AIM Youth NEWS
Advancing Integrated Microfinance for Youth

Letter From The Editor
Rossana Ramirez, Director, Youth Microfinance

We are now well into the second half of the AIM Youth initiative, and we’re using this newsletter not just to report on news but also to give you an inside perspective on what we’re learning.

For instance, in this edition, you’ll read about two new partners in Ecuador that came on as planned in Phase II. We also have a special feature on three lessons learned and another on new technology being rolled out in Ecuador to overcome the barriers of serving youth in rural areas.

And don’t miss the Youth Member Profiles. You’ll read three brief profiles of young people participating in CAEB’s AIM Youth program in Mali. Also from Mali, we report on a technical monitoring visit. The visit was cut short by the recent coup d’état, but we managed to collect some important information. We continue to closely monitor the situation.

Please contact us if you want to know more about these or other lessons we’re learning. In the spirit of collaboration and information-sharing, we look forward to hearing from you!

Phase II Partners Come on Board in Ecuador

For Phase II implementation of AIM Youth in Ecuador, Freedom from Hunger wanted to work with well-established microfinance cooperatives working in the Pichincha province. The area, about two hours from Quito, is rural and agricultural. Youth have few opportunities in this area and, as a result, must often leave their hometowns for work. Freedom from Hunger hopes to increase local opportunities for youth by increasing access to financial services. We also wanted partners with an exceptional commitment to their social mission, not just their financial mission. We now have agreements with two outstanding partners who meet these qualifications and more.

COOPROGRESO

Cooperativa de Ahorro y Credito Cooprogreso is a true microfinance pioneer, with more than 40 years of service in the Pichincha province in the northern sierra region of Ecuador. It serves 60,000 clients through 18 branches, providing a variety of products and services including credit, savings, micro-insurance and health services. Cooprogreso’s commitment to providing health services and meeting the needs of micro-entrepreneurs brought the cooperative to Freedom from Hunger’s attention in 2003 when it was looking for a partner for Credit with Education.

Cooprogreso’s board expressed enthusiasm about AIM Youth early in the application process. The cooperative was already searching for ways to serve youth in Pichincha when it developed a linked-savings product that youth could access through their parents’ accounts.

At the concept design workshop, Cooprogreso staff drafted a concept for three youth savings products: a youth-friendly individual account, a student loan for technical and short-term education programs, and an expansion of a group product already being developed to meet the needs of 18-year-olds who run businesses. As a first step, Cooprogreso is moving forward with the development of the individual savings product.

Freedom from Hunger is supporting Cooprogreso with two consultancies and exploration of new technology. The first consultancy focuses on marketing and image development (including branding, slogans, the development of promotional materials and incentives), and the second will strengthen their capacity to mobilize savings with technical assistance to improve institutional policies and procedures. Freedom from Hunger is also assisting with hiring and training of staff who will facilitate the youth education module.
Explaining the value of these consultancies, Gabriela Calderon, Savings Manager and Project Coordinator for AIM Youth, said, “Implementing a savings product combined with financial education for this niche is something new for the cooperative, especially since we are looking at innovative ways to use technology to open accounts and receive deposits from youth in the field. It’s been an experience with a number of challenges. Developing a new product involves many processes, including hiring new personnel, defining processes and promoting the products to attract youth.”

Their product launch is planned for the first quarter of 2012.

SAN MIGUEL DE LOS BANCOS

Cooperativa de Ahorro y Credito San Miguel de los Bancos is a cooperative dedicated to serving clients in a more rural part of the province of Pichincha, with three branches serving about 12,000 clients. Freedom from Hunger was particularly interested in the partnership, not only because of its solid microfinance service but also because of its success serving clients in rural areas. San Miguel de los Bancos has gained the trust of local communities and built an excellent reputation.

The cause of this success is easy to identify in the dedication and vision of cooperative leaders and staff. They strive to make every client feel welcome at each branch and they talk freely about their vision for improving the lives of their clients through their service. From the beginning of our partnership process, the alignment of vision and mission were clear, and cooperative leadership saw AIM Youth as a new way to fulfill their social mission.

The executive board of San Miguel de los Bancos sees the advantages of supporting youth to become better-prepared future clients. The cooperative offers individual and group loans as well as a variety of savings products, including a children’s account named “New Generation.”

The cooperative is working now on the design and finalization of an individual youth savings account that is easy to open, with few requirements. At the same time, the cooperative is organizing youth who currently use the New Generation product into groups so they can also receive the youth financial education module developed by Freedom from Hunger for use in AIM Youth.

Freedom from Hunger’s consultancy with San Miguel de los Bancos is similar to the technical assistance being offered Coopprogreso. “This is a great opportunity to strengthen the savings products that the cooperative has to offer,” says Marlene Salvatierra, Business Manager and Project Coordinator for AIM Youth at San Miguel de los Bancos. “We need to constantly follow up on all parts of the product that we’re developing simultaneously. This gives us the added value of knowing that in the future we will be able to develop new products and provide necessary follow-up to ensure success.”

