UN Capital Development Fund

YOUTH EMPLOYMENT AND FINANCIAL INSTITUTIONS:

OVERVIEW, LESSIONS LEARNED, AND CHALLENGES



Berne, 27th June 2014

WHY IS ACCESS TO FINANCE RELEVANT TO YOUTH EMPLOYMENT?



200,000 VS 250,000

- 740 million youth aged 18-25 are unbanked and only 32% have an account at a formal institution vs. 55% for adults
- In developing countries 62% of youth remain outside of the financial system vs. 50% for adults
- Only 18% of youth report having saved in the last year vs. 36% for adults
- 6% of youth report having borrowed vs. 9% for adults



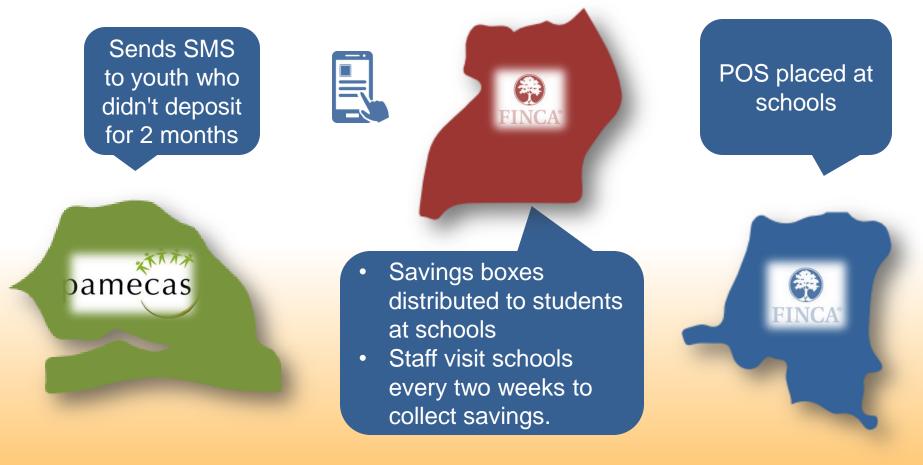


USAGE AND UPTAKE WITH TECHNOLOGY



STRATEGY

- Use POS devices to increase usage and uptake and place them at schools or at places visited by youth
- Use SMSs to remind youth to make deposits and reinforce the importance of savings



How to best get to rural youth?



OBJECTIVE:

• Ensure youth in rural areas have consistent access to financial services





Creating partnerships with Village Savings and Loan Associations (VSLAs)

CREATING JOBS FOR YOUTH

OBJECTIVE:

• Provide youth with loan products while reducing the risk to the FSP

YOUTH FRIENDLY PRODUCTS GIVEN IN LEASE. THEY DO NOT NEED COLLATERAL AND ARE GENDER SENSITIVE



Motorbicycle

Sewing machines







What FSPs do

4-5 sessions
30 min per session
Basic concepts on financial education
No materials required
Standard session design (4 steps-4 Anchor, Add, Apply and Away)

FOR ALL THE REST: PARTNER WITH NGOS





•Meaningful partnerships with Youth Serving Organizations

•Reaching the most vulnerable

Integration

•Costs of serving youth





US\$19 for small Savers vs US\$27 for youth savers in Uganda

OPTIMISED MODEL	PEACE	UFT	UCU
by 2014	(Ethiopia)	(Uganda)	(Rwanda)
Variable cost reduction	-50%	No changes	-50%
Nº youth clients	No changes	No changes	No changes
Av. Savings balance increase	+6USD	No change	+2 USD
Time to break even	5 yrs	3 yrs	3 yrs
Time to break even with grant	3 yrs	2 yrs	2 yrs

Develop	partnerships	with
YSO and	technical schoo	ls

Below	the	line	marketing
activities			

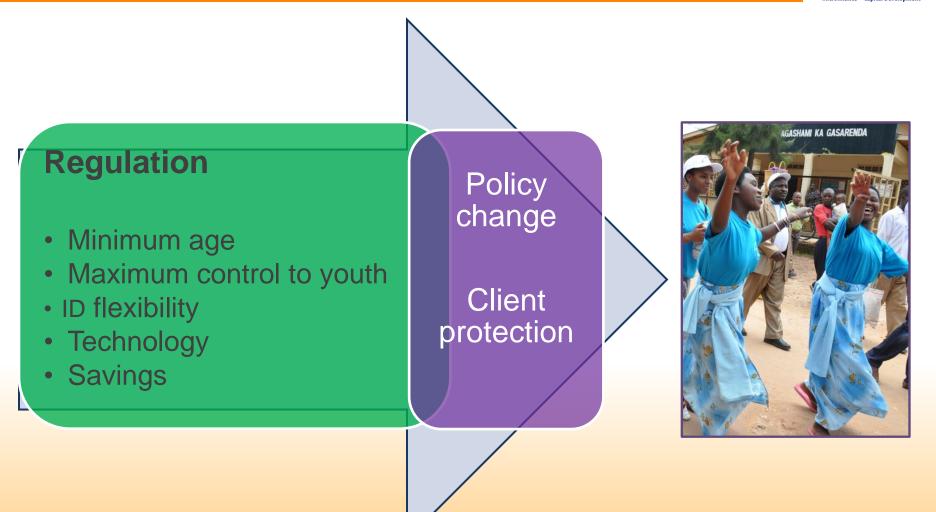
Develop	peer	to	peer
programm			

Usage, usage usage





CHALLENGES: MACRO AND MESO LEVEL







THANK YOU

Maria Perdomo maria.perdomo@uncdf.org