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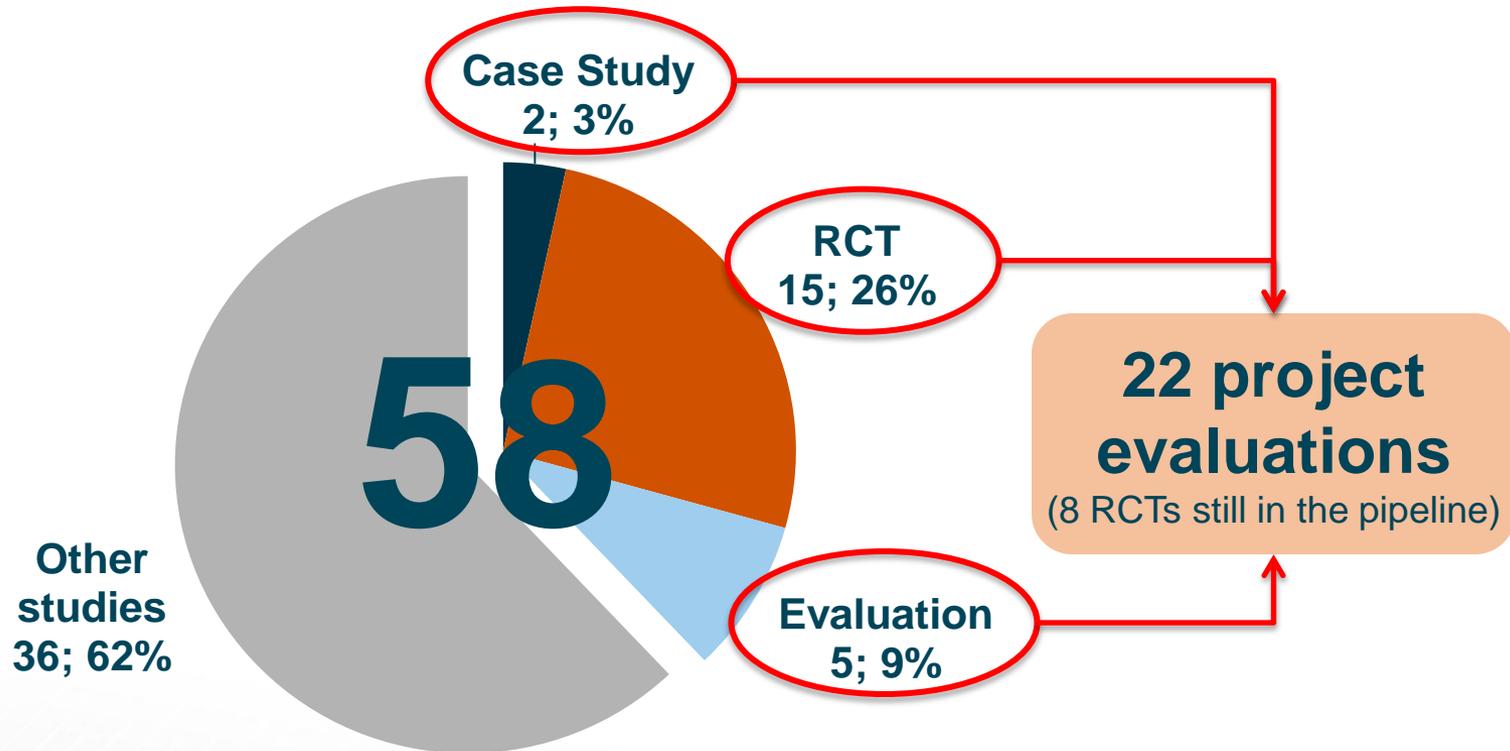
**Findings on  
Youth & Financial Inclusion**

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Wednesday March 13<sup>th</sup> 2013