The product launch is planned for the first quarter of 2012.
SELECTED OUTREACH INDICATORS

Well into the pilot, AIM Youth continues to make great progress against its targets. The following table includes a selection of outreach indicators we’re monitoring in Mali and Ecuador. A full report on our outreach is available. Please contact us for that report.

Results as of March 31, 2012

<table>
<thead>
<tr>
<th>Partners</th>
<th>CAEB</th>
<th>Le Tonus</th>
<th>Nyèsigiso</th>
<th>Kondo Jigima</th>
<th>Coop. San Jose</th>
<th>Coop. Santa Anna</th>
<th>Coop. San Miguel de los Bancos</th>
<th>Cooprogreso</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Youth Groups Created</td>
<td>900</td>
<td>140</td>
<td>36</td>
<td>24</td>
<td>109</td>
<td>66</td>
<td>21</td>
<td>24</td>
<td>1,320</td>
</tr>
<tr>
<td>No. of Youth Receiving Integrated Services</td>
<td>12,239</td>
<td>2,285</td>
<td>316</td>
<td>250</td>
<td>1,748</td>
<td>1,167</td>
<td>229</td>
<td>536</td>
<td>18,770</td>
</tr>
<tr>
<td>Percentage of Female Youth</td>
<td>60%</td>
<td>54%</td>
<td>7%</td>
<td>48%</td>
<td>49%</td>
<td>55%</td>
<td>33%</td>
<td>84%</td>
<td>58%</td>
</tr>
<tr>
<td>Percentage of Clients Ages 13–17 Years</td>
<td>82%</td>
<td>67%</td>
<td>15%</td>
<td>60%</td>
<td>85%</td>
<td>69%</td>
<td>66%</td>
<td>77%</td>
<td>78%</td>
</tr>
<tr>
<td>Percentage of Clients Ages 18–24 Years</td>
<td>16%</td>
<td>24%</td>
<td>85%</td>
<td>40%</td>
<td>15%</td>
<td>20%</td>
<td>21%</td>
<td>20%</td>
<td>19%</td>
</tr>
<tr>
<td>Percentage of Clients in School</td>
<td>51%</td>
<td>53%</td>
<td>23%</td>
<td>60%</td>
<td>100%</td>
<td>88%</td>
<td>38%</td>
<td>99%</td>
<td>59%</td>
</tr>
<tr>
<td>No. of Youth Who Have Received Financial Education</td>
<td>7,847</td>
<td>1,000</td>
<td>0</td>
<td>0</td>
<td>1,748</td>
<td>1,167</td>
<td>229</td>
<td>536</td>
<td>12,527</td>
</tr>
<tr>
<td>Total Amount of Savings (USD)</td>
<td>43,654</td>
<td>6,400</td>
<td>1,154</td>
<td>181</td>
<td>11,624</td>
<td>4,565</td>
<td>1,448</td>
<td>0</td>
<td>69,026</td>
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<td>Average Savings per Client (USD)</td>
<td>3.57</td>
<td>2.80</td>
<td>3.65</td>
<td>2.87</td>
<td>71.75</td>
<td>18.33</td>
<td>40.23</td>
<td>—</td>
<td>4.50</td>
</tr>
</tbody>
</table>

* Nyèsigiso, Kondo Jigima and Cooprogreso youth groups have just been recently formed, and will soon start participating in the financial education sessions.

Three Lessons Learned

LESSON ONE:

Youth Already Know About the Value of Savings but They Still Want Financial Education

Freedom from Hunger designed its AIM Youth financial education to teach youth how to develop a savings plan, manage money and use financial services appropriately, using dynamic and engaging game-based techniques. We felt from the beginning that this education was as vital to supporting youth as financial services clients, as the savings products themselves. However, just because it made sense to us didn’t mean that the youth would benefit or even appreciate the education.

Recent feedback in Ecuador indicates that youth are thoroughly enjoying these financial education sessions. Through surveys, we learned that youth already know quite a bit about savings but need specific strategies for realizing their savings goals; and they need a lot of encouragement to open savings accounts, as they have yet to realize the benefits of saving at a formal financial institution.
LESSON TWO:

The Power of Youth Savings Groups to Overcome Challenges Arising from Migration

Another key lesson we’ve learned is about the impact of migration in West Africa on both formal savings groups and informal ones such as youth savings groups. As youth seek temporary work elsewhere or marry into a different village, we expected migration (and the attrition of members) could potentially affect group dynamics and their sustainability. However; a recent technical monitoring visit to determine how migration is affecting group dynamics yielded a surprise. So far; migrating members have been quickly replaced by new members and sometimes the siblings of departing members. The groups appear to be stable for now, but we continue to watch the situation closely.

