



AIM Youth NEWS

Advancing Integrated Microfinance for Youth

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Letter from the Editor

Rossana Ramirez, *Director, Youth Microfinance*

Reaching goals...and beyond

We are pleased to share that we have met our original goal of reaching 37,000 young people in Ecuador and Mali with integrated services! This is possible thanks to the partnership with The MasterCard Foundation, and to the hard work of our local partners in Mali (Nyèsigiso, CAEB and Le Tonus) and in Ecuador (Cooperatives San José, Cooprogreso, San Miguel de los Bancos and Santa Ana).

And while we are celebrating this significant milestone, we are also striving to understand the effectiveness and impact of these services on the lives of young people, and how these services might be replicated.

We first feature a qualitative study of how AIM Youth services have been received in Ecuador. This research shows that the program has been well-received by youth, their parents and management staff.

This issue will also tell you about how a 16-year-old youth from Ecuador traveled to Istanbul to talk about his AIM Youth participation at the Child and Youth Finance International Summit. And you will want to read about the young people from the San Miguel de los Bancos program who are receiving text messages to reinforce key financial education messages.

Turning our attention then to Mali, we share key findings from a recently completed feasibility study for expansion in Bénin and Burkina Faso. We have also provided you with a bit of an update on how AIM Youth is faring in Mali during the country's political upheaval. I am pleased to report that, in spite of the conflict, AIM Youth partners continue to deliver services. Although the situation in the north has been unstable, with the recent elections we are optimistic about the outlook for youth financial services as political normality reasserts itself.

Please contact us if you wish to know more about any of the articles published in this edition. In the spirit of collaboration and information-sharing, we look forward to hearing from you!

Listening to the Stakeholders: Study Documents Impressions of Financial Education and Products for Youth

Freedom from Hunger recently completed a qualitative study on how services offered through the AIM Youth initiative have been received in Ecuador. Our objective was to determine how services offered by the partners in Ecuador are responding to the financial needs of young people. All key players in the program, including program participants, parents, school staff and implementing partners' staff, were interviewed on their level of satisfaction and overall impressions with the program.

Here is a glance at just a few of the findings we found particularly helpful:

Savings and Financial Behaviors

Key Findings: All youth in the program are very aware of the importance of saving, even if they have yet to open a formal savings account. Parents play a key role in motivating their kids to save.

“At home they give me \$20. I used to spend it all in a week, but now I only spend part and save the rest.”

Notable Challenge: Like teens everywhere, many youth are more motivated by short-term goals than long-term ones.

Financial Education

Key Findings: Regardless of age, all youth stated they liked the financial education—using words such as dynamic, participatory, clear and fun to describe it. Cooperative staff members particularly appreciated the education, felt it helped them fulfill their social mission and felt well-prepared to deliver it.

Notable Challenge: Cooperatives want more education modules, increased variety of topics and an extension of the education to even younger children. While staff generally see the benefit of financial education, several say they feel the games are “too young” for older youth and should be modified to suit their needs. However, this assertion did not appear to be reflected in the opinions of the youth.

Account Opening Process

Key Findings: Youth who have opened formal savings accounts at Cooperatives say it was easy. However, for youth who had not yet opened an account, they said that one of the key reasons was lack of parental support and a perception that the process is cumbersome and inconvenient. Field agents who went door to door to share information about how to and why open an account and to collect parent signatures for youth under 18 had substantially more success than field agents who only gave the information but did not follow through in person.

Notable Challenges: Field agents must do a lot of in-person follow-up to get many young people to open savings accounts. Parents have a tremendous influence in the motivation of young people to open an account.

Account Utilization

Key Findings: All youth who currently have a savings account state their intent to maintain the account and would recommend an account to a friend. Many youth choose to save at home because they are embarrassed by the small amounts they have to save. Cooperative staff say technology that helps them collect deposits in the field has been easy to use and motivates youth to save on the spot.

Notable Challenge: Youth sometimes do not understand the ease with which they can make withdrawals or that they can deposit small amounts.

Promotion and Marketing

Key Finding: Although promotional activities such as street fairs and contests are well attended, education provided during group meetings was widely considered to be the best form of communication about the financial services. Staff say that parents are more likely to open an account themselves, following their children's participation in the program.

Notable Challenge: Some staff worry that youth will not keep their accounts active by making regular savings deposits. They suggested prizes when certain savings goals are met.

Selected Outreach Indicators

The following table includes a selection of outreach indicators we are monitoring in Mali and Ecuador by type of financial service. In collaboration with our partners in Mali and Ecuador, we have now reached our original target of offering services to 37,000 young people. But reaching this significant milestone is not the end – our partners are committed to continue delivering services to young people beyond the life of the project.