# CGAP Research on “Youth” & “Financial Inclusion”

*Broad review reveals gaps but some evidence-based trends were established*



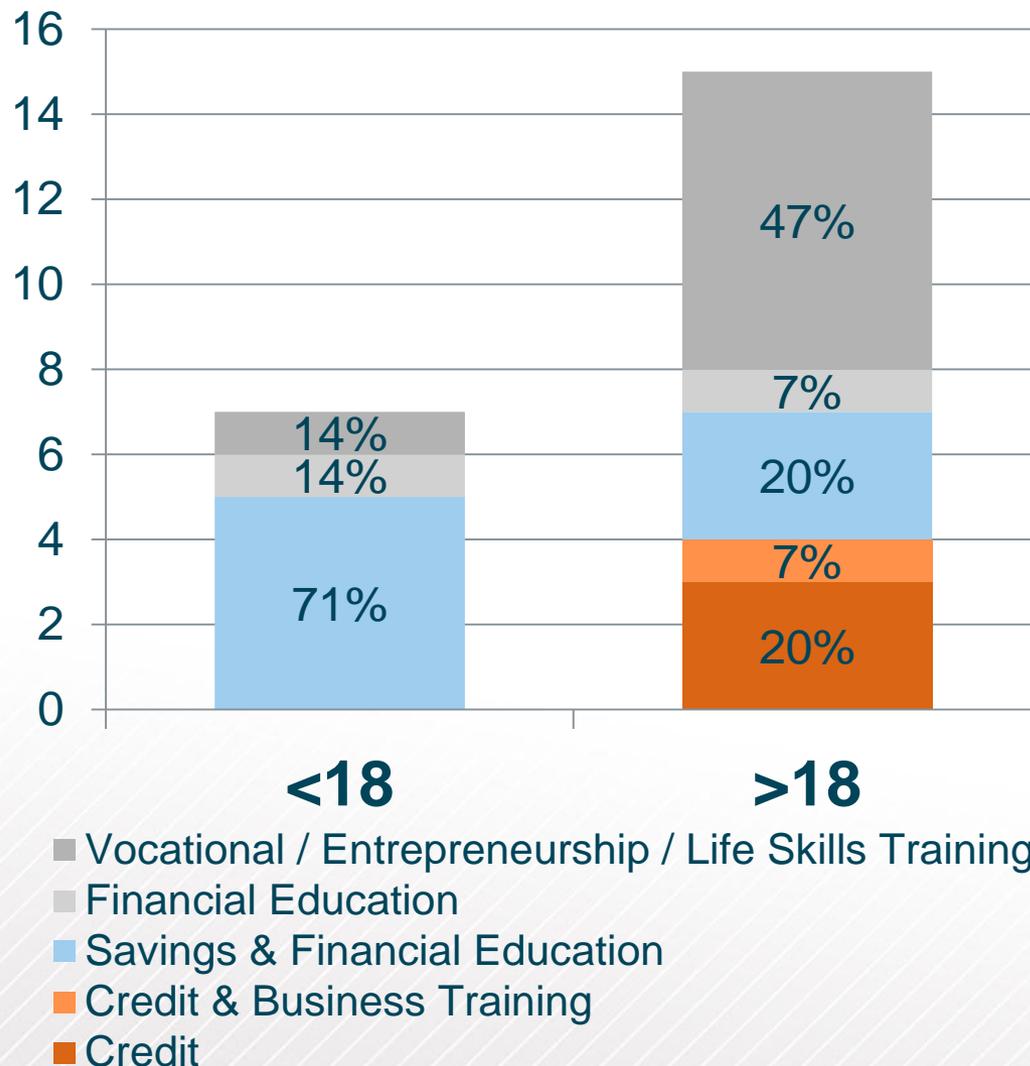
**# of Youth surveyed: 53,550**

**Period: 2009-2012**

**MENA region: 8 or 36%**

# Age determines what kind of financial services youth receive

86% of programs include a training component



- Donors prioritize **education (over FS?)**
- Savings come next and always include **financial education modules**
- 75% of credit projects target **males only**
- In **MENA**, donors focus on **employability for 18+ urban and educated youth**

# Emerging evidence on Youth Credit

*Very little to date, with some contradictions*

## Lack of credit is a constraint...

- 70% of youth state that access to credit is the main constraint for entry into self-employment (Tunisia)

## ... or a choice

- 62.5% of males and 46.0% of females used personal savings to start their business (Egypt)

## “Finance + training” is better than each alone...

... or not: labor market activity is better achieved with access to credit than training (ask Tim!)

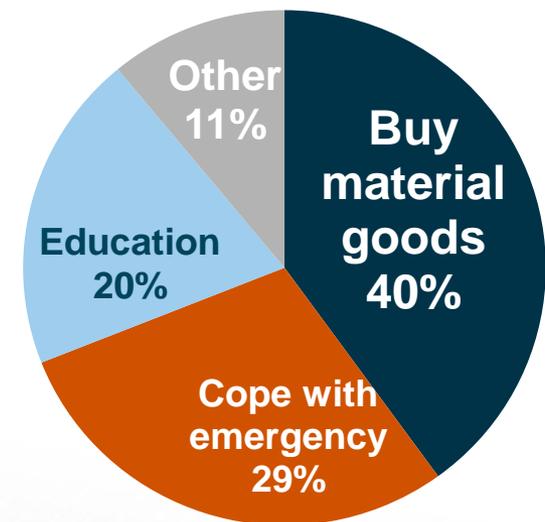
# Emerging evidence on Youth Savings

*Youth want to save savings for expenses, emergencies, and to start-up a business*

## Why Youth Save

Young	Adolescent in school	Adolescent out of school
Emergencies	Entertainment	Emergencies
School fees	Electronics	School fees (to return)
	Start business	Working capital