LESSON THREE:

To Secure the Best Partnerships, Develop Preliminary Concepts Prior to Signing Agreements

Phase I taught us that securing a successful partnership requires extensive discussions on the vision and operational capability of organizations prior to signing a formal agreement. In preparing for Phase II partnerships, we discussed and designed agreements that focus on long-term sustainability and cultivate technological innovation that leads to greater take-up of and more frequent deposits in savings accounts. The time we invested has yielded well-structured partnership agreements and accelerated the rollout of services. Although we spent more time to form the agreements than planned, we expect to meet our original timeline objectives.

Overcoming Barriers to Savings with Technology

New partner San Miguel de los Bancos is experimenting with technology to overcome key barriers in providing youth in rural areas with access to savings services. The cooperative is working with MCOOP, a software development company in Ecuador, to develop a Smartphone App that allows youth to be able to deposit savings and eventually to open accounts easily in spite of their rural location.

Freedom from Hunger has purchased three Smartphones for staff who will receive special training to use the applications. Based on what is initially learned, adaptations will be made and more phones purchased.

The cooperative is also experimenting with “reminder texts.” Participating youth who have their own phones will be able to sign up to receive motivational messages reminding them to make deposits, with the hope of growing their balances. The texts are also meant to address a concern that some youth may allow their accounts to go dormant even if they remain a part of their group.

The leaders of San Miguel de los Bancos were enthusiastic about using technology early on and wanted to put technology in the hands of their field staff as soon as possible. They have already developed and implemented point-of-sale applications in the stores of some of their adult clients.

They plan to roll out the new technology this spring.

Report from Mali

In late March, Jessica Chin Foo, Freedom from Hunger’s Program Associate for Africa and Asia, returned from a technical monitoring visit in rural Mali. Her work was cut short by Mali’s military coup d’état.
While the political situation evolves, there are many unknowns in Mali. Our partners have reported that operations are uninterrupted as of this writing; however, we are closely monitoring the impact on project activities.

While in Mali, Jessica spent time with five savings groups served by partner CAEB and learned:

- that participating youth reported being able to meet their saving goals without difficulties;
- youth are taking loans and repaying them;
- migration of members has not presented an insurmountable problem because they are being replaced with family members or new members; and
- the program is proving to be popular and youth expressed a desire to continue in their savings cycle.

When the political situation stabilizes, we plan to complete the technical monitoring visit and will report on our findings in our next newsletter. Stay tuned.

**Youth Member Profiles**

CAEB clients in Didieni and Nossombougou are similar to clients participating in AIM Youth programs throughout Mali. They range in age from 13 to 24 (and occasionally, they are younger), they are already operating income-generating activities and they are still involved in helping their parents meet financial or other resources needs.

**MEET THREE MEMBERS OF CAEB’S AIM YOUTH CLIENTS**

**Nianama Traore, 17.** Nianama lives in the village of Bouatou in the Municipality of Didieni, which is in southwest Mali. Soon to be married, Nianama has been participating in AIM Youth for nearly a year and is saving for her wedding trousseau. Unable to save money before joining her Youth Savings Group, Nianama says, “I like being able to save money and come together in a group every week.” Her duties at home haven’t ended. “Every morning I help my mother at the mill, I work in the field, I fetch water from the well, I wash clothes, and then sweep the courtyard.” But she is also thinking ahead to the next phase of her life. She has participated in several education sessions and says, “I learned how to save money, earn money and borrow to create a business. I want to work in agriculture or make and sell beignets.”

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Amadou Coulibaly, 25 (standing second from right with other members of his Youth Savings Group). Amadou lives in the village of Polona in the Municipality of Nossombougou. He is married and farms a small plot of land near his village. Savings is important to Amadou and he has plans to increase his crops and raise farm animals. But he also welcomes the chance to borrow money, taking a loan for US$55 to buy seeds, fertilizer, pesticide, a shovel and gardening tools. “The education is important, too. I learned how to increase my money and secure my money so as not to spend it.” Amadou is also grateful that he can turn to his group in case of an emergency. “Last winter, every member of my family had malaria. I was able to borrow to buy medicine for myself for malaria and for my brother Modibo (12 years old) to treat his diarrhea.”

I learned how to increase my money and secure my money so as not to spend it.”

Soun Coulibaly, 26. In the village of Barakolombougou in the Municipality of Didieni, Soun saves 100 CFA (20 cents USD) every week, which is more than she could save before joining her local Youth Savings Group. “I have more financial knowledge and understanding. And this program reinforced the solidarity between me and other girls in the village.” Soun works hard for her family. After school she helps her mother with household needs, cleaning, milling and fetching water; and she works in the field. And to contribute financially, she makes and sells beignets. She has decided the program is important. “There are lots of benefits. The program is developing me.”

“I have more financial knowledge and understanding.”