck' ratios – cost / delivered results • Comparison, if available, with 'value for money' / 'bang for the buck' ratios of other similar programs ('comparator' initiatives – see EQ 1.5)

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
Quality of management and supervision		
EQ2.2. How well have program activities been planned, managed, monitored and reported by program staff? **Activities (program management and monitoring)**	• Adequacy and completeness of AWPs • Detailed and transparent grant award process • Sufficient availability of funds for foreseen program implementation • Sufficient allocation of human resources (internal staff and external consultants) for foreseen program implementation • Good quality supervision of FSP investments on part of YS PM and program staff • Effective use of a risk management strategy for FSP investments • Timely disbursement of awarded grants to FSPs • Good quality supervision of training/TA providers on part of YS PM and program staff • Program monitoring focused not only on activities and outputs, but also on outcomes (and possibly impact) • Program monitoring mechanisms allow for regular collection of sufficient data to effectively support the management and decision-making process of the program • Timely program implementation and progress towards targets • Timely reporting, on part of YS PM to relevant program parties (incl. MCF), of program implementation and progress towards targets	• Review of timeframe of program implementation and related deliverables • Review of relevant program and planning documents (ProDoc – including budget and funding sources, AWPs) • Review of documentation relevant to the grant award process (incl. FSP business plans) • Review of documentation relevant to the disbursement of funds to selected FSPs (FSP budgets, memoranda of payments) • Review of quarterly reports submitted by FSPs to YS (incl. monitoring template) • Review of monitoring visit reports on part of YS program staff • Review of 'scoring' sheets (criteria to rate FSP performance on quarterly basis) • Review of reports submitted by training/TA providers • Review of APRs and quarterly reports submitted by UNCDF (YS PM) to MCF • Review of other monitoring reports on part of YS program staff • Interviews with YS PM and other program staff • Interviews with UNCDF country, regional and or HQ staff (incl. M&E staff) • Interview(s) with MCF • Interviews with FSPs

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
EQ2.3. To what extent has the program followed up on the recommendations of the mid-term evaluation? **Activities (program management and monitoring)**	• Sufficient availability of funds towards implementing recommended actions and measures • Sufficient allocation of human resources towards implementing recommended actions and measures • # of actions and measures taken towards addressing the seven recommendations of the mid-term evaluation	• Review of the seven recommendations as outlined by the mid-term evaluation • Review of planning documents (AWPs) • Review of APRs and quarterly reports submitted by UNCDF (YS PM) to MCF • Review of other monitoring reports on part of YS program staff • Interviews with YS PM and other program staff • Interview(s) with MCF
EQ2.4. What has been the quality of program governance and oversight at i) regional and HQ level and ii) country level? **Activities (program oversight)**	• Effective internal UNCDF structures and processes (incl. quality coordination and HQ support mechanisms) • Presence and role of internal UNCDF M&E unit and/or joint advisory committee with external funder • Regular review of program implementation and progress towards targets on part of relevant program parties (incl. MCF) • Regular involvement in management decision on part of relevant program parties at country, regional and/or HQ level	• Review of relevant internal UNCDF structures and processes (PAC minutes, IC minutes, etc.) • Review of feedback mechanisms on progress and monitoring reports on part of both internal (i.e. EU) and joint (i.e. AP) structures • Interview with YS PM • Interviews with UNCDF country, regional and/or HQ staff • Interview(s) with MCF
Quality of service delivery		
EQ2.5. What has been the quality of training and TA services provided by the program (i.e. through UNCDF staff and external consultants) to partner institutions? **Activities (capacity building for FSPs)**	• Training/TA needs identified through initial needs assessment (gap analysis) • #, type and timeliness of training/TA provided relevant to youth financial inclusion and meeting the needs of FSPs • Adequate selection of experienced and relevant training/TA providers (UNCDF staff and external consultants) • Appreciation on part of participants (FSP and, where relevant, UNCDF staff) with regard to training/TA provided	• Review of training/TA related program documents (identification of training/TA activities, content of implemented training/TA activities) • Review of FSP business plans • Review of criteria/process for the selection of training/TA providers • Review of reports submitted by training/TA providers (incl. internal training/TA evaluation score if available) • Interviews with YS PM and other program staff as well as other UNCDF staff (if participated in training) • Interviews with training/TA providers • Interviews with training/TA participants (FSP staff)

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
3. EFFECTIVENESS – ORGANIZATIONAL CHANGE WITHIN PARTNER INSTITUTIONS (MICRO LEVEL) AND OUTREACH/ACCESS (CLIENT LEVEL) EQ3. Has the program supported an increase in capacity on part of partner institutions to deliver good quality financial products and non-financial services to youth and consequently to extend youth client outreach/access?		
Understanding of youth financial needs and tailored products/services		
EQ3.1. To what extent has the program contributed to changes in FSP strategy and attitudes on part of FSP staff towards serving youth? **Output 1** and **Assumption 2**	• Changes in declared strategy (principles/approaches) include specific attention to youth (considering youth as a separate market) / recent (i.e. after the start of the YS program) changes in business plan include attention towards serving youth: - Changes in business plan, mission, vision, organizational chart - Changes in credit policies - Changes in product strategy and characteristics (credit, savings, non-financial services) after the start of the YS program • Improvements in actual implementation of strategy towards youth after the start of YS program • Designated 'youth champion' (or staff member in charge of youth inclusion) • Staff attitude as declared in the code of conduct specifically addressing serving youth (after the start of the YS program) • Actual staff behavior towards serving youth	• Review of relevant FSP documentation: current and past (before YS) business plans, credit policies, products characteristics, codes of conduct, organizational charts, mission, vision • Interviews with FSP (board, management, youth champion and other staff) • FGDs with youth clients
EQ3.2. To what extent did the market research conducted by FSPs really inform the design and development of products/services provided to youth? **Output 1** and **Assumption 2**	• Quality of the market research output and consistency between the market research output and the actual product design: - Design of new youth-specific products/services or development of already existing conventional products/services specially 'tweaked' to meet the needs of youth - Design and development of products/services informed by youth client feedback gathered during market research	• Review of FSP market research reports • Review of relevant FSP documentation (description of characteristics of products/services offered, youth client feedback forms/client satisfaction surveys) • Interviews with FSP staff (CEO, COO and person in charge of managing the market research)
EQ3.3. To what extent did the financial products and non-financial services developed by FSPs under the program meet the needs of youth clients? **Output 1** and **Assumption 2**	• Degree of satisfaction of and feedback from youth clients with regard to savings products • Degree of satisfaction of and feedback from youth clients with regard to credit products (breakdown by characteristics: term, amount, disbursement time, accessibility conditions, guarantees, etc.) • Degree of satisfaction of and feedback from youth clients with regard to non-financial services	• FGDs with youth clients • Interviews with FSP staff (COO, branch staff, etc.)

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
Delivery channels (community groups, classrooms, etc.) and business models (unified, linked, etc.) for non-financial services		
EQ3.4. Which delivery channels and/or business models used for the provision of non-financial services(distinguishing between financial education on the one hand and other non-financial services, such as health or entrepreneurship training, on the other) have proven the most effective? **Output 1** *EQ3.4a. In the experience of the program, what seems to be the characteristics of an effective approach (delivery channel and/or business model) with regard to the provision of: 1) financial education; and 2) other non-financial services (such as health or entrepreneurship training)?* **Lessons learned**	• Satisfaction on part of youth clients with regard to the use of specific delivery channel and/or business model • Change or intention to change delivery channel or business model for the provision of non-financial services and reasons for the change • Quality of the non-financial services curricula depending on the business model/delivery channel	• Review of YS business plans proposed by FSPs • Interviews with FSPs (CEO and staff in charge of non-financial services) • Review of internal (or external) curricula for financial education and other non-financial services (health and business training, etc.) • FGDs with youth clients
EQ3.5. In the experience of the program, what characteristics tend to make partnerships between FSPs and YSOs a success (or failure)? **Lessons learned** *EQ3.5a. How can UNCDF support the creation of other successful partnerships? I.e. what is currently missing in the YS model to ensure the creation of more linkages (if and where success is deemed possible)?* **Recommendations**	• Economic sustainability of partnership • # of services and regional coverage included in the agreement between FSP and YSO • # (and trend) of youth clients of FSP participating in the non-financial services offered by the YSO • Satisfaction on part of youth clients regarding the content and delivery channel of non-financial services provided by YSO • Satisfaction on part of FSP staff regarding the YSO partnership with and planned changes/development of the relationship in the future • Satisfaction on part of YSO staff regarding the FSP partnership and planned changes/development of the relationship in the future • Existence of other similar partnerships/networks promoted by other donors or initiatives	• Review of agreements/contracts between FSPs and YSOs • Review of YSO profiles and past experience • Analysis of the revenue model of YSOs (review of financial statements before YS and now) • Interviews with FSP staff and YSO staff and FSP • Interview with YS PM

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
Responsible financial products		
EQ3.6. To what extent have program initiatives promoting client protection for youth been successful? I.e. are the FSPs integrating youth client protection principles into their institutions? **Output 1** and **Assumption 2**	• Official endorsement of Smart Campaign CPPs • CPPs are taken into consideration in policies and procedures towards youth (even if not necessarily translated into practice) • Actual practices of the FSP towards youth reflect the CPPs integrated in policies and procedures	• Review of FSP business plans • Review of FSP manuals, policies and procedures • Review of Smart Campaign CPP endorsement document • Interviews with FSP staff (CEO, COO and branch staff) • FGDs with clients
Integration of gender		
EQ3.7. To what extent has the program contributed to increased capacity on part of partner institutions to meet the specific needs, responsibilities and challenges of girls and young women? **Output 1** and **Assumption 2**	• FSPs have received quality training/TA with regard to the importance of and how to address gender in product/service design and delivery • #/% (and trend) of girls/young women savers, borrowers and participating in non-financial services • Satisfaction on part of girls/young women regarding products and services offered • Product/service design (including market research) and delivery take into account the different needs of girls/young women vs. boys/young men • Product/service design (including market research) and delivery take into account the different responsibilities of (division of labor between) girls/young women vs. boys/young men • Product/service design (including market research) and delivery take into account the challenges of access to and control of savings, resources, etc. by girls/young women • Other gender sensitive strategies/steps taken in order to address the specific needs, responsibilities and challenges of young female clients	• Review of the content of the training/TA modules delivered to FSPs on how to address gender specificities/challenges in product design and delivery • Review of FSP market research reports • Review of YS business plans proposed by FSPs • Analysis of characteristics of products/services provided and delivery channels used for young women compared to for young men • Interviews with FSPs (product development manager, COO, LOs, etc.) • FDGs with clients

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
Outreach/access and demand (client level)		
EQ3.8. To what extent have financial products and non-financial services provided by program-supported FSPs contributed to extended outreach / improved access to financial products and non-financial services on part of poor and low-income youth, particularly young women and girls? **Outcome 1** and **Assumptions 4a&b**	• Removal of specific barriers for youth people to access to FSP services • # and growth rate (trend) of youth clients (% female; % minors; % rural) - **PI3** • # and growth rate (trend) of 'new' youth clients (i.e. youth not clients of the FSPs prior to the start of the YS program) • # and growth rate of poor and low-income youth clients (subject to data availability in MIS of FSPs) • Evolution of outreach in depth (average loan size for youth /GDP per capita) and comparison with non-youth client of the FSP • Difference between actual trend of number of youth clients since the start of the YS program and 'extrapolated' trend based on youth client outreach prior to the YS program (subject to data availability)	• Review of MIS data of partner FSPs • Review of documentation providing information on barriers to youth financial access • If possible (subject to data availability), 'extrapolation' of youth client trend prior to the YS program for comparison to actual trend since the start of the YS program (in order to support a 'counterfactual' assessment of youth outreach)
EQ3.9. How has the demand for financial products on part of youth clients varied between product type (savings versus loans) and purpose (education/training, business start-up/development, etc)? **Outcome 1** and **Assumptions 4a&b**	• # and trend of youth clients with savings - **PI3** • # and trend of youth clients with loans (if possible disaggregated by loan purpose and sector of activity) - **PI3** • # requested and # rejected loan applications	• Review of MIS data of partner FSPs • FGDs and structured interviews with youth clients

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
4. EFFECTIVENESS – INFLUENCE ON (AND OF) BROADER YOUTH FINANCIAL INCLUSION SETTING (GLOBAL, MACRO, MESO AND MARKET LEVEL) EQ4. Has the program influenced (and been influenced by) the broader youth financial inclusion setting in the countries where it operates?		
Influence at macro and meso level		
EQ4.1. How effective have knowledge mobilization and dissemination activities targeting national (and, where relevant, regional and international) stakeholders been? I.e. to what extent has the program actively and effectively involved relevant stakeholders at both the macro and the meso level (as well as actors at the global level) in program-supported initiatives related to youth inclusive finance (workshops and events, production of case studies, policy briefs, etc.)? **Output 3** and **Assumptions 3a&b**	• # content and quality of published case studies, policy briefs, etc. – **PI12/PI13** • #, type and effectiveness of channels used for dissemination of YS-supported publication (incl. possible existence of other potentially effective channels not used) • # and type of references to YS-supported publications or events in other publications or national media, at other initiatives, etc. • #, content and follow-up of YS-organized national workshops/events - **PI12/PI13** • # and type of participants at national workshops/events • #, content and follow-up of YS-organized (or YS-participated) regional/international fora - **PI12/PI13** • # and type of participants at regional/international fora • Appreciation of publications and initiatives on part of relevant stakeholders	• Review of published case studies, policy briefs, etc. • Review of applied dissemination tools (newsletters, webinars, presentations, etc.) • Review of presentations at and/or 'back to the office' reports on national workshops/events, regional/international fora, etc. (incl. assessment of participants' appreciation if available) • Review (internet search) of references to YS-supported publications or events in other publications or national media, at other initiatives, etc. • Interview with YS PM • Interviews with country (or regional) UNCDF/UNDP staff and other relevant international donors, programs, initiatives, etc. (international stakeholders at global level) • Interviews with policy makers, regulators, etc. (national stakeholders at macro level) • Interviews with MFI networks and other relevant support structures (national stakeholders at meso level) • Interview with journalist writing (or reporting) on financial inclusion and/or youth development for a major national newspaper (or radio/TV station)

