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Targeting Youth in Conflict Affected Areas

Access to Credit Services Initiative

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CHF/Iraq

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*Loan officer with Majed Jawad, 29 Years old
"Owner of a Snack"*



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Introduction and Rationale

What?

- US-based International NGO
- Empowers people to improve their lives and livelihoods for a better future.

For whom?

- Reaches 20 million people each year

Where?

- Works in 25 countries around the world

Location	<ul style="list-style-type: none">• Iraq
Services	<ul style="list-style-type: none">• Microcredit
Establishment	<ul style="list-style-type: none">• 2003
Traditional target market	<ul style="list-style-type: none">• All individuals who do not otherwise have access to sufficient capital
Traditional loan products	<ul style="list-style-type: none">• Micro enterprise , Small Business, Start-up Business, Home improvement,
Goals	<ul style="list-style-type: none">• Improve quality of life; enhance financial stability and personal safety, improve local economies

Objective of developing and expanding demand-driven financial services for youth, introducing loan products to create entrepreneurial opportunities by facilitating access to finance in Iraq

Conflict has led to a sense of vulnerability and disempowerment. Iraq has one of the highest unemployment and underemployment rates in the region

Develop a loan product enable the youth to turn their entrepreneurial potentials into results by availing quality financial services. This will contribute towards local economic development in particular and Iraqi economic growth in general.

Youth In Iraq



*Abdullah Nasser, 23 years old
"Men Clothing Store"*

The support for Iraqi market is mainly driven to support existing businesses and employees. However, youth in Iraq are not separately targeted and marginalized. They are lost and left out with no starting point. Hence, CHF stepped in to play a role and enhance the youth's role in the economic cycle by providing support on the personal and financial level.

Current Situation of Iraqi Youth

Lack of security

- Feeling of vulnerability

Poverty

- Widening gap between rich and poor
- 23% of males and 21% of females ages 15-24 unemployed

Lack of opportunity

- Over 20% of Iraqi youth are considering emigrating

Lack of resources

- Limited grant funds available for youth
- Finance difficult due to limited experience.

Limited business skills

- Lack of high quality business development services

Unemployment

- In 2006 the rate of unemployment among Iraq's youth ages 15 – 24 years reached 30%

“As a result of security challenges, low absorptive capacity for unskilled youth coupled with few employment opportunities for youth with limited marketable skills, especially in conflict prone areas, cannot be addressed quickly”.

“CHF ACSI's Youth Proposal”



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Challenges

1. Security Situation:

- Delaying training times
- Delaying the disbursement process
- Dictating the areas of operations
- Suspending the work due to conflicts

2. Risk:

- Migration and immigration
- Lack of income
- Lack of collateral
- Need for more resources/large loan size for start-ups
- Cost on CHF to reach Youth clients



3. Experience/Maturity:

- Lack of business experience
- Low levels of financial literacy
- Focus on short-term / quick profit
- Lack of patience (e.g. loss of interest if there is delay in trainings)
- Fear of commitment to a loan /misconceptions about borrowing

4. Iraq situation:

- Some rural areas is currently not feasible
- Lack of a support structure and business cultural differences in the rural areas
- Lack of infrastructure / local cultural challenges make it hard to offer business services in some areas of Iraq
- Logistical issues may hinder the program and its training (power grid failure during the summer months, religious events, etc.)
- Political situation
- Women role in Iraq



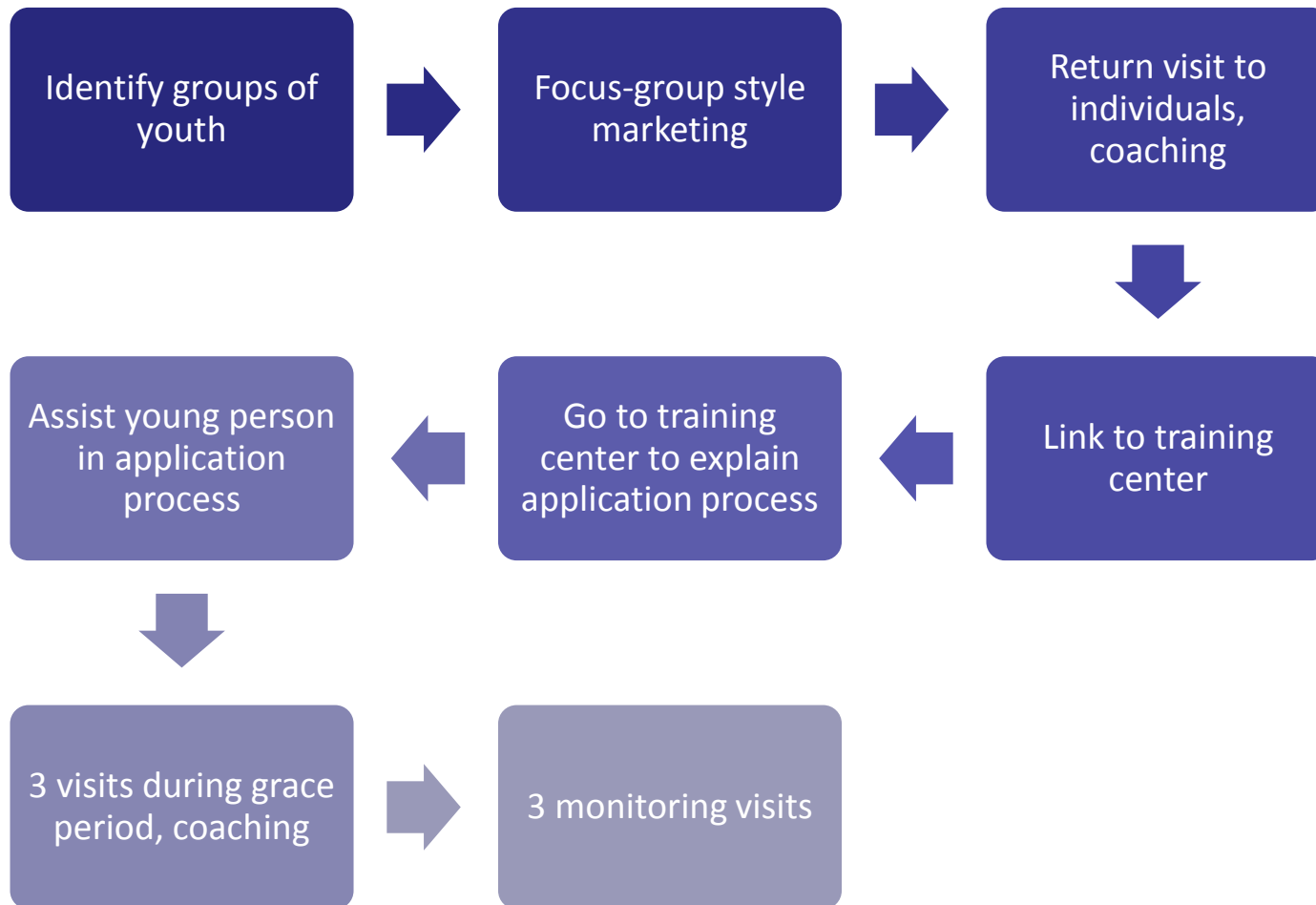
*Ahmad Abboudi Jasem, 25 years old
"Tailor"*