“The education opened his mind. He understands things he didn't before.”

– Parent of AIM Youth participant



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“We save \$21 dollars before going to the Cooperative—\$20 to deposit and \$1 for the bus.”



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Youth making a deposit with Nesigiso's AIM Youth program in Mali.

Financial Service Type	Mali		Ecuador	Total
	Youth Savings Groups and Financial Education	Group Savings Accounts and Financial Education	Individual Savings Accounts and/or Financial Education	
Total N° of Youth	24,070	2,540	11,139	37,749
N° of Youth Who Have Received Financial Education	19,391	2,337	11,139	32,867
N° of Youth with Savings	24,070	2,540	4,820	31,430
Total Amount of Savings USD	\$115,198	\$8,222	\$610,032	\$733,452
Average Savings per Client USD	\$4.79	\$3.24	\$126.56	\$23.34

Financial Education via Text: Ecuador Partner Tries New Technology

Earlier this year, two cooperatives, San Miguel de los Bancos and Cooprogreso worked with Freedom from Hunger's Ecuador team to develop and implement a text-messaging system that reinforces key points from the financial education sessions in which young people have participated. Before the launch, a variety of young people reviewed the messages to determine which ones might be most effective. San Miguel de los Bancos and Cooprogreso are already assessing the effectiveness of the messages and will use their findings to improve the initiative.



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Youth participating in San Miguel de los Bancos' AIM Youth program review and recommend possible text messages that will reinforce key financial education concepts.

Cell phone use by youth, even low-income youth, is fairly widespread in Ecuador and the idea of texting was welcomed. Here is a list of just a few of the messages now being regularly texted to participants:

- Figure out how much money you spend and decide to save part of that money today!
- Do you want to help your younger siblings? Teach them the importance of saving, even if it's only 10 cents! They will thank you.
- Have you opened your own savings account? What are you waiting for? Do it now! You're smart, keep your money safe from temptation to spend it.
- Get started! Save just 25 cents today and you'll have \$5 per month. In one year, you'll have \$60!

Feasibility Study: Examining the Possibilities for Expansion in Bénin and Burkina Faso

Late last year, we conducted a feasibility study in Bénin and Burkina Faso to determine the viability of replicating integrated services for young people drawing on the lessons learned through our pilot initiative in Mali. With the analysis now in hand, we have a better understanding of the demand for, and interest in, financial services for youth. We also have a clear picture of the challenges.

Many of the findings reflect what we know about youth in Mali, with some additional insights:

- Youth save money through informal means (ROSCAS, family members, etc.) and, less often, with formal financial institutions. They say they need savings for many of the same reasons that their counterparts need them in nearby Mali: to help their households and to invest in income-generating activities. They also pointed to wanting to save for education or professional training, which was not a strong finding in the original market research study in Mali conducted in 2010.
- They also want to borrow money in case of emergencies. Right now, youth are borrowing from friends, family members and moneylenders but say they would like to be able to borrow from a financial institution. Access to formal loans is possible for youth over the age of 18 (as set out by local regulation) but young people are discouraged by cumbersome requirements, including the need for a formal ID and collateral. In contrast, during the market research study of 2010, young people in Mali identified their concern with repayment as the greatest challenge to borrowing from a formal financial institution.
- Youth see the use of formal financial institutions (in contrast to traditional methods) as a way to save more safely and privately and having the opportunity to access larger loans for their funding needs.
- ID card ownership is a major hurdle in both countries. The average rate of ownership is just 23 percent because the minimum legal age for an ID application is 18 and information on how to obtain the card is not widely shared.
- Finally the study looked at how mobile banking might play a role in improving access to financial services and education. Cell phone ownership is not high in either country, but youth over the age of 18 have a rate of ownership of nearly 45%. Younger people also have some access to cell phones but do not own them.

Most of the financial institutions the study team met with see the business opportunity in offering financial products to youth, particularly as a means of cultivating these young people as potential adult clients. The problem, however, is that the staff from those institutions feel they lack the necessary knowledge about young people to design a strategy for delivering products that are profitable and sustainable.

Several youth-support organizations see financial services as a value-added component to the support provided youth; they expressed a desire to participate in AIM Youth expansion as a way to close the gap between demand and access to financial education and financial services, with a combination of non-formal strategies, such as Savings Groups. They know that low literacy, a lack of financial education and cumbersome requirements act as significant barriers to youth acquiring financial services.