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
EQ4.2. To what extent has the program influenced the formal environment (i.e. policy setting and legal/regulatory framework at macro level and support structures at meso level) related to youth inclusive finance? **Outcome 2** and **Assumption 6** EQ4.2a. To what extent has the program influenced informal norms/attitudes (common social/cultural conceptions, or misconceptions) with regard to youth financial inclusion? **Assumption 8**	• Increased awareness and appreciation on part of policy makers, regulators, etc. (macro level) and representatives of support structures (meso level) with regard to the creation of an enabling youth friendly environment - **PI10a/PI15** • Improvements, if any, in the national (and, where relevant, regional) policy setting and legal/regulatory framework during the course of the program with specific regard to the provision of financial products/services to youth • Improvements, if any, in the provision of youth financial inclusion services (incl. advocacy) on part of MFI networks and other support structures during the course of the program • Changes, if any, in the informal norms/attitudes towards youth financial inclusion (EQ4.2a)	• Review of the state (i.e. at start of the YS program) and dynamics (i.e. since the start of the YS program) of national (and, where relevant, regional) policy agenda, strategy documents, legal/regulatory regimes (financial inclusion policies, youth development strategies, etc.) • Review of services related to youth financial inclusion provided by existing support structures (and of if and how they have changed during the course of the YS program) • Interview with YS PM • Interviews with participant country (or regional) UNCDF/UNDP staff and other relevant international donors, programs, initiatives, etc. (international stakeholders at global level) • Interviews with policy makers, regulators, etc. (national stakeholders at macro level) • Interviews with MFI networks and other relevant support structures (national stakeholders at meso level) • Interviews with FSPs

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
EQ4.3. How have different (more or less youth friendly – balancing access with protection) formal environments, i.e. policy settings and legal/regulatory frameworks at macro level as well as support structures at meso level, possibly influenced results of partner FSPs (micro level)? **Assumption 10** EQ4.3a. What role, if any, have informal norms/attitudes (common social/cultural conceptions, or misconceptions) towards youth financial inclusion played in this regard? **Assumption 8** *EQ4.3b.Can any final lessons be drawn on the importance the policy and legal/regulatory framework (macro level) and support structures (meso level) for the outcome of an initiative like YS? I.e. can some characteristics of the policy and legal/regulatory framework (macro level) and support structures (meso level) be identified as likely to promote success (or cause failure) of an initiative like YS?Is there sufficient evidence for the definition of some key 'minimum' criteria which could be used in the selection of future YS partner countries?* **Lessons learned**	# (and type) of products/services offered by FSPs that have become legal, or allowed, during program implementation (ex. saving accounts to people under 18 years old) Benefits of youth allowed to open and manage accounts in their own name below the age of 18 Risks of youth allowed to open and manage accounts in their own name below the age of 18 # (and type) of relevant interventions (incl. client protection efforts) on part of the policy setting and the legal/regulatory framework as well as from support structures (i.e. government youth or other donors' initiatives) that have accompanied FSPs during the implementation of YS program	• Review and country comparison of the state (i.e. at start of the YS program) and dynamics (i.e. since the start of the YS program) national (and, where relevant, regional) policy agenda, strategy documents, legal/regulatory regimes (financial inclusion policies, youth development strategies, etc.) • Review and country comparison of services related to youth financial inclusion provided by existing support structures (and of if and how they have changed during the course of the YS program) • Review of financial statements of FSPs • Interviews with MFI networks and other relevant support structures (national stakeholders at meso level) • Interviews with FSPs

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
Influence at market level		
EQ4.4. To what extent has the program influenced other (non YS-supported) FSPs? More specifically: **Assumption 5** *EQ4.4a. Have there been meaningful 'network demonstration effects' resulting from the different types of institutions supported? I.e. to what extent have other FSPs in the same networks, federations, etc. as the partner FSPs responded to, learned from or been challenged to think about the youth market as a result of the program?* *EQ4.4b. Is there evidence of a 'market demonstration effect' in local markets as a result of the program? I.e. to what extent have other 'imitators'/competitors entered the youth market as a result of the program?*	• Increased awareness and appreciation on part of other network/federation members with regard to youth financial inclusion • Increased awareness and appreciation on part of other 'imitators'/competitors with regard to youth financial inclusion • # of other network/federation members having entered the youth market (by launching similar products/services) during the course of the program • # of other 'imitators'/competitors having entered the youth market (by launching similar products/services) during the course of the program	• Review of APRs • Interview with YS PM • Interviews with MFI networks/federations • FGDs with other FSPs belonging to the same network/federation as partner FSPs • Interview(s) with other 'imitator(s)'/competitor(s) having entered the youth market during the course of the YS program • Review of product/service offerings of other FSPs belonging to the same network/federation as partner FSPs that have entered the youth market during the course of the YS program • Review of product/service offerings of other 'imitator(s)'/competitor(s) that having entered the youth market during the course of the YS program
EQ4.5. What specific levers at the market level have influenced (more or less) the results at the FSP (micro) level? **Assumption 11**	• Strength of competition - # of other FSPs offering similar products/services to youth • Proxy of the saturation level of the market with regard to the youth segment	• Interview with YS PM • Interviews with FSPs

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
Role of UNCDF		
EQ4.6. To what extent has UNCDF adequately fulfilled its role as promoter of youth financial inclusion within the partner countries as well as regionally/internationally? **Outputs 2&3** and **Assumptions 3a&b** / **Outcome 2** and **Assumption 6**	• # of UNCDF staff participating in YS-supported training initiatives - **PI10b** • Content, quality, means of dissemination and use of YS-supported publications (case studies, policy briefs, etc.) • Effectiveness of applied dissemination tools - # and type of stakeholders receiving newsletter, participating in events, webinar, etc. • Appreciation on part of relevant stakeholders (macro and global level) with regard to the value and usefulness of YS-supported knowledge mobilization and dissemination efforts (i.e. publications and dissemination initiatives) • Evidence that national policymakers, regulators, etc. (macro level) and other donors (global level) are beginning to apply emerging best practices and lessons learned (as disseminated by the YS program) in support of a holistic approach to youth financial inclusion	• Review of published case studies, policy briefs, etc. • Review of applied dissemination tools (newsletters, webinars, presentations, etc.) • Review of presentations at and/or 'back to the office' reports on national workshops/events, regional/international fora, etc. (incl. assessment of participants' appreciation if available) • Review (internet search) of references to YS-supported publications or events in other publications or national media, at other initiatives, etc. • Interview with YS PM • Interviews with participant country (or regional) UNCDF/UNDP staff and other relevant international donors, programs, initiatives, etc. (international stakeholders at global level) • Interviews with policy makers, regulators, etc. (national stakeholders at macro level)
EQ4.7. Have the partnerships created under the program (both within the partner countries as well as regionally/internationally) enhanced UNCDF's 'comparative advantage' and 'positioning' within the area of youth inclusive finance? **Outputs 2&3** and **Assumptions 3a&b** / **Outcome 2** and **Assumption 6** *EQ4.7a. What other partnerships should UNCDF establish (and how can existing partnerships be strengthened) within the target countries in order to maximize its influence on the systems supporting the creation of economic opportunities for youth?* **Recommendations**	• Effective partnerships with key stakeholders in place (shared agenda, mutual recognition, synergetic efforts, etc.) in partner countries and regionally/internationally • Effective advocacy mechanisms towards important stakeholders in place in partner countries and regionally/internationally • Degree of recognition of the approach and role of YS/UNCDF among partner stakeholders and other key actors in partner countries and regionally/internationally • Existence of other potentially relevant stakeholders (key actors) who could have (more effectively been) included	• Review of reports and documents of partner donors' and partner countries' programs and initiatives • Interviews with participant country (or regional) UNCDF/UNDP staff and other relevant international donors, programs, initiatives, etc. (international stakeholders at global level) • Interviews with government officials (national stakeholders at macro level)

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
5. LIKELY IMPACT (CLIENT LEVEL)[215] EQ5. Is the program likely to contribute to any (long-term) changes for final beneficiaries?		
Possible impacts of access to financial products and non-financial services on part of youth clients[216]		
EQ5.1. To what extent has the joint provision of financial products and non-financial services (i.e. financial education) contributed to an increase in the financial capabilities of youth clients, especially young women and girls? **Impact (client level)** and **Assumption 13**	• Number and growth of active youth savers disaggregated by gender • Amount and growth of savings disaggregated by gender • Number and growth of active borrowers • Amount and growth of youth portfolio • Change in use of funds (savings or loans), disaggregated by gender, etc. • Number of youth who are at their 2nd (or above) loan cycle, disaggregated by youth who have vs. have not received non-financial services (if possible) and by gender • Value and trend of PAR of youth loan accounts disaggregated by youth who have vs. have not received non-financial services (if possible) and by gender • Change in knowledge with regard to savings, budgeting, debt management, etc. ('increased financial capabilities') • Evidence that 'financial capabilities' have increased more when financial education is provided in tandem than when financial products are provided alone	• Review of MIS data • Review of the Assessment of the Effects and Behavioral Changes of Financial and Non-Financial Services on Youth ('financial diaries') carried out by MicroSave – Ethiopia and Togo • Interviews with FSPs (CEO, COO, branch staff and non-financial services staff) and YSOs • Structured interviews (and FGDs) with youth clients (possibly also with parents/guardians), including the potential use of some sort of 'proxy' question(s) to verify 'increased financial capabilities'

[215] Likely impact at FSP (micro) level is addressed under 'Sustainability' below since intended impact with regard to FSPs concerns long-term performance and sustainability.
[216] NB (regarding all EQs related to likely impact): Since the YS program has yet to finish, not enough time has passed in order to point to actual impacts. Only tentative assumptions with regard to likely impacts can hence be expected.

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
EQ5.2. To what extent and in what ways have well-designed and targeted financial products and non-financial services contributed to positive results for youth clients? **Impact (client level)**	• No change for the worse, as defined by youth clients, during the course of and as a result of the YS-program • Any change for the better, as defined by youth clients, during the course of and as a result of the YS-program, including for example: - Change in amount (value and type) of financial assets (savings) or capital invested on part of youth clients (incl. change in the status of access to / control over savings, etc.) – building of financial/investment capital - Change in the level of education/training and/or employment of youth clients - building of human capital - Change in social role played by youth clients (leadership position, marital status, etc.) - building of social capital - Change in individual poverty level and/or general household situation	• Review of available baseline, if any, and current client data in the MIS of FSPs (including information from the adoption of the LQAS methodology – seemingly focused on changes in financial behavior, but also including a proxy indicator for poverty, related to food security). • Review of the 'financial diaries' carried out by MicroSave – Ethiopia and Togo • Interviews with management level of FSPs • Structured interviews with youth clients (possibly also with parents/guardians), including the compilation of current and 'retrospective' PPI scorecard - available for all fieldwork countries except DRC
EQ5.3. To what extent has the program assisted in linking the provision of financial products and non-financial services to youth with opportunities for the creation of sustainable livelihoods (employment, enterprise creation, etc.)? **Impact (client level)** EQ5.3a. In the experience of the program, what mix of microfinance programming (e.g., holistic, targeted), strategy and institutions best prepare youth for integration with the market workforce? **Lessons learned** EQ5.3b. Which of the financial products developed by partner FSPs have the greatest potential to link youth to 'concrete economic opportunities'? **Lessons learned**	• Evidence of established partnerships or collaboration with market integration / job creation entities (counseling organizations to orientate/support youth, youth hubs providing training on how to find or create a job, etc) • Evidence from YS clients that the provision, where relevant, of a mix of financial products and non-financial services brings them to exploit existing economic opportunities	• Review of best practices (beyond the YS program), if available, with regard to linking microfinance with opportunities for job creation • Interviews with support organizations, community groups, etc. • Structured interviews with youth clients

