



Theme 3 /BUILDING PARTNERSHIPS

Topic C / PROVIDING FINANCIAL SERVICES TO YOUTH: KEY CONSIDERATIONS

The Experience from CIF and ADA

11 September 2007 - Véronique Faber, ADA

INTRODUCTION

ADA (Appui au Développement Autonome), Luxembourg

Support organisation specialised in MFI support (financial and non-financial) since 1994

CIF (Centre d'Innovation Financière), Burkina Faso

Network of six West African MFI networks, specialised in research and product development (R&D) since 2000

= Collaboration - Mainly product development

(Microinsurance, Young Artisans, Remittances)

YOUNG ARTISANS MICROFINANCE PROJECT

What can a Microfinance Institution do against youth unemployment and underemployment?

= Propose a loan solution

= Job creation for young artisans

- Out of school
- No professional experience
- No financial investment

YOUTH + START UP + PRODUCTION = SMALL MARKET

= Developing and strengthening young people's business management skills

KEY PRODUCT FEATURES

- Credit duration: 3 years
- Credit grace period: 3-6 months
- Cooperative interest rate
- Credit insurance
- Voluntary savings account

- Health insurance
- Start-up subsidy (grace period)

- Training (enterprise/business plan/management)
- Accompagment (management/commercialisation)

PRACTICAL IMPLICATIONS - YOUTH

- Work space and rent
- Lack of income during set up phase
- Transport

- Commitment (3 years)
- Selling! Where and How?
- Growth/Expansion
- Responsive to market changes

- Health issues
- Continuous Learning

PRATICAL IMPLICATIONS - MFI

- Client diversification
- New product type (long-term, start up, etc.)
- Different client assessment (no experience, etc.)
- Risk management through training and support

- Launch or expansion of non-financial services (inhouse/collaboration)
- Feedback integration and product adaptation (continuous)
- Problem of standardised training packages (cost issue)

- Integration in existent MIS
- Financial planning (separation of data)
- Partner coordination

PRACTICAL IMPLICATIONS - PARTNERS

- Long-term committment
- Strategic decision

- Capitalisation
- Facilitating exchange

- Complimentarity
- Same objectives and mission

POLICY IMPLICATIONS

- Complimentary financial approach (NOT competition)

= ENCOURAGING YOUNG PEOPLE TO BECOME ENTREPRENEURS IS JUST ONE APPROACH
≠ SOLE SOLUTION
- Elaborate a National (Regional) Employment Programme
- Integration of MFIs in National Employment Programme
- Streamlining administrative and legal procedures
- Communication and information (employment centers)
- Adapt curriculum to market needs
- Integrate enterprise training in schools
- Adopt dual system (school – internship)