



**“Investing in Youth”
Large Scale Approaches to Youth
Employment and Entrepreneurship**

**Youth Microenterprise Conference
10 September 2007**

Mission

ImagineNations™ Group is a global alliance of social entrepreneurs, thought leaders, investors, financial institutions, global brands, media and organizations

- Working to empower and inspire a new generation of successful youth investment and employment
- Providing young adults (ages 15-29) in the developing world with opportunities to gain access to employment and livelihood through various incentives, business development services, coaching and/or capital for their entrepreneurial ideas



Alliance of Supporting Organizations and Partners

- Amelior Foundation
- African Development Foundation
- All China Youth Federation
- Bill & Melinda Gates Foundation
- BRAC
- Center for Corporate Citizenship at Boston College
- Corporate Social Responsibility Initiative at Kennedy School of Government, Harvard University
- Deloitte-Zambia
- Development Innovations Group
- Equals 3 Communications
- Friends of Zambia
- Hogan & Hartson
- International Youth Foundation
- Mercy Corps
- Nike Foundation
- Omidyar Network
- Right Start Foundation
- Standard Chartered Bank-Zambia
- Umsobomvu Youth Fund
- Harry & Jeanette Weinberg Foundation
- World Bank
- YouthBuild International
- YouthGive



Strategy

- Country Strategies
creating comprehensive and scaled strategies
- Development Finance for Youth
creating “youth windows” within MFIs and commercial banks
- Training and consulting cadre
offering consultation and technical support

ImagineNations Perspective on Youth Employment and Entrepreneurship

Peter Twichell
YouthBuild International



Youth Employment Challenge

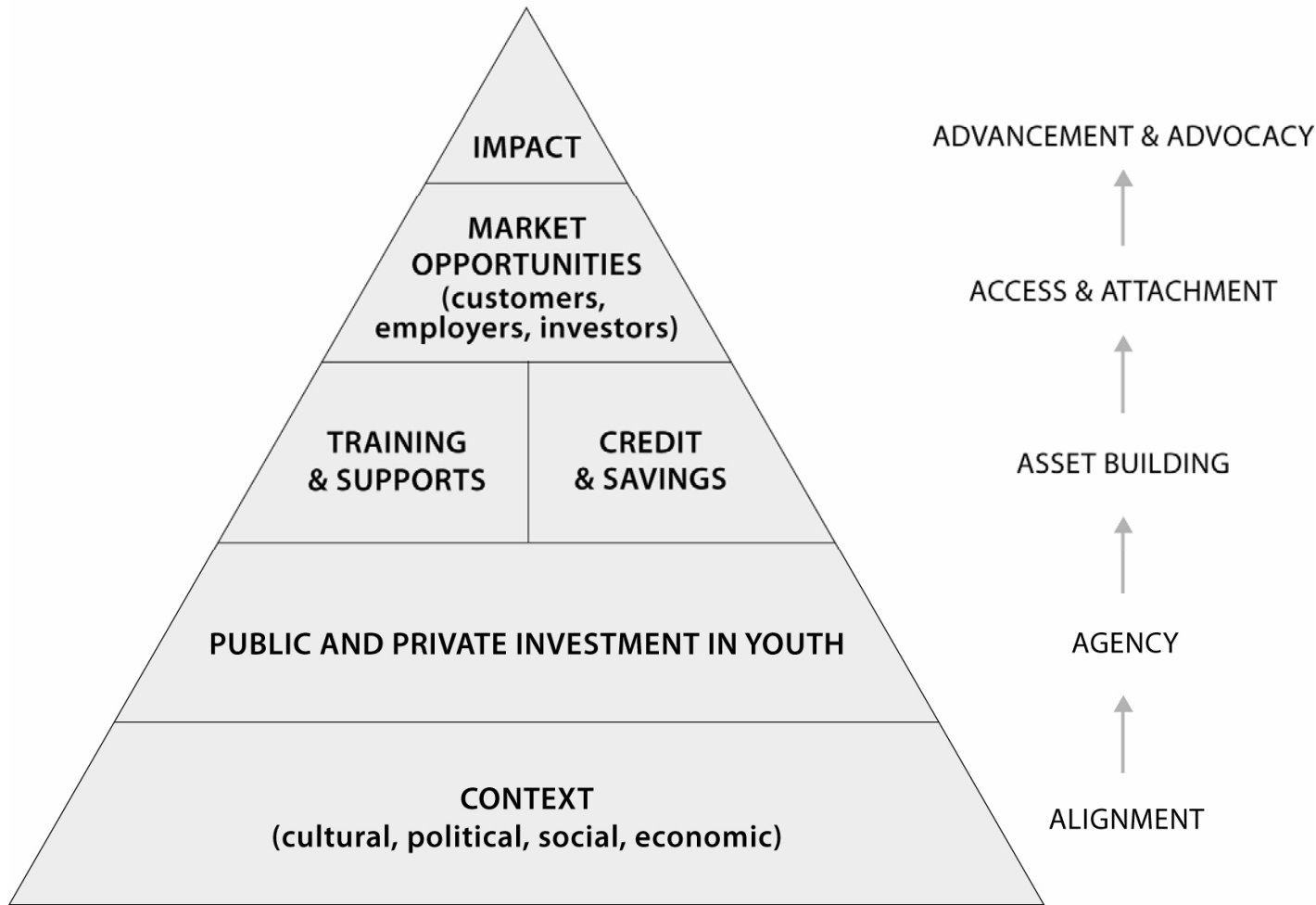
- 1 billion youth entering labor market in next 10 years
- Only 300 million new jobs projected
- 85 percent of job seekers in developing countries
- Youth have limited access to jobs, capital, business mentors, markets