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
6. SUSTAINABILITY EQ6. Are program results likely to be sustainable at the micro (FSP) level as well as at the global, macro and meso (level?		
Performance and sustainability of FSPs (micro level)		
EQ6.1. To what extent are youth-specific product/service lines financially sustainable (or likely to become financially sustainable)? **Impact (micro level)** EQ6.1a. Given the experience of the program, how can financial products and non-financial services (such as financial education and business training) be offered cost-effectively and sustainably for a large number of clients, especially youth and women? **Lessons learned**	• Plans to continue, scale-up or reduce youth product lines at close of YS program • Presence within the YS program / proposed business plan of an 'exit strategy' • Trend in OSS of FSPs • Trend in OSS of YS-supported loans and non-financial services: - Proxy of YS-related costs (salary of people working w/ YS-supported products, other expenses related to non-financial services, provisioning of YS-supported loans, etc.) - Proxy of revenue (YS-supported product yield) - Comparison of OSS of FSPs with OSS of YS-supported products/services	• Review of the YS Business Case Analysis carried out by Frankfurt School of Finance & Management - Burkina Faso, Malawi and Rwanda • Analysis and comparison between global sustainability of the FSPs and proxy of YS-supported product/service sustainability • Review of FSPs business plans and YS-supported products/services projections
EQ6.2. To what extent has including youth (either through designing new youth-specific products or 'tweaking' already existing conventional products) contributed to increased prospects for financial sustainability of FSPs overall? **Impact (micro level)**	• Trend in OSS of FSPs (before YS program up to December 2014) • Trend in outreach in terms of # of youth borrowers and savers and outstanding savings and loan amount (before YS program up to December 2014) - **PI3** • Average # of parallel products for YS client to check opportunities for cross-selling (subject to data availability) • Trend in client retention rate/drop-out rate (before YS program up to December 2014) (subject to data availability) • Access to further source of funds/TA beyond YS/UNCDF thanks to the participation in the YS program	• Review of the YS Business Case Analysis carried out by Frankfurt School of Finance & Management - Burkina Faso, Malawi and Rwanda • Review of MIS data from FSPs (data on outreach, parallel products and client retention) • Analysis of FSP profitability and sustainability • Interviews with FSP management
EQ6.3. To what extent has youth financial inclusion been institutionalized by partner FSPs? **Assumption 12** *EQ6.3a. What do partner FSPs need to do to continue working with youth in a sustainable manner?* **Recommendations**	• Demonstrated commitment to serve youth on part of board and management • Medium- to long-term strategies specifically and adequately incorporating youth financial inclusion measures after the end of YS program • Sufficient availability of funds to support youth financial inclusion measures / youth products/services (financial projections) • Sufficient allocation of human resources to effectively serve youth clients	• Review of FSP business plan and financial projections • Interviews with FSP board, management and staff • FGDs with youth clients

Evaluation Questions (EQ) and Sub-Questions	Indicators	Means and Sources of Verification
Sustainability of knowledge mobilization and dissemination (global, macro and meso level) and of possible improvements with regard to the policy setting and legal/regulatory framework (macro level) and support structures (meso level)		
EQ6.4. To what extent are the knowledge mobilization and dissemination 'mechanisms' developed under the program likely to be maintained (updated) and used? Sustainability of **Output 3**	• Sufficient availability of YS/UNCDF funds to continuously mobilize knowledge as well as update information and support technical maintenance • Sufficient allocation of YS/UNCDF staff towards continuous mobilization of knowledge as well as updating of information and technical maintenance • Appreciation (perceived usefulness, user-friendliness, etc.) of the 'mechanisms' on part of FSPs and other relevant stakeholders	• Interviews with YS PM and other program staff • Interviews with country (or regional) UNCDF/UNDP staff and other relevant international donors, programs, initiatives, etc. (international stakeholders at global level) • Interviews with policy makers, regulators, etc. (national stakeholders at macro level) • Interviews with MFI networks and other relevant support structures (national stakeholders at meso level) • Interviews with FSPs
EQ6.5. If there are indications of youth friendly changes in the policy setting and/or legal/regulatory framework (macro level) and support structures (meso level), to what extent are these improvements likely to be sustainable? Sustainability of **Outcome 2**	• No signs of policy reversals or backtracking on gained improvements in the legal/regulatory framework • Sufficient capacity (with regard to both financial and human resources) and commitment on part of support structures to maintain support towards youth financial inclusion	• Review of past (i.e. prior to the start of the YS program in 2010) and current national (and, where relevant, regional) policy agenda, strategy documents, legal/regulatory regimes (financial inclusion policies, youth development strategies, etc.) • Interview with YS PM • Interviews with policy makers, regulators, etc. (national stakeholders at macro level) • Interviews with MFI networks and other relevant support structures (national stakeholders at meso level)

Abbreviations and Acronyms

AP	Advisory panel
APR	Annual project report
AWP	Annual work plan
CEO	Chief executive officer
COO	Chief operating officer
CPP	Client protection principle
CSR	Corporate social responsibility
DAC	Development Assistance Committee
EU	Evaluation Unit
FGD	Focus group discussion
FSP	Financial service provider
GDP	Gross domestic product
HQ	Headquarters
IC	Investment committee
LO	Loan officer
M&E	Monitoring and evaluation
MCF	MasterCard Foundation
OECD	Organization for Economic Cooperation and Development
PAC	Program appraisal committee
PBA	Performance based agreement
PI	Program indicator (see table on following pages)
PM	Program manager
ProDoc	Program document
OSS	Operational self-sufficiency
TA	Technical assistance
ToR	Terms of reference
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Program
YS	YouthStart
YSO	Youth-serving organization

Summary of High Level Program Indicators (as defined by the Results Framework in the ProDoc)

Program Indicator (PI) #	Definition *(Consultants' comments)*	Targets
PI1	# of grants issued to FSPs - Stage 1 (market research)	Up to 20 – by year 1
PI2	# of grants issued to FSPs - Stage 2 (developing and launching of products/services)	Between 8 and 12 – by year 2
PI3	# of youth clients (% female)	200,000 (50% female) by June 2014 (end year 4)- 5,000 by end year 2; 50,000 by end year 3 (50% female)
PI4	% of selected FSPs have improved youth-specific financial products (and non-financial services)	90%
PI5	% of new youth-specific financial products (and non-financial services) are brought to scale (i.e. available at multiple branches)	80%
PI6	% of FSPs have forged partnerships with YSOs for the provision of youth-specific non-financial services	50%
PI7	# of FSPs have youth-specific financial products (and non-financial services) marketed by staff specifically trained in how to reach youth	All
PI8	# of market studies conducted / # of FSPs with improved capacity to conduct youth-inclusive market research (Stage 1)	Up to 20 receive 1 training and ongoing TA – by year 1
PI9	# of youth-specific financial products (and non-financial services) developed, launched and scaled up / # of FSPs (and % of YSOs) with improved capacity to develop, launch and scale up youth-specific financial products (and non-financial services)	Between 8 and 12 FSPs (and 50% of partner YSOs) receive training and ongoing TA – year 2 and year 3
PI10a	Better informed stakeholders with regard to the type of products, marketing, strategies, services, delivery channels and legal frameworks that lead to youth financial inclusion *(Resulting from PI12 and PI13)*	No specific target(s) indicated
PI10b	Youth microfinance established as core competency within UNCDF	7 UNCDF staff receive at least 1 training; all FIPA technical introduced to youth-specific financial products (and non-financial services) – year 1 7 UNCDF staff participate in 2 training events – year 2 and year 3 YS program on agenda of FIPA Global Annual Retreat – all years
PI11	Better informed institutions with regard to what type of non-financial services and delivery channels lead to improvements in youth economic outcomes	No specific target(s) indicated
PI12	Lessons learned disseminated to a critical mass of relevant stakeholders with regard to key characteristics of client segments and potential products and services / Relevant knowledge with regard to youth-specific financial products (and non-financial services) is collected, documented and disseminated *(Overlapping with PI13 and resulting in PI10a)*	3 case studies, policy briefs, etc. – year 3 2 national or regional conferences convened towards improving an enabling youth friendly environment – year 3
PI13	Lessons learned disseminated by UNCDF/FIPA* staff and selected FSPs (Stage 2) to a critical mass of organizations *(Overlapping with PI12 and resulting in PI10a)*	YS PM and at least 2 FIPA staff attend global youth-centered conference - every year YS PM presents lessons learned at least 1 youth-centered

		conference - every year 4 presentation by selected FSPs (Stage 2) at conferences or training events – year 3
PI14	# of selected FSPs (Stage 2) report performance publicly (MixMarket)	All – by end year 3
PI15	Increased awareness with regard to the potential for scale of youth inclusion financial systems and the creation of youth enabling financial systems *(Increased awareness on part of whom is not indicated, but seemingly overlapping with PI10a)*	No specific target(s) indicated
PI16	Program is performed efficiently	No specific target(s) indicated
PI17	Mid-term and final evaluations are conducted	1 mid-term and 1 final evaluation

ANNEX 17: FSP Tools and Guidelines (Micro Level)

FSP data come from different sources in order to allow for the evaluation team to cross-check their reliability. Quantitative data available at FSP level and necessary for the evaluation were firstly gathered through a ***preliminary data file***, which the FSPs were asked to fill out prior to the field visits towards collecting some initial information on financial statements, portfolio, products/services, etc. The preliminary data file contains a list of internal documents (yellow worksheet) provided to the evaluation team and a set of (purple) worksheets to be completed (only the purple cells have to be filled in). Quantitative data available at FSP level were also gathered from ***information extracted from the FSP quarterly YS reports*** (which reduced the workload on behalf of the FSPs).

Data from these two sources (i.e. the preliminary data file and the FSP quarterly YS reports) will then be pasted into a more complete ***data analysis (DA) file***, one for each FSP. This DA tool will automatically generate ratios, indicators and tables needed for the FSP analysis and related client analysis (i.e. addressing areas 3, 5 and 6 of the evaluation matrix). The FSP DA file has been conceived to be as user-friendly as possible and to allow for good efficiency in the drafting of the country reports. More specifically, the file is broken down into the following two sections:

- **Red worksheets**: These worksheets contain the data necessary for ratio calculations and table generation, filled out by the evaluation team (only violet cells) with data from the preliminary data file and the FSP youth quarterly reports. Data were pasted directly from the two source files, limiting time-consuming and risky manipulations.
- **Blue worksheets**: These worksheets include customized tables and ratios/indicators. They are conceived to automatically generate all tables and ratios/indicators necessary for the FSP analysis to be included in the country reports towards ensuring a standardized and detailed analysis of all FSPs.

With regard to the content of the output (blue worksheets):

- The indicators/ratios displayed have been selected in order to answer relevant EQs and address the corresponding quantitative indicators as integrated in the evaluation matrix. Each worksheet refers to the specific EQ for which such data is needed (cells highlighted in green).
- The tables compare the overall FSP situation with the YS situation over the period of analysis in order to allow for the evaluation team to assess if the evolution of YS activities has had an impact on the overall FSP performance (area 6 of the evaluation matrix).
- The minimum targets agreed upon with FSPs in the performance based agreements (PBAs) have also been integrated into the analysis in order to address EQ1.3 (How appropriate was the design of the program for its partner institutions? Indicator: # of performance indicators not satisfied).
- Data is always disaggregated by gender as it is a key dimension of the YS program.

Finally, ***interview guidelines*** assisted the evaluation team in structuring interviews with FSP (and where relevant partner YSO) staff and cover all areas of the evaluation matrix. The guidelines link questions to be asked to the respective EQs. It is possible to sort the file so that only the questions to be asked of one specific category of staff will appear, making it easy to use during interviews. The evaluation team met FSP staff at four levels – governance (board), management, staff dedicated to the YS program and field staff - in order to get a full picture of program implementation, performance and prospects in the medium to long-term. The tool is structured so that most questions are asked to different FSP staff separately in individual interviews in order to be able to cross-check some answers and get a general sense of staff attitude towards and perceptions on different issues (i.e. does everyone have the same opinion, ideas?).

With regard to the two countries not visited by the evaluation team (i.e. Senegal and Togo), the respective

FSPs were nevertheless asked to submit relevant documentation and to provide as much information as possible in the preliminary data file towards allowing the evaluation team to complete (to the extent possible) the FSP DA file also for these two institutions. Some interviews were also held with a selected few (two to three) key staff over Skype or telephone.

ANNEX 18: Focus Group Discussions and Structured Interviews with YouthStart Clients (Client Level)

To grasp information from the clients and mainly study which is the likely impact on their daily lives, the evaluation included focus group discussions (FGDs) and structured interviews with YS clients of the eight partner FSPs in the six fieldwork countries. In total 252 clients were interviewed.

The evaluation team dedicated two days (one day with each of the two selected branches – see paragraph on the selection of YS clients below) for each FSP to these two activities, with two FGDs (lasting around two hours each) per day, each followed by short (around 15 minutes) individual structured interviews. When FGDs needed to be held in languages not known to the country teams, interpreters were used for step-by-step translation of questions and client feedback.

The ***FGDs***, see Annex 18a (separate file), were centered on soliciting:

- Perceived needs on part of YS clients with regard to financial products and non-financial services;
- Perception of quality of products/services received; and
- Appropriateness (uses and quality) of the delivery channels (classrooms, community groups, etc.) and/or business models (unified, linked and parallel) applied.

The ***structured interviews*** with individual YS clients were based on a questionnaire, see Annex 18b (separate file), aiming at gathering some general information with regard the specific situation of the YS clients (education, household composition, use of specific products/services, etc.) as well as with regard to any perceived changes (‘likely impact’) since and as a result of the YS program.

The original ***selection of YS clients*** to participate in the FGDs and structured interviews, described below was slightly adapted to each country specificities, as follows:

<u>FCPB Burkina Faso</u>: FCPB's MIS does not trace the age of clients or whether they have received NFS or not. Therefore it was not possible to strictly follow the client sampling process as outlined in the Inception Report.

<u>Finca DRC</u>: There was no FGD specifically focusing on female clients due to logistic challenges within FINCA.