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Our Implementation



Collecting and Analyzing Data methodology:

I. Targeting Young Clients

- **Meet youth where they are:** typically on street corners in neighborhoods, or through referrals of existing clients
- **Market to youth in groups:** first marketing approach using focus group techniques
- **Message to youth:** Address their major concerns:
 - How would I be able to succeed in business?
 - Why would opportunities in Iraq be better than emigration?
 - What if I fail and cannot repay the loan?
 - What if my parents decide to emigrate and I have to leave without repaying the loan?
- **Provide them with training resources:** Link them to training centers
- **Go back again:** Loan officers need to build a relationship through multiple visits and encouragement

Marketing to Young People

- **Expand outreach to Youth:** universities, colleges, schools, social clubs and job fairs
- **Adapt Marketing Material:** brochures, one-page program descriptions, posters, meetings with community leaders, and door-to-door marketing. As with most microfinance programs, relying mainly on word of mouth to promote its program

II. Field visits

- Entering new areas especially rural areas:
 - Undertake an intensive community outreach effort meeting with community leaders (including representatives from businesses, government, NGOs and religious organizations)
 - Build community acceptance and support, which is critical to help promote the program
 - Introduce the ACSI loan program including its mission, basic eligibility requirements, and the loan products offered, application , selection process and what ACSI means for the community
- Officers are responsible for making the initial contact with potential clients. This involves working through existing networks and door-to-door marketing

- Loan Officers are to visit individuals who have expressed interest in the loan program, met the basic eligibility criteria, have submitted the required supporting documents and are responsive to the program. Also to conduct a quick background check on the individual
- The loan application and assessment stage is to inspect the applicant business location and/or home, and collect the financial, economic and social data on the business to assess the client's repayment capacity including talking to customers and providers, landlords, and neighboring businesses and community representatives, etc.
- Loan Officer Supervisors' visits after the assessment stage to assure that the process is perfectly ongoing

III. Implementing and monitoring

- Develop microfinance products that are Youth friendly and meet their needs with small loan amounts and flexible eligibility criteria
- Increase access to start up loans
- Provide non-financial services to Youth such as: financial literacy trainings, business skills coaching, and mentorship in loan management and business development
- Assist youth in building personal skills, such as: decision making, self reliance, ideas creation, business plans etc..

- Coordinate with donors and stakeholders and share research and findings to help design suitable Youth products
- Convince Youth to start their own small businesses instead of having immigration as their first option
- Overcome obstacles by modifying our ongoing operations based on a security situation reassessment
- Focus on females through spreading awareness and encouraging them to enter the market and contribute positively towards economy



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Monitoring Achievements

After our studies have shown youth demand, we decided to target youth separately (Specifically to Start-up their business)

	ACSI	Existing Youth	Youth Product
Number of loans disbursed	121,983	43,113	93
Value of loans disbursed	336,979,863	119,138,511	319,200
Outstanding portfolio	46,681,845	20,792,304	274,790
Number of active clients	25,639	12,246	93
Portfolio at risk	99.8%	99.8%	100%



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Lessons Learned

Through our experience since November 2010 with Youth and also our eight years of experience in Microfinance in general, we have learned that:

- Youth products do need to be different than existing products, sometimes implying greater risk
- With the right product, youth are good loan clients
- Reaching youth is more expensive, but it is a substantial market and impact opportunity

- Non-financial services such as business development, financial literacy would make lending more effective as a youth development tool
- Youth are there, we just have to hold their hands and walk them through successful achievements and brighter future as they are capable of directing the country's stability



*Hassan Kareem Hamed, 23 Years Old,
"Barber"*

- **Fear is the biggest impediment to starting:** Talking to youth in groups and using young loan officers who can relate to and coach youth has worked well
- **Roll of parents is critical:** Young people in conflict zones are often very dependent on parents, and do not see independent opportunities. Parents need to give their blessing
- **Training centers location is critical:** If training centers are not closely located, security concerns limit participation
- **Young people are used to disappointment, and delays can cause them to lose interest:** In situations where trainings were delayed due to security, 50% dropped out.
- **Women are particularly hard to reach:** Travel, lack of confidence by parents and difficulty in targeting make it hard to reach young women



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*“For a better World,
We Support Youth”*

Thank You