ImagineNation's Approach

- Identify effective approaches that are at **scale**, **comprehensive**, and **sustainable**
- Identify **innovations** and break-throughs
- Work through **existing structures** for a coordinated **multi-sector response**
- Encourage public/private **partnerships and investment**
- **Mobilize resources** for youth employment and youth entrepreneurship



Conceptual Framework for Youth Employment and Entrepreneurship Programs



Investing in Large Scale Youth Employment and Entrepreneurship Systems

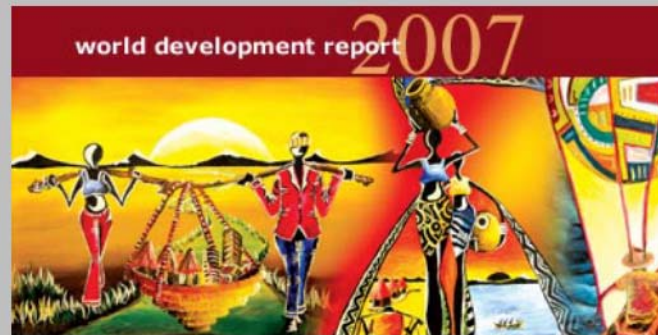
Pawan Patil
World Bank



THE WORLD BANK



World Development Report 2007: Development and the Next Generation



“access to jobs & physical security is their biggest concern...”



THE WORLD BANK



Why Youth Entrepreneurship?

GLOBAL RESEARCH FINDING

“youth entrepreneurship programs have the highest impact rating of all intervention types for youth employment”

Source: Global Inventory of Interventions to Support Young Workers: Synthesis Report (World Bank, February 2007) summarizes the lessons of some 289 studies of interventions from 84 countries in all regions of the world.



THE WORLD BANK



Why Youth Entrepreneurship?

INDONESIA SPECIFIC FACT

- There are approximately 4.3 million Indonesian youth-founded and managed mSMEs (those 15-25 years old) employing around 8 million workers which represent approximately 10% of Indonesia's total mSMEs;
- They are constrained by credit, business development services, market information, and the relevant skills and experience of affordable workers.
- Youth-led mSMEs are responsible for approximately 5% of Indonesia's annual GDP.
- Early research suggests that micro-loans to youth have comparable repayment rates to those loans extended to adults

Source: Bank Indonesia, Bureau of Credit Rating and Market Research (2006); World Bank (2006)



THE WORLD BANK



Ground Breaking Public-Private Partnership



THE WORLD BANK



INDONESIA

Youth Employment, Enterprise Development & Investment Program

[\$243 Million]



THE WORLD BANK



Ground Breaking Public-Private Partnership



INDONESIA FUND FOR YOUTH INVESTMENT *“Investing Now in Indonesia’s Next Generation”*

Private Microbank for Youth Entrepreneurs

- World Bank and ImagineNations Group brokered; ImagineNations Group, Sampoerna Capital, Sampoerna Foundation led/financed private venture.
- Up to \$30M of NEW and Private Capital as co-financing in parallel to WB project in support of youth employment and enterprise development. Forecast: \$400M of lending over 5 years.
- Objective is to finance start-up capital and expansion of youth led MSMEs, young factory workers transitioning back to their villages, migrant workers and young entrepreneurs across Indonesia (and particularly in rural areas) with an emphasis on the poor and young women.



THE WORLD BANK



INDONESIA EFFORT HAS CATALYZED...