<u>PEACE Ethiopia</u>: PEACE operations are widespread in three regions in the country, namely Oromiya, Amhara and Southern Nations, Nationalities, and Peoples' Region (SSNRPR). Due to logistic reasons, the stratification rule, according to which two different regions with different levels of poverty and employment should have been selected, was not feasible at country level. Branches were then selected only in the Oromiya region, that is wide and heterogeneous in 284,538 km2, and this segmentation logic was applied within the region itself. During client selection, **another adjustment was carried out to adapt our methodology to the effective branch configuration**. The FGD held with borrowers was limited in number (only 5 clients) and included only women because total YS loans is still small (as of January 2015, 67[217] loans were disbursed in the entire branch) and only a small percentage (3%) is represented by male. PEACE also claimed that random selection for this group was not possible because clients from the first selection were not close to the branch location and it was necessary to introduce in some cases a second choice.

<u>UFC Rwanda</u>: Since the YS program in Rwanda has had an almost total rural focus (in line with UFC’s social mission), the evaluation team, in consultation with UFC, selected two non-Kigali branches in which to carry out the FGDs and interviews with YS clients.

The sampling exercise was performed in close collaboration with the FSPs in order to receive their feedback on the market and to grasp some ‘informal’ information that the evaluation team would not be able to

[217] Among PEACE YS portfolio, Bereh Alelitu is the third largest branch in terms of number of loans disbursed, and the biggest ones, Molale and Kuy, in the Amhara region, were proposed to PEACE but not chosen because too far to be reached.

detect. FGDs and structured interviews with (few) YS clients are not meant to provide statistically significant results, but rather only to (qualitatively) report on the ideas and thoughts of a selected number of YS clients. Results from the FGDs and structured interviews can hence not be translated onto the whole YS client population. Nevertheless, with at least three FGDs per FSP, the Consultant anticipates a fairly broad variety of answers as well as a certain degree of liberty in interpreting the results towards at least pointing to some seemingly important issues.

Segmentation criteria for YS client selection

Area of analysis	Criteria
Provinces / Regions	Low/medium income (POVERTY) Economic opportunities (EMPLOYMENT)
Branches & sub-branches	Rural/urban area Potential Demand (POPULATION DENSITY and COMPETITION)
Clients	Typology of product/service

Selection on YS clients was mainly based on a two-step approach. First, provinces/regions and branches were chosen with a segmentation analysis based on a combination of several dimensions external to the FSP (level of poverty, existence of economic opportunities, potential demand and geographic area – subject to availability of data) and based upon an assessment of where and how the YS products/services have been piloted and implemented across the branches. Second, YS clients were picked out with a stratification sampling method.

Based on information provided by the FSPs on provinces/regions and branches where YS products/services have been piloted and rolled out with related information (namely the ‘Branch map’ and ‘Table 2 – FSP’ worksheets of the sampling sheet), a first ‘skimming’ was carried out in collaboration with FSP in order to focus the selection only on those branches where YS products/services are effectively concentrated. Then, according to the most recent national statistical surveys (where available – information to be include in the ‘Table 1 – Country’ worksheet of the sampling sheet) and/or indications provided by the FSP, the evaluation team selected two provinces/regions (subject to the availability of data) with mixed levels of income (defined by the poverty rate) and/or economic opportunities (defined by the unemployment); i.e. one province/region with relatively high levels of poverty and unemployment and one province/region with relatively lower levels of poverty and unemployment. Where available, national statistics on youth population’s breakdown were used. When selecting the provinces/regions, distance from FSP headquarters will also be considered as relevant (given the limited duration of the field visits).

Once the provinces/regions have been identified, a rural branch will be selected in the province/region with relatively higher poverty/unemployment level, while an urban branch will be selected in the province/region with relatively lower poverty/unemployment level. Finally, within each of these two branches (one rural and one urban), two sub-branches were selected based on the level of potential demand (defined by the mix of population density, level of competition, difference between average FSP savings and YS savings, etc.); i.e. one sub-branch with low potential demand and one sub-branch with high potential demand. Since the FGDs (and subsequent structured interviews) were held at both sub-branches in the same day (one in the morning and one in the afternoon), logistical issues will also be taken into account when making the final selection of sub-branches.

The FSPs should then provide the evaluation team with a complete list of YS clients (by completing the ‘List of clients’ worksheet in the sampling sheet). The final sample of YS clients was consequently be built on a random selection of clients (using a number generator tool) according to key socio-demographic segments (gender, age and education) in order to ensure a representative sample of the YS clientele across the following four types of groups:

- 8 clients with only YS savings (no loans and no non-financial services) + reserve list*

- 8 clients with YS savings and loans (no non-financial services) + reserve list*
- 8 clients with YS savings and non-financial services (no loans) + reserve list*
- 8 women clients with all the products/service + 8 reserve list*

* In order to ensure a satisfactory participation on part of YS clients, together with the list of the first (eight) clients, branches will be provided with another list of additional clients with the same characteristics of the first list so that clients (from the first list) not able / willing to participate can relatively speedily be substituted.

***

Annex 18a: Guidelines for Focus Group Discussions with YouthStart Clients

INSTRUCTIONS (in blue):

- **Introduce yourselves.**
- **Welcome participants (YS clients and, where relevant, parents/guardians), thank you for coming – we are grateful for your time. This session will last around 2 hours and will be followed by shorter individual interviews.**
- **We are working on the final evaluation of YouthStart – a program aiming to increase and improve financial services for youth. We are conducting an analysis to understand your needs and your points of view about the quality of services (financial and non-financial services). We will use this information to assess the changes introduced by the program in terms of financial and non-financial services for youth.**
- **Make sure that the participants understand that the <u>exercise is NOT a test or exam and that all answers will be treated as strictly confidential and NOT disclosed to any third party</u>.**
- **Remember that some of the clients are children – please <u>keep your language simple and direct</u>.**

KEY QUESTIONS AND RELATED PROBING QUESTIONS

Warm-up

Ask participants to briefly introduce themselves

General information on financial products and non financial services – All FGDs

1. What kind of services and products does [name of FSP] currently provide you with? Are you saving or receiving financial services with other entities or programs (formal) or in other ways (informal)? Which services do they provide you with? And why do you use different providers/ways? [**EQ3.9**]

2. Is there any other service or product that you would need but currently don't have access to? **Probe**: savings, loans, training, financial education, payments. [**EQ1.2**]

3. When and how did you start your relationship with the institution? How did you come to learn that [name of FSP] provide some youth financial products? **Probe**: directly from FSP or via other YSO, informal network, friends, family.

'When' is already asked in the individual interviews - if you do the interviews before the FGDs do not ask 'when' (only 'how'); otherwise quickly verify if they are new or old clients.

4. Where do you get your money from? **Probe**: family, small jobs, etc.

5. How do you use your money? **Probe**: consumption, investments, savings, payments of loans/other debts, special events, etc. Can you use your money independently? [**EQ3.3**]

6. How important is it to you that [name of FSP] has specific products/services for youth? And particularly for girls? For married women? In case [name of FSP] provides products or services only targeted to women, what do you think about these specific products/services? [**EQ1.6** and **EQ3.7**]

Make the clients 'vote' (i.e. how many participants consider it important) and ask them why.

7. What is more important for you? Savings, loans, training, payments…? You can indicate more than one, but please rank from the more to the less important product. [**EQ3.3**]

Make the clients 'vote' (i.e. many participants consider savings more important, etc.) and ask them why.

8. How well do you know the products/services provided by [name of FSP]? [**EQ3.6**]

Ask the participants to make some specific examples of the conditions of the products used to 'verify' knowledge - what is the interest rate, does it cost anything to open an account, etc.

Information on current use of and need for savings products – All FGDs

9. How important is it for you to save? Why? For which purposes do you plan to save? [**EQ1.2** and **EQ3.3**]

Skip first part of question if already addressed when answering question 7; skip second part of question if already addressed when answering question 5.

10. In which ways (where) do you save? **Probe**: at home, in more than one financial institution, in a tontine, with relatives, I don't save. If you save at home, why? **Probe**: don't trust, no FIs offering service in area, FIs are too far (how far?), don't have enough money. In the last two years, have you changed your savings attitudes? [**EQ3.1** and **EQ3.3**]

Question partly already addressed by question 1 (solicit more info on why).

11. How satisfied are you with the ways/places you save? What are the reasons for your satisfaction (or dissatisfaction)? What do you would like to change? **Probe**: cost, security, proximity/accessibility, interest on deposits, availability of funds, customer service If not, why not? Probe: don't trust, too far, too expensive, difficult to withdraw [**EQ3.1** and **EQ3.3**]

12. Would you increase your deposit if [name of FSP] offers different solutions?? **Probe**: What can [name of FSP] offer you that could help you increase your savings? What would you ask of [name of FSP] to better serve you? [**EQ3.3**]

Information on current use of and need for credit products – FGD on savings & loans

13. Since the start of YS Program, how many loans have you received from [name of FSP]? When and how much did you receive? **Probe**: duration, condition, prior savings amount required. For which purpose? **Probe**: startup, business development, school fee, consumption, others. Have you ever received other loans from other institutions? If yes, for which purpose? If No, why? **Probe**: never applied for a loan, application was rejected, others? [**EQ1.2**, **EQ3.1** and **EQ3.3**]

14. How important is it for you to have access to loans? Why? For which purposes? (family needs, school fees, marriage, travels, business projects, others). Have you ever used part of the loan for purposes different from the declared one? [**EQ1.2**]

Adapt last part of question according to the different purposes allowed by the product used (i.e. *"Have you ever used part of the loan for consumption"* if consumption is not allowed).

15. Did your family receive a loan from the institution in the past? Who? What for? Has any member of your family ever asked you to apply for a loan on their behalf?

16. Have you experienced any problems/delays during the repayment period of your loan? If yes, which ones and why? What did [name of FSP] do to make sure you paid back? What do you think about the practices? [**EQ3.6**]

17. How satisfied are you with the loan options [name of FSP] offers you? If yes, why? **Probe**: terms and conditions, interest rate, speed in disbursement, customer service If not, why not? **Probe**: no tailored repayment schedule, too expensive, difficult to get the loan and/or reimburse, other). What would you like to change? [**EQ3.1** and **EQ3.3**]

18. How appropriate do you consider to receive a visit by a loan officer during the repayment period? How useful do you consider the advice of a loan officer in regards to the ways you manage your money? [**EQ3.3**]

Information on current use of and need for non-financial services – FGD on savings & non-financial services

19. What kind of training or education (non-financial services) do you receive from [name of FSP] or other correlated organization? Could you give us an example of the most important? (financial education, business mentoring, health education, others). [**EQ3.3**] What do you like (dislike) most?

20. How important is it for you to receive this training/support? Why? Training or financial education should be provided as the first activity and in any case before to save or to apply for a loan? [**EQ1.2**, **EQ3.3** and **EQ5.1**]

21. What do you think about the organization of the training session? **Probe**: whether group, individual, division per gender or age methods were appropriate. What do you like (dislike) most? [**EQ3.4**]

22. How would you describe the quality of these services? (appropriate to the specific target, other) [**EQ3.3**]

23. Do you have any specific needs that you don't find as available within the YS supported services provided by [name of FSP]? As young women, what specific service do you feel are missing from [name of FSP]? [**EQ1.6** and **EQ3.3**]

Suggestions and comments on YS products/services and other activities provided by FSP – ALL FGDs

24. What does being a member represent for you? [**EQ1.3**]

Ask this question only of clients/members of cooperatives (or other 'members only' institutions). Note

that being a client and being a member are two different things.

25. What specific comments would you have about the youth-specific products/services of [name of FSP]? What do you like/dislike the most? [**EQ3.3**]

Skip this question if already adequately addressed by feedback on questions 11, 17, 18, and 19 above.

26. Do you have any suggestions for [name of FSP] to help them improve their financial products and/or non-financial services to youth? What would you recommend them to change? [**EQ3.3**]

Skip this question if already adequately addressed by feedback on questions above.

27. Do you think that specific and dedicated products/services for youth clients will continue to be provided by [name of FSP] (and/or by other entities/initiatives) in your area in the future? [**EQ6.3**]

What do other young people in your community think about the products/services you use from [name of FSP]?

***

ANNEX 18B : Questionnaire for Structured Interviews with YouthStart Clients

Interviewer	Country	FSP	# Interview

0.1. Date of interview: ______ / ______ / 2015

0.2. Province/Region: ______________________________ District: ___________________________________

0.3. Branch: ____________________________________ Sub-branch/Agency): __________________________

0.4. Type of FGD: ____

Select one of the following: Savings; Savings & loans; Savings & non-financial services; Girls & young women.

INSTRUCTIONS (in blue):

THE DAY BEFORE THE INTERVIEWS

- **Some of the information might already be available through the FSP (cross-check with already available information).**
- **Where possible, customize the red sentences according to the characteristics and YS products/services of each FSP. Before printing the questionnaire, add the missing information.**
- **Together with the questionnaire, print the National PPI® simple poverty scorecard (available for all fieldwork countries except DRC).**

BEFORE STARTING THE INTERVIEW

- **Introduce yourself to the client (and parent/guardian) and remind her/him of the purpose of the interview, making clear that it is NOT a test or exam and that all answers will be treated as strictly confidential and NOT disclosed to any third party.**

- **Remember that some of the clients are children – please keep your language simple and direct.**

Personal/general information

1. Name of client: ____

2. Year of birth: _______________

3. Accompanied by parent/guardian: ☐ Yes ☐ No

4. Gender of client: ☐ Female ☐ Male

5. Marital Status: ☐ Single ☐ Married ☐ Divorced ☐ Other

6. Number of household components (including YS client): _________________________

7. Are you currently in school?: ☐ Yes ☐ No

7.a. If Yes, how many years (which grade) have you completed so far?: _________

7.b. If No, how many years (which grade) have you completed?: __________

Depending on the grade completed (i.e. not the one currently ongoing), insert the total number of years of schooling completed (repeat years are not to be counted).