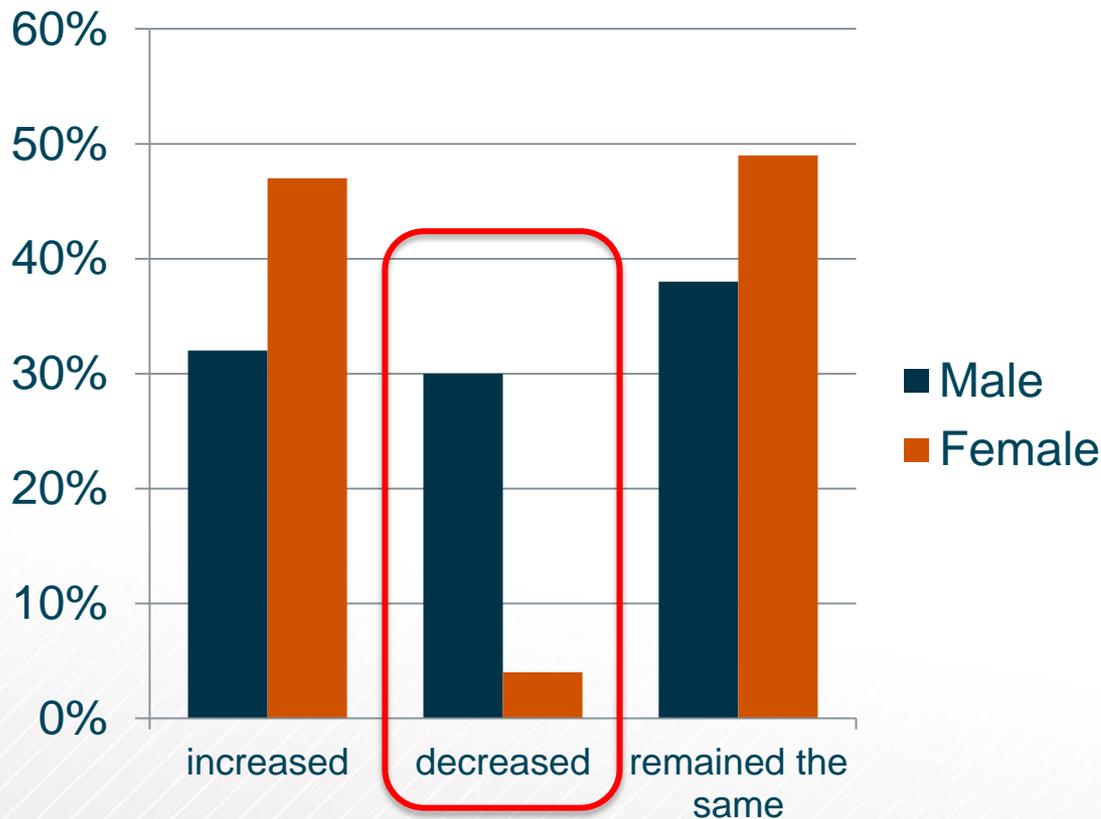
## How Youth (actually) Spend their Savings



# There seems to be a “girl effect”

*Males have better access to financial services but females perform better*

## An example: Savings



- 30% of the males spent their savings
- 4% of the female spent their savings

*“Girls are taught by their mothers at an early age about the importance of saving and they have fewer leisure-related expenses”*

= mothers achieve that women are 7.5x better than men

OR

= it is easier to empower women than remove barriers to their employment

*Source: YouthInvest Praxis Series No.1, Dec. 2011, MEDA Morocco*

# There is also a relative ranking of NFS

*Evidence on cost effectiveness still crucially lacks*

<b>Product / Service</b>	<b>Effect</b>
<b>Financial training</b>	<b>-</b>
<b>Technical training</b>	<b>+</b>
<b>Life skills + Business or Technical training</b>	<b>++</b>

# Effects vary greatly per type of outcome

*Scarce evidence to date makes it difficult to quantify positive effects*

Product / Service	Outcomes	
	Labor	Income
<b>Vocational training &amp; Access to finance</b> +35% chances to be engaged in income-generating activities	++	
<b>Access to credit</b> In rural areas, access to credit is one of the main constraints ROI = 30% to 60% in rural areas... or more	++	+ +++++++?
<b>Business &amp; Financial literacy training</b> No impact on business survival or # of start-ups +17% chances to implement new processes +11% chance to invest (all for educated youth)	-	++
<b>Savings</b> Higher income but not quantified		?

**Other: asset building? empowerment? product intake?**

Put simpler: outcomes can be ranked according to their effect

*It is easier to change knowledge than labor market outcomes*



- **Employment**
- **Earnings**
- **Business practices**
- **Behavior**
- **Knowledge**

# What's next? (1/2)

*There are gaps and opportunities in research*

- **Heterogeneous body of evidence and limited rigorous evaluations**
  - Similar programs have opposite results in different countries
  - Lack of labor market outcome data for youth
  - Limited “follow-up” on targeted youth as they transition to adulthood
- **Growing community of practice and knowledge...**
  - Lots of operational insight already available
  - Several upcoming RCTs and evaluations (2013)
- **... but lack of common youth-specific indicators and benchmarks**
  - Global Partnership for Youth Employment practical M&E guide
- **Numerous “policy” recommendations from various stakeholders taking on the youth agenda, but little coordination**

## What's next? (2/2)

*Youth product development depends on the existing gaps*

Gap in		Value proposition
Skills	→	Training
Business capital	→	Information, network
Funding	→	Credit, savings
Business environment	→	Policy changes

## In conclusion

*Two key take-aways while waiting for more evidence*

- ➊ Impact of labor market and business outcomes is significantly higher for the youth and educated
- ➋ For all programs, youth are associated with the highest success rates

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