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AIM Youth Participant Speaks at Youth Finance Summit in Turkey



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Ronald Macas, AIM Youth Participant at the Child and Youth Finance International Summit in Istanbul, Turkey

At the Second Annual Child and Youth Finance Summit in Istanbul, Turkey in May, Ronald Macas, a 16-year old young man from Ecuador, was sponsored by the Summit and The MasterCard Foundation to meet with more than 100 other young people from various parts of the world to share experiences with savings and financial education. Ronald has participated in financial education sessions and has a savings account through Cooperative San Miguel de los Bancos, one of Freedom from Hunger's AIM Youth partners. Although Ronald does not speak English, with the help from volunteer interpreters, Ronald was a very active participant at the conference.

Attending the conference inspired Ronald to take a leadership role in youth finance in his home country. "I challenged myself to have a new mentality," Ronald shared after his return. "I want to help people understand the basics of business and business practices, financial education, and the importance of not only putting things on paper but putting things into practice."

He now sees himself as participating in a worldwide movement to increase youth access to financial services and education. "Someday there will be more of us who fight, not to maintain the status quo of their lives, but who fight to have more and to help others overcome their obstacles."

Freedom from Hunger staff also actively participated in the conference. As a part of the "Youth Diversity Reflected in Delivery of Financial Services" panel, Amelia Kuklewicz, Program Manager for Ecuador, and Rossana Ramirez, Director of Youth Microfinance, discussed the various models being implemented to deliver savings with financial education in different contexts.

The Summit gathered practitioners of youth-inclusive financial services and young people from around the world to celebrate the accomplishments of organizations advancing economic citizenship for children and youth.

The Summit was held under the patronage of the Capital Markets Board of Turkey, in collaboration with the Central Bank of Turkey and Borsa Istanbul. Sessions engaged practitioners, government officials, financial institutions and youth in discussions about how to strengthen the financial capability and inclusion of young people throughout the world.

Update: How has Political Upheaval Affected AIM Youth in Mali?

In the midst of conflict and political instability, how has AIM Youth fared in Mali? The answer depends very much on location. Our Mali partners are delivering AIM Youth services in many regions throughout the country. None have had to interrupt services entirely, but many youth report that nearby conflict has affected their ability to earn money. This has been confirmed by partner staff, as the overall economy has been impacted by the political instability.

The recent elections are an important part of that progress and should give our partners and youth participants they serve more confidence about the future.

We asked two of our Malian partners to send us a brief update that we in turn could share with you.



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From Le Tonus (Operating in Kati and Koulikoro)

The socio-political situation has directly or indirectly affected youth Savings Groups. Most youth have told us that during this crisis, there has been a drop in sales in the villages, so this has affected the income for everyone.

Other young people say their parents have less revenue due to the crisis. As a result, young people who rely on money from their parents have had some difficulties making their weekly savings.

To overcome this situation, other youth have undertaken initiatives to generate revenue. Among these ideas are collective activities in the villages and joint gardens, which produce food that can be taken to cities to be sold.

From CAEB (operating in Kolokani and Bougouni)

We would like to report on our operations through these brief stories from two young people participating in AIM Youth.

Fouseyni Fané, is a 16 year-old-boy and a member of Benkaki Savings Group in the village of Chiankoro, Mali. "Before the intervention of this program (AIM Youth) in our village, youth had no occupation, especially me. I was not doing any profitable activity. But with this project, youth are engaged in the Savings Group activities by participating in meetings and conducting other income-generating activities in order to have the weekly amount of saving and to pay back a loan. At the end of a cycle and after sharing, I gained 10,000 CFA. I bought a goat. I'll take care of it and it will give me other goats. I'll sell them, I'll become rich and my dream will be fulfilled."

Allasane Fané is from the same group. "I'm 13 years old and I'm attending secondary school. My parents were not able to pay my school tuition due to financial difficulties in the year. But thank God, this year, the start of classes coincided with our group sharing. I used my money to pay my school tuition. I'm very glad I could do this and my parents are so happy. If it weren't for this program, I wouldn't be able to study this year. I really like going to school. I want to study and by God's grace reach university."

AIM YOUTH CONTACTS

Rossana Ramirez

Director, Youth Microfinance

rramirez@freedomfromhunger.org

PUBLICATION INFORMATION

Freedom from Hunger is working in 24 countries to bring innovative and sustainable self-help solutions to the fight against chronic hunger and poverty. Together with local partners, we equip families with resources they need to build futures of health, hope and dignity. *Advancing Integrated Microfinance for Youth (AIM Youth)* was launched by Freedom from Hunger in December 2009 in partnership with The MasterCard Foundation. The three-year effort seeks to develop new microfinance and financial education services to help 37,000 young people in Ecuador and Mali learn to manage their money, meet the demand to contribute to household needs and prepare for their futures.

Please visit www.freedomfromhunger.org

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from Hunger

1644 Da Vinci Court
Davis CA 95618
(530) 758-6200
info@freedomfromhunger.org

www.freedomfromhunger.org

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