8. When (which year) did you first become a client of [name of FSP]?: ______

If the year stated predates the launch of the YS-supported products/services, please make sure that the client was indeed a client of the FSP prior to accessing the YS-supported products/services and in case which products/services they then benefitted from.

Comments: ____

____

9. Were you in school in [year when the client first accessed YS-supported products/services]?

☐ Yes ☐ No

10. Are you currently employed / do you have a job?: ☐ Yes ☐ No

10.a. If Yes, what type/kind of employment/job? In which sector?: ________________________________

____

____

Take note if the client is either employed (full/part-time or occasional/seasonal) and/or self-employed (i.e. has her/his own business on a full/part-time or occasional/seasonal basis). Note that occasional/seasonal work can include sporadic small jobs also for school children during school holidays as well as more 'regularly' during the school year.

10.b. If No, when (which year) was the last time you were employed / had a job?: ___________________

The response to question 10.b might be 'Never'.

11. Were you employed / did you have a job in [year when the client first accessed YS-supported products/services]? ☐ Yes ☐ No

11.a. If Yes (to question 11), was it the same type/kind of employment / job you have now?:
☐ Yes ☐ No

11.a.1. If No (to question 11.a), please comment on past employment/job: ______________________

____

Take note of differences in past employment/job (different sector, different kind/type, etc.) compared to current employment/job.

11.b. If No (to question 11), please note if the client was then a student (i.e. not working because in school)?: ☐ Yes ☐ No

12. Are you currently undergoing professional training?: ☐ Yes ☐ No

12.a. If Yes, what kind of training?: ____

Relationship with YS-supported FSP (and other FSPs) [**EQ3.9**]

13. Which financial product(s) [name of YS-supported savings and/or loan products with the FSP] does [name of FSP] currently provide you with? ____

____

Take note of type of savings (current savings, fixed-term savings and/or time deposits) and loans (including leasing, etc.) – this depends on the product offering of the FSP.

14. Have you also benefitted from any non-financial services [types of services/training available through FSP - financial education, entrepreneurship training, etc.] through [name of FSP]? ☐ Yes ☐ No

14.a. If Yes, which kind?: ____

Make sure that financial education does not simply refer to (in-depth) product promotion and description (more marketing than actual training).

Perception of 'impact' [**EQ5.1**, **EQ5.2** and **EQ5.3**]

15. Do you believe your situation/life has changed in any way since [year when the client first accessed YS-supported products/services]? ☐ Yes ☐ No

15.a. If Yes, please give some examples? How do you explain these changes?

____

____

____

Please let the client (or parent/guardian) answer as freely as possible. Take note of both positive changes (improvements) as well as possible negative changes. Take note of if changes can possibly be 'attributed' to accessing YS-supported products/services.

16. How have YS-supported financial products [types of products available through FSP] and non-financial services [types of training/services available through FSP - financial education, entrepreneurship training, etc.] supported you? Or what have you learned?

____

____

____

The answer to this question might have already been provided under question 15 above.

17. Since [year when the client first accessed YS-supported products/services], do you think you have changed you financial habits / the way in which you manage your money? ☐ Yes ☐ No

17.a. If Yes, in what way? ____

____

The answer to this question might have already been provided under question 15 and/or 16 above.

18. Since [year when the client first accessed YS-supported products/services], do you save more than before? ☐ Yes ☐ No

Savings can refer to both formal and informal savings.

19. Since [year when the client first accessed YS-supported products/services], have you increased investments in economic activities (if any business activity)? ☐ Yes ☐ No

19.a. If Yes, please comment: ____

____

The answer to this question might have already been provided above. If the client has purchased an animal (or vehicle, or equipment), <u>please consider if it is actually used for economic activity</u> (selling the eggs of a chicken, using a car to provide taxi services, etc.) and not for personal consumption/use.

***

Other comments, observations, etc.: ____

____

____

____

ANNEX 19: Interviews with Other Stakeholders (Global, Macro, Meso and Market level)

Interviews with other stakeholders apart from FSPs and YS clients were carried out based on some (fairly loose) guidelines / probing questions. The probing questions were not to be considered as exhaustive (or limiting) since interviews were rather conducted in the form of an open discussion (rather than a question and answer session). With regard to stakeholders at market level, namely other FSP members of the same network/federation as the YS partner FSPs (especially those already providing or interested in developing youth products/services), the Consultant organized short FGD or individual interviews, one in each fieldwork country, with the support of the relevant network/federation. The main objectives of interviewing other FSPs was to:

- Gather information on perceptions of the YS program in general (how well known is it, general comments on its main features – are youth an adequate target?, etc.);
- Evaluate the level of transparency / accessibility of the YS program application/selection process; and
- Identify existence of effects (positive or negative) produced at market, macro and meso level.

The final selection of participants (maximum eight to ten) was at the discretion of the evaluation team (in some cases, i.e. where deemed more appropriate, the FGD might be substituted by individual interviews with competitor/'imitator' FSP), guided by national microfinance network. This FGD was also based on some guidelines / probing questions and should last maximum one hour. It will be carried out by the country team with the support of interpreters (if needed).

ANNEX 20: Data Aggregation Process from Country to Program Level

To conduct the final evaluation and comment each EQs, the Consultant compared and aggregated different sources with different techniques, according to the type of data/information available, as follows:

Qualitative information

The main sources of this information are stakeholders' interviews, YS clients FGDs and interviews, country briefings and country reports, and program reports.

Whenever possible, to classify and compare contexts, the Consultant attributed a scoring (i.e. good, moderate, poor or positive, neutral, unfavorable or negative, etc.) to describe and compare different trends. An example of this exercise can be found in Section 4 and Section 6.1, EQ1, where the appropriateness of context analysis in program design was studied. Judgments were based on the available information from country reports and internal discussion with country team to uniformly attribute weights/opinions.

To aggregate stakeholders' opinions (including FSPs and YS clients), the Consultant has compared findings from the country reports according to the relevant EQs or specific topic, mostly following these two methods:

- in case of homogeneous answers, they have been counted and reported including specific examples. Where considered relevant also outliers information were reported.
- in case of different and disaggregated answers, a description of the different opinions has been provided.

The same approach was used to report actions, and facts.

Since the sample of clients has no statistical significance, findings from the FGDs and interviews have been treated as qualitative information, using the same approach as above.

To produce a general comment on one topic, the Consultant listed the strengths and weaknesses, balanced them and came up with an overview. Examples of this method can be found in Section 6.2, EQ2, where YS management, etc. was judged.

Quantitative information

<u>Context data:</u> Data from the World Bank's Global Findex and national statistics (indicators) have been used for context definition purposes, and therefore compared. No further statistical analysis was computed as it is not possible to determine the extent to which national trends in youth financial inclusion might have been influenced by the YS program (see Section 4 and Section 6.3, EQ3).

<u>FSP data:</u> Data on FSP performances have been gathered through the DA file. FSP data have been:

- aggregated to analyze any potential general trend, and to report of overall results in terms of outreach and service provision; and then
- compared among each other in order to identify trends, good/bad 'scores' and account for country differences.

<u>Program data:</u> Information and data on program results and deliverables have been gathered at national and program level, then aggregated and compared with targets (minimum and PI targets as defined by the ProDoc as well as PBA targets). Quarterly program expenses were also aggregated per year, activity, typology of expenses and compared against original budget. From this analysis some useful ratios (Section 3.2 and Section 6.2, EQ2) were generated to give a sense of how expenses were distributed.

ANNEX 21: List of Documentation Consulted during the Evaluation

Mid term:

YOUTHSTART_MIDTERM_0713_ENG
ANNEXES_YOUTHSTART_MTE_ENG

Pro-doc:

Youthstart_77039_Pro Doc
UNCDF 2010 12 08 - Program Document Cover Sheet – Signed
YouthStart_77039_Prodoc_Amendment1_062011
Youthstart_77039_Pro DocExtension.01_2014
YouthStart_77039_Prodoc_Amendment2_012014

Budget

YouthStart_77039_BR_No19_102014 budget revision
UNCDF 2015 02 28 Financial Report Oct-Dec '14 cc
UNCDF 2014 08 30 Financial Report Jul-Sep '14
UNCDF 2014 02 20 Financial Report Oct-Dec '13
UNCDF 2013 02 28 Financial Report Oct-Dec '12
UNCDF 2012 01 31 Financial Report Oct-Dec'11 cc
UNCDF 2011 10 06 Financial Report Jul-Sept'11 cc
UNCDF 2011 01 06 Financial Reporting_Jul-Dec 10_v2

Annual / Quarter Report

YouthStart_77039_QPR4_2014
YouthStart_77039_APR_2014
YouthStart_77039_APR_2013
YouthStart_77039_APR_2011_2012
YouthStart_77039_APR_2010_2011

Training

LNRA Report_Client Protection Principles_March2012
Minutes_Evaluation YouthStart Client Protection Training
Training Report_Client Protection_Reach Global
TA Needs Assesment_MEDA_ YouthStart_FINAL
SURVEY MONKEY results-September and October 2013
Narrative Report - octobre 2014 Charles_MP
Mission terrain Pamecas mai 2014_Final
Narrative Report - July 2014

Monitoring activities

PBA performance based agreements
YouthStart Summary of Partners Performance Y2Q4 Dec 2011 Final
Roll out Scoring
Monitoring Report_Roll out phase

Impact assessment

150408 UNCDF YouthStart - EndReport_Submitted_FinalDraft_MP

Disbursement

Memo-8th Payment UCU
Memo 8th Disbursement PEACE
Memo 8th disbursement Finca Uganda
Memo_8th Disbursement Finance Trust
Memo_8em décaissement FCPB-signed
Memo 8th Disbursement ACSI
Memo 7th Disbursement PAMECAS
Memo 7th Disbursement FINCA DRC

Supporting docs_voucher n° 39324_FUCEC TOGO
Memo 6th Disbursement OIBM
Memo 104_Decaissment Finca-CMS
Memo 138_2 Decaissment CMS
All PBA first and second stage

ANNEX 22: Interviewed Stakeholders – Burkina Faso

Institution	Person, Position	Date of interview (in case not reached, explain how did the team tried to contact the person)
SPPMF - Permanent Secretariat for the Promotion of Micro Finance (Ministry of Finance)	Roger Ouedraogo - head of department of studies, statistics and evaluation of the Microfinance sector Dissikoré Ibrango - Head of the Department of Policies, Partnerships, and Coordination of the Interventions	06/03/2015
BCEAO - Central Bank of West African States	Nabil Aimé Coulibaly - Judith Kaboré - Microfinance sector expert Adama Sankara -	06/03/2015
The Hunger Project	Jokébède Kaboré - HEad of Microfinance Programme	06/03/2015
DGPJ - General Directorate for the Promotion of Youth (Min. of Youth and Employment)	Gisele Bangré - Director	06/03/2015
AP-SFD - Professional Association of the Decentralized Financial Systems	Perpetue Coulibaly - Executive Director	10/03/2015
FAIJ - Youth Initiative Support Fund	Salimata Hie - Director .... - Head of credit service .... - monitoring and evaluation	11/03/2015
UNDP/UNCDF Burkina	Claude Ouattara	11/03/2015
DGTCP - General Directorate of Treasury and Public Accounting (Min. of Economy and Finance)	Ida Ouedraogo - Supervision Officer	12/03/2015
CIDA - Canada International Development Agency	Luc Princince - Counsellor, Head of Aid Amadou Barry - Advisor, Microfinance and Private Sector	12/03/2015
ACEE - Association of Student Entrepreneurs Clubs	Arsène Kiboré Ouampeba - CEO	12/03/2015

	Honoré Patrick Nanema - Permanent Secretary	
RAJS - Africa Network of Youth, Health and Development	.... -	12/03/2015
CRS - Catholic Relief Services	Jacques Kaboré - Head of Unit SILC/EFI - Burkina Director	13/03/2015
Maison de l'Entreprise	Saidou Didier Lonfo - Advisor on enterprise management	13/03/2015
Plan International - Burkina Faso	Marie Cécile Siribie/Traoré - National Cooerdinator DCAJ (Develop Capacities of young People) project	13/03/2015

Institution	Person, Position	Date of interview
FCPB	Justin Sandwidi - Youth Champio	05/03/2015 and following days
FCPB	Marie Pascaline Diasso - Head of project Development Department	05/03/2015
FCPB	Daouda Sawadogo - CEO	05/03/2015 and 12/03/2015
FCPB	Seydou Traoré - Commercial Agent (Ouagadougou)	07/03/2015
FCPB	Abdou Sourabie - Credit Officer Farakan (Bobo Dioulasso)	09/03/2015
FCPB	Azaratou Sondo - Head of Marketing and Communication	11/03/2015
FCPB	Omaru Yaro - Head of Service of Professional Education/Cooperative Life	11/03/2015