A Global Public-Private Partnership for Youth Investment

PARTNERSHIP VISION

to catalyze, co-finance, sponsor and support the development and implementation of cutting edge and innovative interventions* on the economic advancement of young people (particularly those most disadvantaged: the poor, adolescent girls and young women) while actively measuring, evaluating and disseminating results.

**innovative interventions* include projects, activities, policy initiatives, action-oriented analytics, advocacy and communications.



THE WORLD BANK



A Global Public-Private Partnership for Youth Investment

Emphasis on Disempowered Youth

Poor, Disadvantaged, Adolescent girls and Young Women, Rural areas in developing countries will be specifically emphasized in the work of the Partnership.

Example: Analytic Support for Scaled Intervention

- early research suggests that less than 1% of well known microfinance institutions' portfolios include micro- loans to young people (under 29 years of age); they are unintentionally excluded.
- Financial and other incentives to minimize the perceived risks to MFI's/Banks.

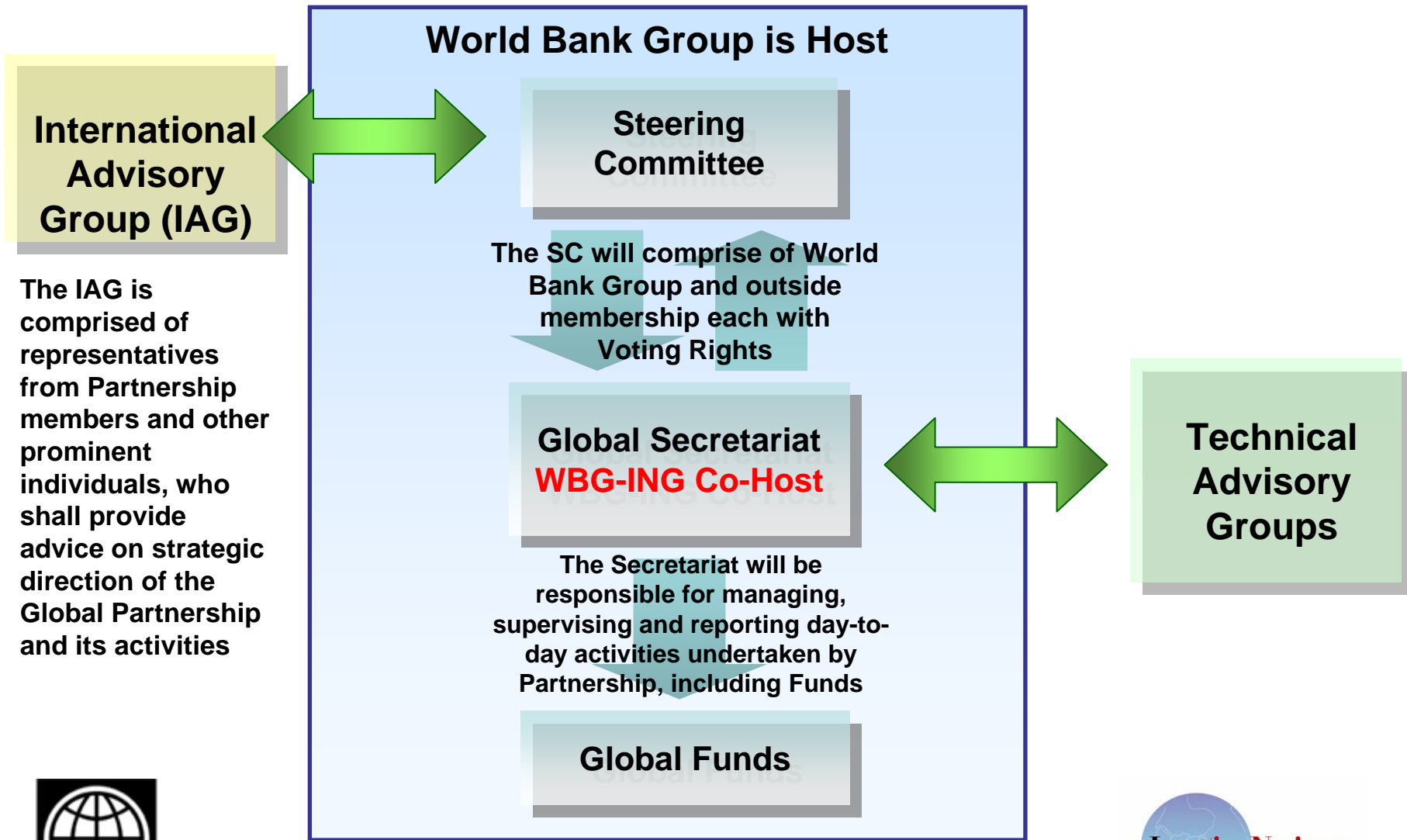
Acting on this one analytic finding could increase income opportunities and provide additional economic security to over 300M underserved poor youth across the globe.