ANNEX 23: Interviewed Stakeholders –DRC

Institution	Person, Position	Date of interview (in case not reached, explain how did the team tried to contact the person)
UNCDF	Monah Andriambalo, Inclusive Finance Program Specialist	March 5th, 2015
UNDP	Etienne de Souza, Team leader, Inclusive Growth and Sustainable Development Unit	March 6th, 2015
Fond pour l'Inclusion Financière (FPM)	Jean-Claude Thetika, General Manager	March 5th, 2015
KfW	Alethea Mushila, Project Coordinator Financial and Private Sector	March 11th, 2015
Finance Ministry	Honoré Tshiyoyo, Coordinator Gratias Kayibabu Kabuya, Project Manager	March 10th, 2015
Central Bank of Congo (BCC)	Marie-José Ndaya Ilunga, Deputy Director	March 11th, 2015
Fond National de la Microfinance (FNM)	Thierry Ngoy Kasumba, General Coordinator	March 11th, 2015
Association Nationale des Institutions de Microfinance (ANIMF)	André Mayala Lutete, General Secretary	March 11th, 2015
Association Professionnelle des Coopératives d'Epargne et de Crédit (APROCEC)	André Nkusu Zinkatu, General Secretary	March 11th, 2015
MECRECO - MECREBU (one cooperative of the network) was involved in the first stage of the YS program	Pacifique Ndadango, Marketing and Development Director	March 9th, 2015
OXUS RDC	Eric Marquer, General Manager	March 11th, 2015
Advans Banque	Sandrine Ngassam, Deputy Managing Director	The evaluation team contacted Advans Banque several times but they were not available for a meeting.
Procredit	Andre Radloff, CEO	The evaluation team contacted Procredit but was unable to

		get an answer.
Humana People to People (HPP)	Jean-Paul Mbuyamba, Deputy Coordinator of the project "youth, prepare your future"	March 10th, 2015

Institution	Person, Position	Date of interview
FINCA DRC	Alejandro Jacubowicz, CEO	March 5th, 2015
FINCA DRC	King Kingwaya Matthias, Chief Operations Officer	March 7th, 2015
FINCA DRC	Papy Osango, Sales Manager	March 6th, 2015
FINCA DRC	Guy Mambueni, Savings Manager	March 9th, 2015
FINCA DRC	Jean Kabongo, Delivery Channel Manager	March 7th, 2015
FINCA DRC	Marien Kenzi, New Product Development Manager	March 9th, 2015
FINCA DRC	Ben Kalala,	March 7th,2015
FINCA DRC	Patrick Biki, Branch Manager Limeté	March 6th, 2015
FINCA DRC	Ais, Youth officer	March 6th, 2015
FINCA DRC	Albert, Youth Officer	March 6th, 2015
FINCA DRC	Freddy, Youth Officer	March 6th, 2015

ANNEX 24: Interviewed Stakeholders – Ethiopia

Institution	Person, Position	Date of interview (in case not reached, explain how did the team tried to contact the person)
UNCDF/UNDP (global level)		
UNCDF / ILO	Asefa Yoseph, Senior Technical Specialist Social Finance Programme ILO Regional Office for Africa	Monday 23rd March 2015
UNCDF	Ulrik Krinstensen, Regionale Portfolio Specialist	Monday 23rd March 2015
UNCDF	Eva Garzon, Makarimi, Head of Regional Office	They left UNCDF and not available (contacted by emails)
Global level (other)		
Department for International Development (DFID) & DAI	John Primrose, Private Sector Development Adviser Helen Tedia Teshome, Group Lead Financial Sector	Thursday 26th March 2015
World Bank Ethiopia	Gelila Woodeneh, Communications Officer	Contacted on 2nd March – no answers
Women World Banking	Ryan Newton, Relationship Manager	8th April 2015 (skype call)
Digital Opportunity Trust (DOT) Ethiopia	Tadie Kelemu, Regional Team Leader	Saturday 28th March 2015
Macro level		
Ministry of Finance and Economic Development (MOFED)	Melaku Kifle, Financial Inclusion Coordinator	Thursday 26th March 2015
Bureau of Finance and Economic Development (BoFED)	Garred Lebesse Awok, Financial Inclusion Coordinator	Monday 30th March 2015
Ministry of Youth, Sport (MYSC)	W/ro Tsehai Gulema, Coordinator of Youth Policy Studies, Implementation & Monitoring	Contacted via email on 2nd March and was directly

	Department	contacted by phone by Mr. Aseffa. No answer
Ministry of Women, Children and Youth Affairs (MOWA)		Contacted via email on 2nd March and was directly contacted by phone by Mr. Aseffa. No answer
Federal Cooperative Agency (under Ministry of Agriculture)		Contacted via email on 17th March and called. No answer
National Bank of Ethiopia (NBE)	Frezer Ayalew, Director of the microfinance directorate	Contacted on 18th March – he confirmed the meeting, asked to postponed but not answered
Meso level		
Association of Ethiopian Microfinance Institutions (AEMFI)	Wolday Amha, CEO	Friday 20th March 2015
Microfinance African Institution Network (MAIN)	Selome Wondimu,	Thursday 26th March 2015
Alemnew Shumye Alemu, TVT Technical and Vocational Education and Training	Educational Planning and Management	Thursday 2nd April 2015
Market level		
Vision Fund	Samuel Wolde, Saving Manager	Friday 27th March
Eshet MFI	Tamirat Jaleta, Operations Manager	
African Village Financial		
Aggar Microfinance	Hailu Leta, General Manager	Friday 3rd April
Commercial Bank of Ethiopia	Operation Manager	Asked to provide contact: Peace CEO Mr. Wolday, Board Member of CBE
OCCSCO	Teseo Teshome, General Manager	Met at AEMFI Annual General Assembly and invited to

		participate to FGD with other FSPs but no answered
Addis Credit & Saving Institutions (ADCSI)	Awash Abitew, Managing Director	Met at AEMFI Annual General Assembly and invited to participate to FGD with other FSPs but no answered
Specialized Financial and Promotional Institution (SFPI)	sfpi@ethionet.et	Met at AEMFI Annual General Assembly and invited to participate to FGD with other FSPs but no answered

ACSI

Person, Position	Date of interview
Tewabe Aysheshim, Youth Champion	Saturday 28th March and Thursday 2nd April 2015
Agazie Gatahum, Operations Manager and Deputy CEO	Monday 30th March 2015
Haile Tiritia, Training and Research Officer	Monday 30th March 2015
Alemtsehays Mesafint, Program Manager	Monday 30th March 2015
Misganam Takele, Senior Supervisor of the Durbatie Brach	Tuesday 31st March 2015
Fedeku Alelisu, Credit Reletionship Officer in Durbatie Branch	Tuesday 31st March 2015
Atalay Getahum, Credit Reletionship Officer in Darbre Tabor Branch	Wednesday 1st April 2015
Ayalew Testahum, Senior Customer Service Officers in Darbre Tabor Branch	Wednesday 1st April 2015
Meriem Wassie, Branch Manager of Darbre Tabor	Wednesday 1st April 2015
Tiquh Araqaw – Product Development Manager	Thursday 2nd April 2015
Mekonnen Yelewemwessen, CEO	Thursday 2nd April 2015
BOARD Chairman	Not available

PEACE

Person, Position	Date of interview

Tezera Kebede Bekele, CEO	Thursday 19th March
Ejigu Erena, Youth Champion	Friday 20th March
Getachew Warku, Board Chairman	Friday 20th March
Bereket Alemayehu. Business Development Planning & Marketing Manager	Monday 23rd March
Tesfaye Kene, Branch Manager of Bereh Alelitu	Tuesday 24th March
Tariku Tesfaye, Youth Loan Officer of Dodola	Wednesday 25th March
Teshome Tadesse, Operational Manager	Thursday 26th March

ANNEX 25: Interviewed Stakeholders – Malawi

Institution	Person, Position	Date of interview (comments in case not interviewed)
UNCDF/UNDP (global level)		
United Nations Capital Development Fund (UNCDF) / United Nations Development Program (UNDP)	Mr. Fletcher Chilumpha, UNDP Program Manager / UNCDF Technical Advisor	26 March 2015
Global level (other)		
Catholic Relief Services (CRS) - published microfinance learning paper on “Protecting Malawian children and youth through social and financial entrepreneurship”	Mr. Fidelis Chasukwa	1 April 2015
Innovations for Poverty Action (IPA) - supports the Global Financial Inclusion Initiative (GFII), including past research project assessing impact of OIBM’s savings programs	Mr. Thomas Chataghalala Munthali, Country Director	27 March 2015
	Mrs. Elana Safran, Programs Manager, East Africa and Health	
Plan International	Mrs. Lillian Omondi, Country Director	Contacted a couple of times, but no response.
	Mrs. Chifundo Chitera, Youth and Governance	
World Bank – funding the 2011-2016 Financial Sector Technical Assistance Project (FSTAP)	Mr. Efrem Chilima	Contacted a couple of times, but no response.
Women’s World Banking (WWB)	Mrs. Veena Krishnamoorthy, Resident Technical Advisor	3 April 2015
Macro level		
Ministry of Finance, Economic Planning and Development	Mrs. Madalitso Mandiwa, Chief Economist, Financial Sector Polocy	27 March 2015
	Mr. Saadat Siddiqi, Advisor, Financial Sector Policy	
	Mr. Golden Nyasulu	

Institution	**Person, Position**	**Date of interview (comments in case not interviewed)**
Reserve Bank of Malawi (RBM)	Mrs. Mtchaisi Chintengo, Chief Examiner and Head of Microfinance Supervision division, Microfinance and Capital Markets department	25 March 2015; over the telephone
Ministry of Youth and Sports Development	Mrs. Nini Brenda Sulamoyo, Principal Youth Officer (Youth Participation and Leadership)	31 March 2015
Meso level		
Malawi Microfinance Network (MAMN)	Mr. Duncan Phulusa, Executive Director	26 March 2015
Bankers Association of Malawi (BAM) / Institute of Bankers (IOB) in Malawi	Mrs. Lyness Nkungula, Executive Director	Contacted several times, but in the end not able to meet (out of the country)
Malawi Enterprise Development Fund (MEDF) - manages the Youth Enterprise Development Fund (YEDF)	Mr. Hillary Jalafi, Head of Operations	1 April 2015
Chance for Change	Mrs. Grace Tionge Waluza, Program Team Leader	26 March 2015
Development from People to People (DAPP) Malawi - collaborates with OIBM	Mr. Augustus Kalyati, Principal, DAPP Mikolongwe School	2 April 2015
	Mr. Zakaria Viano, Coordinator, Technical Team	
	Mr. Masito Chilenge, Agricultural training	
Technical, Entrepreneurial and Vocational Education and Training Authority (TEVETA) – collaborates with OIBM	Mrs. Bertha Nyirenda	Contacted, but not able to meet (out of the country).
	Mr. C. Gondwe	
Jubilee Enterprise – supports young entrepreneurs	Mrs. Karen Chinkwita, Executive Director	25 March 2015
	Mr. Aggry Masi	
Market level		
Vision Fund Malawi	Mr. Francis Saka, Marketing Manager	31 March 2015 (FGD organized with assistance of MAMN)
	Mr. Louis Mwale, Marketing Coordinator	

Institution	Person, Position	Date of interview (comments in case not interviewed)
Saile Financial Services	Mr. Phillip Gondwe, Branch Supervisor	
FINCA Malawi	Mr. Chris Kizza, CEO	2 April 2015
NBS Bank	Mr. Shadrick Chikusiro, Chief Financial Officer	Contacted, but in the end not able to meet (engaged in internal training)

Person, Position	Date of interview (comments in case not interviewed)
Mr. Cosmus Kowuoche, CEO	25 March and 2 April 2015
Mrs. Alice Abilu, Deputy CEO and Chief Finance Officer	25 March 2015
Mrs. Grace Ndeule, YS Project Manager (and Youth Champion)	25 March, 1 and 2 April 2015
Mrs. Sophie Sikwese, Program Manager	2 April 2015
Mr. Brown Dzatopetse, Chief Transformation Officer	31 March and 2 April 2015
Mr. Richard Chongo, Social Performance Management Manager	31 March 2015
Mrs. Gloria Chumachawo, Branch Manager (Mchinji)	1 April 2015; over the telephone (not enough time to meet with day of branch visit)
Mr. Davies Mtsendelo, Youth Officer (Mchinji)	1 April 2015; over the telephone (not enough time to meet with day of branch visit)
Mr. Dennis Chikonga, Youth Officer (Area 23)	26 March 2015
Mrs. Comely, Youth Officer (Area 25)	30 March and 2 April 2015
Mr. Keith Flintham, Member of the Board (and Regional Director, Africa for Opportunity International)	31 March 2015

Mrs. Sophia Beckwith, Strategy and Change Management Professional for Opportunity International	25 March 2015

ANNEX 26: Interviewed Stakeholders – Rwanda

Institution	Person, Position	Date of interview (comments in case not interviewed)
UNCDF/UNDP (global level)		
United Nations Capital Development Fund (UNCDF)	Mr. Arthur Sabiti, National Technical Advisor – Inclusive Finance	2 March 2015
United Nations Development Program (UNDP)	Mr. Auke Lootsma, Country Director	10 March 2015
Global level (other)		
CARE International Rwanda – engaged in microfinance (member of AMIR) and youth empowerment	Mr. Apollo B. Gabazira	Contacted a couple of times, but no response.
Department for International Development (DFID) – supports AFR	Mr. Sydney Augustine, Economic Adviser	5 March 2015
Digital Opportunity Trust (DOT) Rwanda – manages the Entrepreneurship and Enterprise Development Project funded by the Canadian International Development Agency (CIDA); collaborates with UFC	Mrs. Violette Uwamutara, Country Manager	10 March 2015
	Mr. Emmanuel Nzeyimana, Country Program Manager	
Education Development Center (EDC) – manages the Akazi Kanoze (Youth Livelihoods) Project funded by USAID; collaborates with UFC	Mr. Steve Kamanzi, Deputy Chief of Party, Akazi Kanoze / Youth Livelihoods Project	3 March 2015
	Mr. Jacques Sezikeye, Project Team Leader, Akazi Kanoze / Youth Livelihoods Project	
KfW Development Bank – supports AFR and MCF	Dr. Daniela Beckmann, Director of KfW Kigali office	Contacted a couple of times, but no response.
Savings Bank Foundation for International Cooperation (SBFIC) – collaborates with UFC	Mrs. Britta Konitzer, Representative and Senior Consultant	Contacted, but not in loco during fieldwork (referred to AMIR).
TechnoServe – manages the Strengthening Rural Youth Development through Enterprise (STRYDE) program	Mrs. Angelique Tuyisenge, Acting Country Manager and Senior Program Manager for STRYDE	5 March 2015

Institution	Person, Position	Date of interview (comments in case not interviewed)
supported by MCF; collaborates with UFC	Mr. Alimas Hakizimana	
World Bank - supports AFR, AGI and RICEM	Mr. Thomas O'Brien, Country Program Coordinator	Contacted a couple of times, but no response.
Macro level		
Ministry of Finance and Economic Planning (MINECOFIN)	Mr. Eric Rwigamba, Director General, Financial Sector	4 March 2015
Ministry of Gender and Family Promotion (MIGEPROF) – implements, together with MYICT, the Women and Youth Access to Finance Program	Mrs. Winnie Muhumuza, Adolescent Girls Initiative (AGI) Coordinator	10 March 2015
Ministry of Youth and Information and Communication Technology (MYICT) - implements, together with MIGEPROF, the Women and Youth Access to Finance Program	Mrs. Rosemary Mbabazi, Permanent Secretary	10 March 2015
	Mr. Jean Marie Vianney Niyitegeka, Project Manager	
National Bank of Rwanda (BNR)	Mr. Kevin Shyamba Kavugizo, Director, Microfinance Supervision Department, Financial Stability Directorate	4 March 2015
Meso level		
Access to Finance Rwanda (AFR) – funded by DFID, KfW and World Bank; collaborates with UFC	Mrs. Judith Aguga Acon, Technical Director	3 March 2015
Association of Microfinance Institutions in Rwanda (AMIR) – UFC is a member	Mrs. Rita Ngarambe, former Executive Secretary	3 March 2015
	Mr. Jean Pierre Uwizeye, Senior Officer, Financial Education and Attaché to RICEM	
Business Development Fund (BDF) – collaborates with UFC	Mr. Innocent Bulindi, CEO	2 March 2015
GirlHub Rwanda – collaborates with UFC	Mrs. Carine Uwamahoro, Manager	Contacted, but not able to meet.

Institution	Person, Position	Date of interview (comments in case not interviewed)
Microfinance Challenge Fund (MCF) Rwanda – managed by Frankfurt School of Finance & Management and funded by AFR and KfW	Mrs. Willemien Libois, Senior Project Manager	Not in Rwanda (based in Kenya) - possibly to contact later (also with regard to the business case study).
Rwanda Bankers' Association (RBA)	Mrs. Jacky Mugwaneza, Executive Secretary	10 March 2015
	Mr. Vincent Bayingana, Executive Assistant	
Rwanda Cooperative Agency (RCA) - involved in implementation of the Women and Youth Access to Finance Program (MIGEPROF and MYICT)	Mr. Damien Mugabo, Director General	4 March 2015
Rwanda Development Board (RDB) – administers the Entrepreneurship Development Program (EDP)	Mr. Apollo Munanura, Head of Human Capital and Institutional Development Department	Contacted, but no response.
Rwanda Institute of Cooperatives, Entrepreneurship and Microfinance (RICEM)	Mr. Bahizi Brekmans, Managing Director	Contacted, but replied stating not relevant to meet with.
Market level		
COOPEC Ubaka	Mrs. Jeanne d'Arc Mukankusi, Responsible for Financial Education and Debt Recovery	10 March 2015 (FGD organized with assistance of AMIR)
Goshen Finance	Mrs. Gertrude Munyana, Marketing and Product Officer	
Sager Ganza Microfinance	Mr. Julien Mafutala, CEO	
Vision Finance Company	Mr. Nathan T. Ross, CEO	
	Mr. Francis Ndayiziga, Operations	
COOJAD – working exclusively with youth	Mr. Charles	Contacted (also through AMIR), but not able to meet.
Al Halaal; Amasezerano; COOPEC Zamuka; Duterimbere (apparently also seeking to target youth, with a focus on		Invited to FGD (through AMIR), but not able to attend.

Institution	Person, Position	Date of interview (comments in case not interviewed)
women); Inkingi; Letshego; RIM		

Person, Position	Date of interview (comments in case not interviewed)
Mr. Jules Théoneste Ndahayo, CEO	5 and 10 March 2015
Mrs. Josée Mukandinda, Operations Manager and YouthStart Manager (and Youth Champion)	4 and 10 March 2015
Mr. Ghislain K. Cyizihiro, Finance and Marketing Manager	4 and 5 March 2015
Mrs. Marie Chantal Maniriho, Branch Manager (Mahoko branch)	6 March 2015
Mr. Emmanuel Gumyusenge, Branch Manager (Gasarenda branch)	9 March 2015
Mrs. Béatrice Nyampamo, Loan Officer (Mahoko branch)	6 March 2015
Mr. Jean Baptiste Munezero, Loan Officer (Gasarenda branch)	9 March 2015
Mr. Innocent Sibomana, Vice Chairman of the Board of Directors	5 March 2015

ANNEX 27: Interviewed Stakeholders – Uganda

Institution	Person, Position	Date of interview (in case not reached, explain how did the team tried to contact the person)
United Nations Capital Development Fund (UNCDF)	Ms Amani M'Bale, Country Technical Specialist, Inclusive Finance	Thursday 19th March 2015
Bank of Uganda	Ms Hannington Wasswa, Assistant Director, Microfinance Division, Non-Bank Financial Institutions	Thursday 19th March 2015
GiZ	Saliya Kanathigoda, Agricultural and Rural Finance Programme	Thursday 19th March 2015
Ministry of Finance, Planning and Economic Development	Dr Peter Ngategize, National Coordinator, Competitive and Investment Climate Strategy (CICS) Secretariat	Wednesday 25th March 2015
Association of Microfinance Institutions of Uganda (AMFIU)	Ms Flavia N Bwire, Membership & Financial Inclusion Manager	Wednesday 25th March 2015
Ministry of Gender, Labour and Social Development	Mr James Ebitu, Programme Manager, Youth Livelihood Programme	Friday 27th March 2015
Ministry of Gender, Labour and Social Development	Mr Happy James Tumwebaze, Livelihood Specialist	Friday 27th March 2015
Ministry of Gender, Labour and Social Development	Mr Nathan Bwire, Principal Youth Officer	Friday 27th March 2015
Financial Sector Deepening (FSD Uganda)/DFID	Ms Renita Nabisubi, Digital Financial Services Specialist	Friday 27th March 2015
Bank of Uganda	Ms Sylvia Jjuuko, Public Relations Officer	Thursday 2nd April 2015
PostBank	Mr Alemi William Kenyi, Manager Personal Consumer Loans & Credit Projects	Thursday 2nd April 2015
PostBank	Mr Gilbert Katwire Nuwamanya, Sales Manager	Thursday 2nd April 2015

PostBank	Ms Olive Namutebi,	Thursday 2nd April 2015
Institution	**Person, Position**	**Date of interview**
FINCA Uganda	Ms Alice Lubwama, Business Development Officer	Thursday 19th and Friday 20th March 2015
FINCA Uganda	Mr Hamadine Bako, Chief Operations Officer	Thursday 19th March 2015
FINCA Uganda	Ms Alice Matama, Savings Area Manager	Friday 20th March 2015
FINCA Uganda	Mr Jaffer Kalinaki, Savings Officer, Ntinda Branch	Friday 20th March 2015
FINCA Uganda	Mr Macline Akugizibwe, Savings Officer, Kireka Branch	Friday 20th March 2015
FINCA Uganda	Ms Norah Namusisi, Savings Officer, Kawempe Branch	Monday 23rd March 2015
FINCA Uganda	Branch Manager, Mityana Branch	Tuesday 24th March 2015
FINCA Uganda	Mr Ntoni Timbyetaho, Savings Manager	Wednesday 25th March 2015
FINCA Uganda	Mr Simon Ahimbisibwe, Head of Marketing	Wednesday 25th March 2015
FINCA Uganda	Mr Julius Omoding, Chief Executive Officer	Wednesday 25th March 2015
FINCA Uganda	Ms Stella Malinga, Head of Banking Services	Wednesday 25th March 2015
Finance Trust Bank	Ms Rachael Nantongo, Head of Operations	Thursday 26th March 2015
Finance Trust Bank	Mr Ali Lwanga, Manager, Credit Evaluation & Administration	Thursday 26th March 2015
Finance Trust Bank	Ms Joanne Katushabe, Marketing Officer	Thursday 26th March 2015
Finance Trust Bank	Ms Leah Namugose, Marketing Manager	Thursday 26th March 2015
Finance Trust Bank	Ms Clare Tumwesigye, Head of Marketing	Thursday 26th March 2015
Finance Trust Bank	Ms Flavia Nakamatte, Project Manager	Thursday 26th March 2015
Finance Trust Bank	Mr Hanny Bright Kamanye, former Youth Mobilizer, Mbarara Branch	Monday 30th March 2015
Finance Trust Bank	Ms Juliet Namirembe, former Youth Mobilizer, Nateete Branch	Tuesday 31st March 2015
Finance Trust Bank	Mr Dennis Kakeeto, Executive Director	Wednesday 1st April

ANNEX 28: Interviewed Stakeholders – Senegal, Togo and Globally

SENEGAL

Institution	Person, Position	Date of interview
PAMECAS	Mr. Moussa Gassama, Youth Champion	21 May 2015
Ministry of Finance	Mr. Waly Clement Fayé, Responsible for monitoring and evaluation of the National Microfinance Strategy, National Microfinance Directorate	13 April 2015
Italian Ministry of Foreign Affairs, Italian Cooperation	Mr. Aldo Cera, Manager of the *Plateforme d'Appui au Secteur Privé et à la Valorisation de la Diaspora Sénégalaise en Italie* (PLASEPRI) program	15 April 2015
Etimos	Mrs. Daniela Lafortezza, Africa Director for Etimos	13 April 2015

TOGO

Institution	Person, Position	Date of interview
FUCEC	Mr. Kodjovi Sog, Youth Champion	10 April 2015
Microfinance African Institutions Network (MAIN)	Mr. Mohammed Attanda, Executive Director	15 April 2015

GLOBALLY

Institution	Person, Position	Date of interview
United Nations Capital Development Fund (UNCDF)	Mrs. Maria Perdomo, YS Program Manager	3 March and 6 May 2015
	Mrs. Ata Cisse, Technical Specialist	3 March 2015
	Mr. John Tucker, Deputy Director, Inclusive Finance	7 May 2015
	Mr. Mathieu Soglonou, Regional Technical Advisor	3 March 2015
MasterCard Foundation (MCF)	Mrs. Lindsay Wallace, Deputy Director, Financial Inclusion	13 April 2015

	Ariane Campbell, Program Coordinator, Economic Opportunities for Youth & Financial Inclusion	
UN Department of Economic and Social Affairs (DESA), part of the UN Inter-agency Network on Youth Development	Mrs. Pauline Leonard, Associate Social Affairs Officer, UN Focal Point on Youth,	28 May 2015
Freedom from Hunger	Mrs. Rossana Ramirez, Program Manager, Advancing Integrated Microfinance (AIM) for Youth initiative	5 June 2015

ANNEX 29: Youth-targeted Financial Products and Non-financial Services

Country	FSP	Current savings account	Term deposit savings account	Individual credit	Group credit	Leasing	Non-financial services
Burkina Faso	FCPB	*Epargne Jeune* current savings (12-24 years) [1]	*Epargne à objectif* term deposit savings (12-24 years) [1]	*Crédit jeune* individual loan (18-24 years), but not yet effectively rolled out [1] *Cred'Art* individual loan (18-35 years), product developed with other donor/entity even if promotional activities integrated with YS [0]			Financial literacy training [1]
DRC	FINCA DRC	*Compte avenir* current savings (12-24 years) [1]	*Compte avenir* term deposit savings (12-24 years) [1]				Financial literacy training [1]
Ethiopia	ACSI	*Raey* current savings (12-24 years) [1]* Minor savings account, in place before YS (0-17 years) [0]		Youth individual loan (18-24 years), rolled-out even if the (potential) scaling-up capacity of the institution could be higher [1]*	Youth group loan (18-24 years), rolled-out even if the (potential) scaling up-capacity of the institution could be higher [1]*	Leasing product (18 years and up for agriculture machinery), not specifically youth-oriented, but adequate to overcome typical challenge on part of young credit applicants (i.e. lack of collateral), even if developed with managed by other entity and not yet effectively rolled out [0] Other leasing product for youth (construction sector), in place before YS (18 years and up) [0]	Financial literacy training, in place before YS, but now specifically adapted to youth [1] Collaborates with YSO offering business development services [0]