THE WORLD BANK



Organization of the Global Partnership





THE WORLD BANK



A Global Public-Private Partnership For Youth Investment

GLOBAL FUND FOR YOUTH INVESTMENT
“Investing Now in the Next Generation”



THE WORLD BANK



Let's begin this journey together...

Defining Performance Measures in Youth Microfinance: A Practitioner-driven Approach

Basilia Yao
Mercy Corps



Be the change



Mercy Corps at a glance

Mercy Corps works amid disasters, conflicts, chronic poverty and instability to unleash the potential of people who can win against nearly impossible odds. Since 1979, Mercy Corps has provided \$1.3 billion in assistance to people in 100 nations.

What We Do

- Emergency Relief
- **Economic Development**
- Civil Society Initiatives

Mercy Corps MFI Affiliates

- Reach over 163,000 borrowers, 63% women, with \$140 million in outstanding loans.
- Post-conflict, post-disaster, and transitioning environments.
- Diverse lending methodologies



Be the change



Current Gaps in Youth Microfinance

Key Findings

- Youth are generally not pursued by MFI's as a distinct client niche
- Young people do not generally perceive MFI's as a possible source of capital.
 - Main sources of capital for young entrepreneurs include accumulated savings, loans from family and friends, and to a lesser extent, loans from MFI's
- MFI perceptions of high risk are a barrier to youth lending

Building a Field Through Performance Measurement

- Gaps in supply due in part to lack of information
- As field matures and reaches critical mass, growing need for consensus around performance measures
- Performance standards that are developed by practitioners will support the practical design and implementation of youth microfinance strategies
- Mercy Corps is working with its MFI network to build the evidence base upon which programs, investments and policies can be based



Be the change



Program Goals

- Increase quality and availability of microfinance services for youth
- Build capacity of MFI's to serve youth sustainably across a diverse range of markets and socioeconomic context
- Promote the use of measures to continually assess performance.
- Catalyze further investment in expanding access to capital and employment opportunities for youth.

*“Innovation, like many business functions,
is a management process that requires
specific tools, rules, and discipline”.*

*Davila, Tony; Marc J. Epstein and Robert Shelton (2006). *Making Innovation Work: How to Manage It, Measure It, and Profit from It*. Upper Saddle River: Wharton School Publishing. [ISBN 0-13-149786-3](#).



Be the change



Large Scale Approaches to Enterprise Finance and Business Development Services:

Umsobomvu Youth Fund (UYF) South Africa

**Mbongeni Mtshali
Umsobomvu Youth Fund**



UYF at a glance

- Umsobomvu means a “rising dawn”
- Established by South African Government in 2001 with initial capitalization of \$143 million
- UYF is a not for gain, operationally independent organisation with own Board of Directors
- Focus on young people aged 18 – 35
- Mandate is to facilitate job creation and skills development for young people
- Further recapitalization of \$60 million in 2007/08



UYF Entrepreneurial Support

- Micro, Small, medium enterprises (MSME's) play a pivotal role in poverty reduction and job creation
- MSME's offer a safety net for the survival of unemployed youth and provide youth an opportunity to contribute to a country's increased productivity and private sector growth
- UYF Entrepreneurial Support Strategy:
 - Entrepreneurial training & promotion of enterprise culture
 - Mentorship and technical assistance
 - Business linkages
 - Enterprise finance
 - Lobby and advocacy

Business Development Services Voucher Program

- Young entrepreneurs are eligible for up to 4 vouchers paying \$30 for each voucher
- The voucher is used to purchase business development services such as business plan development, accounting, marketing, business process re-engineering
- Each voucher is valued between \$200 and \$3,200
- To date:
 - 25 000 young people assisted
 - 23 000 jobs created/sustained
 - 8 000 new businesses established
 - \$28 million loan funding raised from financiers (including UYF)
 - \$18 million procurement opportunities facilitated
- BDS Voucher program is now the biggest business support program in South Africa in terms of outreach and financial commitment



Enterprise Finance

- On-lending capital allocation of \$48,5 million
- Loan products include:
 - micro (>\$14,000); small (>\$71,000); medium (>\$1million)
- 9,000 loans to owner-managed businesses
- 2000 jobs created
- 85% repayment rate for micro enterprises
- 90% repayment rate for small and medium loans
- Women >90% (mainly micro)
- \$40 million co-investment from three private sector partners (FNB, Business Partners, Massmart) and three provincial government partners
- Getting banks to do unsecured lending