Country	FSP	Current savings account	Term deposit savings account	Individual credit	Group credit	Leasing	Non-financial services
	PEACE	*Lenege* current savings (12-24 years) [1]	*Lenege* term deposit savings (12-24 years) [1]		*Lenege* group loan (18-24 years), but not yet effectively rolled out [1]*		*Lenege* financial education [1]
Malawi	OIBM	*Masomphenya* current savings (18-24 years) [1] *Tsogolo Langa* current savings (0-17 years), but developed with other donor/entity even if promotional activities integrated with YS [0]		*Tiwoloke* individual loan (18-24 years), developed through YS, but discontinued because of too few clients and poor repayment performance [not counted]	*Chiyambi* group loan (18-24 years), but not yet effectively rolled out [1]		*Zachuma* financial education (including 'light' entrepreneurship training for credit clients) [1] Collaborates with YSOs offering business development services and life skills training [0]
Rwanda	UFC	*Tangira Kare* current savings (12-24 years) [1]	*Ihirwe* term deposit savings (12-24 years) [1]	*Nunguke* individual loan (18-24 years), but not yet effectively rolled out [1]	*Nunguke* group loan (18-24 years), but not yet effectively rolled out [1]	Leasing product (18 years and up), strong initial youth focus and adequate to overcome typical challenge on part of young credit applicants (i.e. lack of collateral), but developed with other donor/entity and not yet effectively rolled out [0]	Financial literacy training (including 'light' entrepreneurship training for credit clients) [1] Collaborates with YSOs offering business development services and life skills and reproductive health training [0]
Senegal	PAMECAS	Youth current savings (18-24 years) [1]		Youth individual loan (18-24 years) but not yet effectively rolled out [1] *Cred'Art* individual loan (18-35 years), product developed with other	Youth group loan (18-24 years) but not yet effectively rolled out [1]		Financial literacy training [1]

Country	FSP	Current savings account	Term deposit savings account	Individual credit	Group credit	Leasing	Non-financial services
				donor/entity and not yet effectively rolled out [0]			
Togo	FUCEC	Youth current savings (18-24 years) [1]		Youth individual loan (18-24 years) but not yet effectively rolled out [1]			Financial literacy training (including 'light' entrepreneurship training) [1]
Uganda	FINCA Uganda	*Smart Start* current savings (12-24 years) [1]					Financial literacy training [1] Collaborates with YSOs offering reproductive health and practical skills training [0]
	FTB	*Teen Classic* current savings (12-17 years) [1] *Youth Progress* current savings (18-24 years) [1] *Girls Choice* current savings (10-19 years), but not developed within the scope of YS[0] *Trust Junior* current savings (up to 17 years), but not developed within the scope of YS [0]		Youth special individual loan (18-24 years), but not yet effectively rolled out [1]	Youth solidarity group loan (18-24 years), but not yet effectively rolled out [1]		Financial literacy training [1] Collaborates with YSO offering reproductive health training [0]
TOTAL: 51 [37]		***15 [11]***	***4 [4]***	***8 [6]***	***6 [6]***	***3 [0]***	***15 [10]***

Notes: Number of youth products/services 'counted' by the Consultant as YS products/services in brackets. * Product has a specific name targeting youth, but actual characteristics and conditions do not differ from the standard 'adult' product.

ANNEX 30: Achievement of Performance Based Agreement Targets

YS outreach	ACSI	FCPB	FINCA DRC	FINCA Uganda	FTB	FUCEC	OIBM	PAMECAS	PEACE	UFC
Active youth clients (#)	512.794	122.642	19.925	16.769	61.952	41.914	31.877	17.541	28.871	31.396
Min. target: Number of youth clients (12-24 years)	290.834	111.791	15.649	12.270	31.616	34.950	24.902	15.000	24.530	12.603
Proposed target: Number of youth clients (12-24 years)	342.158	123.223	18.363	15.900	37.195	41.118	29.297	20.000	32.707	16.804
% female among YS clients	53,8%	38,0%	45,3%	42,9%	37,8%	52,9%	41,1%	48,9%	47,8%	49,9%
Min. target: % female among YS clients	54,0%	35,0%	58,0%	55,0%	69,0%	55,0%	50,0%	54,0%	78,0%	50,0%
Proposed target: % female among YS clients	60,0%	40,0%	64,0%	63,0%	70,0%	60,0%	55,0%	60,0%	80,0%	53,0%
Number of YS clients having received non-financial services	214.188	22.852	21.283	39.197	27.003	32.010	49.460	9.076	63.691	30.814
Min. target: Number of YS clients having received non-financial services	136.019	15.494	15.300	13.402	23.272	48.355	24.902	8.500	24.450	12.603
Proposed target: Number of YS clients having received non-financial services	160.022	18.228	18.000	15.900	27.359	54.523	29.297	10.000	32.600	16.804

Both targets reached
Only minimum target reached
Neither target reached

Note: As of December 2014.

ANNEX 31: YouthStart Program Outreach

	ACSI	FCPB	FINCA DRC	FINCA Uganda	FTB	FUCEC	OIBM	PAMECAS	PEACE	UFC	*Total*
Youth clients (#)	512.794	122.642	35.219	21.446	61.952	79.795	59.133	17.541	38.994	32.231	***981.747***
YS Clients (#)	278.620	19.045	19.925	16.769	29.018	41.914	31.877	17.541	28.871	31.396	***514.976***
% of total number of YS clients	54,1%	3,7%	3,9%	3,3%	5,6%	8,1%	6,2%	3,4%	5,6%	6,1%	***100,0%***
% female	53,8%	38,0%	45,3%	42,9%	37,8%	52,9%	41,1%	48,9%	47,8%	49,9%	***50,0%***
% minors	43,0%	N/a	12,9%	6,8%	28,3%	34,7%	N/a	6,5%	60,3%	47,6%	***34,9%***
% rural	60,0%	0,0%	0,0%	45,9%	54,7%	23,1%	54,6%	6,7%	46,1%	98,2%	***51,1%***
YS Active borrowers (#)	65.948	33	0	0	34	75	1.422	3.155	719	353	***71.739***
% of total number of YS active borrowers	91,9%	0,0%	0,0%	0,0%	0,0%	0,1%	2,0%	4,4%	1,0%	0,5%	***100,0%***
% female (YS)	64,1%	30,3%	N/a	N/a	38,2%	65,3%	41,0%	47,1%	N/a	46,7%	***62,8%***
% rural (YS)	79,1%	0,0%	N/a	N/a	38,2%	22,7%	57,6%	6,1%	N/a	98,0%	***75,4%***
YS Gross outstanding portfolio (USD)	6.922.814	N/a	0	0	11.139	9.740	88.194	323.944	106.134	185.725	***7.647.811***
% of total YS portfolio	90,5%	N/a	0,0%	0,0%	0,1%	0,1%	1,2%	4,2%	1,4%	2,4%	***100,0%***
Average loan balance per borrower (YS)	105,0	N/a	N/a	N/a	327,6	129,9	62,0	102,7	N/a	526,1	***106,6***
YS Active savers (#)	278.620	21.622	19.925	16.769	28.747	37.769	29.792	13.635	24.054	25.656	***496.589***
% of total number of YS savers	56,1%	4,4%	4,0%	3,4%	5,8%	7,6%	6,0%	2,7%	4,8%	5,2%	***100,0%***
% female (YS)	53,8%	33,4%	45,3%	42,9%	38,2%	55,6%	43,9%	15,1%	48,0%	61,1%	***49,9%***
% minors (YS)	43,0%	17,5%	12,9%	6,8%	28,6%	34,4%	0,0%	5,2%	60,0%	58,2%	***36,0%***
% rural (YS)	60,0%	0,3%	0,0%	45,9%	55,2%	23,8%	58,4%	7,7%	47,0%	97,8%	***51,3%***
YS savings (USD)	8.511.424	2.470.629	276.083	198.770	738.178	851.291	389.254	977.218	162.361	256.399	***14.831.608***
% of total YS savings	57,4%	16,7%	1,9%	1,3%	5,0%	5,7%	2,6%	6,6%	1,1%	1,7%	***100,0%***
Average saving balance per saver (YS)	30,5	114,3	13,9	11,9	25,7	22,5	13,1	71,7	6,7	10,0	***29,9***
YS clients for NFS (#)	214.188	22.852	21.283	39.197	20.047	32.010	49.460	9.076	63.691	30.814	***502.618***
% of total number of YS clients for NFS	42,6%	4,5%	4,2%	7,8%	4,0%	6,4%	9,8%	1,8%	12,7%	6,1%	***100,0%***
% female	52,0%	50,8%	60,7%	56,7%	58,0%	49,2%	47,0%	63,5%	51,2%	50,7%	***52,3%***
% minors	42,0%	49,9%	38,1%	33,4%	36,9%	52,9%	N/a	34,1%	61,6%	46,6%	***40,5%***
% rural	36,8%	0,0%	0,0%	54,5%	52,0%	26,8%	18,1%	8,0%	78,4%	98,2%	***41,6%***

Note: As of December 2014.

ANNEX 32: References to the YouthStart Program on the Internet

Center for Financial Inclusion Blog: http://cfi-blog.org/2013/06/28/extending-protection-to-youth-clients/

Child & Youth Finance International: http://www.childfinanceinternational.org/component/mtree/kb/global-platforms/national-policy-documents/policy-opportunities-and-constraints-to-access-youth-financial-services-insights-from-uncdfs-youth-start-programme; http://childfinanceinternational.org/news-and-events/news-blog/entry/webinar-building-the-business-case-for-youth-services

Local Economic Development Network for Africa (LEDNA): http://ledna.org/links/policy-opportunities-and-constraints-access-youth-financial-services

Mennonite Economic Development Associates (MEDA): http://www.meda.org/publications/youthinvest-praxis-series/11-business-case/file

Microfinance Gateway: http://www.microfinancegateway.org/library/listening-youth-market-research-design-financial-and-non-financial-services-youth-sub; http://www.microfinancegateway.org/library/client-protection-youth-clients-uncdf-youthstart-technical-note; http://www.microfinancegateway.org/library/offering-youth-financial-and-non-financial-services-client-protection-principles-youth.

Microlinks: https://www.microlinks.org/events/expanding-youth-financial-services-differentiated-products-or-differentiated-marketing; https://www.microlinks.org/library/policy-opportunities-and-constraints-access-youth-financial-services)

Radio Namaskar; India: http://radionamaskar.org/ids-document/policy-opportunities-and-constraints-to-access-youth-financial-services/

SEEP network: http://www.seepnetwork.org/building-the-business-case-for-youth-services--insights-of-the-youthstart-programme-resources-1318.php

Smart Campaign: http://www.smartcampaign.org/tools-a-resources/821-client-protection-for-youth-clients-uncdf-youthstart-technical-note)

SME Finance Forum: http://smefinanceforum.org/post/building-the-business-case-for-youth-services-insights-of-the-youthstart-programme)

Women's World Banking (WWB): http://www.womensworldbanking.org/publications/building-business-case-youth-services/)

Youth Economic Opportunities: http://www.youtheconomicopportunities.org/resource/1708/uncdf-youthstart-programme-description; http://www.youtheconomicopportunities.org/resource/1791/building-business-case-youth-services

ANNEX 33: Partnerships for the Provision of Non-financial Services

	links with NFS providers	"connections" with business development stakeholders	before/during/after YS	comments and examples
Burkina Faso	few	no	n/a	Potential partnerships did not materialize during YS because of costs (Oxfam, ACEE). Other partnership with BDS service providers, like the Maison de l'Entreprise or ANPE have not been fostered by FCPB because of lack of interest in it
DRC	few	no	n/a	Strong partnership exists with Humana People to People - HPP, but only to deliver financial education
Ethiopia	many	high	before, during and after	ACSI's integrates its services with partnerships with schools, to deliver financial education, vocational training centres and BDS where professional training can be integrates with financial services
Malawi	many	low	during and after	DAPP and C4C - these organizations provide vocational training and select the best graduates in order to provide them with the necessary financials services to start up a business
Rwanda	many	high	during and after	Many national and international programs: Akazi Kanoze / EDC, STRYDE / TechnoServe, DOT Rwanda and BDF for the creation of a national youth platform
Senegal	few	low	after	ANPEJ (agency for youth employment) asks PAMECAS to provide financial services to graduates of vocational training programs - not yet implemented, and it will imply a revision of the age categories, up to 30 or 35 year old
Togo	no	no	n/a	FUCEC has actually been involved in national programs, but this ended up in the possibility to receive some capacity building, not in a real partnership in terms of economic opportunities
Uganda	no	low	during	FTB has partnered with schools whereby the school has a guardian who helps the youths to make deposits

Note: Consultant's 'classifications' of context analysis below

no	no	(green)	good practice
few	low	(orange)	potentially good evolution
many	high	(yellow)	links not materializing in economic opportunities
		(pink)	bad practice

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