Letter from the Editor
Kathleen Stack, Vice President, Programs

This is our last newsletter as our AIM Youth project is coming to a close. We are proud to have exceeded our original outreach goal reaching nearly 40,000 young people with savings services and financial education.

Most importantly, we now know that the combination of these services has built the financial capability of young people by improving their savings behaviors and financial knowledge.

With AIM Youth, we set out to test three distinct models for offering savings and financial education as an integrated package—two were group-based and one worked with youth individually. In the process of implementing the services in different countries (Ecuador and Mali) and geographical settings (rural and urban areas), we learned a great deal about the efficiency and impact of each approach.

As we hypothesized, savings groups—through positive peer dynamics—proved to be very effective in motivating young people to save on a regular basis. We believe that even if the groups do not continue to meet indefinitely, having established this motivation may be especially important to young people as they migrate and move on to jobs or enterprises.

We also learned about the critical and complex role parents play in the financial lives of young people. Young people under legal age require their parents’ help to open a formal savings account at a financial institution. But if the parents themselves are not banked, they might not offer the necessary guidance and support young people need to tap into financial services. Reaching out to parents and youth

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Final Reports: AIM Youth Impacts in Mali and Ecuador

When AIM Youth was launched in 2009, it was designed with a research agenda that examined whether the AIM Youth Benefit Process (or theory of change) was achieving the desired outcomes for young people.

The outcomes included:
- Better knowledge and attitudes in money management
- Improved ability to deal with life-cycle events
- Increased social capital
- Improved self-confidence and empowerment
- Improved socio-financial capability
- Economic and civic engagement
- Better access to and/or utilization of food
- Greater family food security and improved health and nutrition

—Modibo Dembele, Chief of Credit Services, Nyésigiso, Mali
In two very different contexts—Mali and Ecuador—AIM Youth was able to show positive impacts in both the immediate and long term. In addition to cultural and geographic differences, socioeconomic differences accounted for variations in outcomes.

Mali has annual GNI per capita of US$660 while Ecuador’s is $5,170; as would be expected, youth in Ecuador were able to save more than youth in Mali. Also, during the research period, Mali underwent enormous political upheaval, violence and a coup d’état while Ecuador remained politically stable.

The methodology for delivering financial services and financial education was different for each country and even varied between partners within those countries. While these variations caused a certain amount of complexity in the findings, they also resulted in rich data.

A final report for each country has been published and is available in full. Here are a few highlights.

**Mali**

When launching AIM Youth, market research analysis provided information useful to refining the project’s design and mitigating risks. Nevertheless, it is impossible to account for everything that may happen during implementation. For more than half of the AIM Youth pilot period, Mali was caught in political turmoil. At any time during this period, our Malian partners, CAEB, Le Tonus and Nyèsigiso, could have notified us that they wanted to suspend the project or end it entirely. This never happened.

Once the youth groups were formed, our partners were determined to proceed. That said, it is possible that outreach was affected by political uncertainty and armed activity in program areas.

As originally intended, NGOs CAEB, Le Tonus and credit union federation Nyèsigiso aligned the AIM Youth methodology with their own organizations’ social goals, strengths and capabilities. CAEB and Le Tonus formed youth savings groups (YSGs) and Nyèsigiso created group savings accounts (GSAs). In both models, financial education was provided after the youth groups were formed.

The final research report for Mali presents clear and strong evidence that youth in both the YSGs and the GSAs benefitted from financial education. The youth reported improved knowledge and attitudes in money management. This would be an important finding on its own, but is even more impressive that it happened despite the coup d’état. Savings goals evolved over time, moving away from clothing towards more productive goals, such as saving for livestock, emergencies and their trousseaus (for girls). Youth in both models also showed an improved ability to deal with life-cycle events, increased social capital, more self-confidence and empowerment, and better socio-financial capability.

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In Mali, however, the project did not show improvements in all the desired outcome areas. While there were some signs of civic engagement, there was no evidence of better access to and/or utilization of food, greater food security or improved family health and nutrition. Because these are the types of indicators that would take longer to show change, it was not expected that a short-term measurement would capture improvements. However, these are important indicators of well-being measured by Freedom from Hunger and these outcomes serve as an important baseline for future measurements. Also, the extenuating circumstances of the political turmoil may have had affected outcomes.

There also were some interesting differences in the outcomes based on the demographic and service segmentations. Younger participants (ages 13 to 17) showed greater change by segment than did older participants (18 to 24 years), and youth in YSGs benefitted more than participants in GSAs. Since the services in both models are similar, the differences are probably due to who was being served rather than the service offered. CAEB and Le Tonus targeted rural areas for the implementation of YSGs, whereas Nyèsigso targeted urban youth, who tended to be less poor and older than their rural counterparts. There were no significant differences in benefits between girls and boys.

Parents reported significant satisfaction with their children’s participation in AIM Youth. While a modest increase in savings was cited as one reason for the satisfaction, financial education was singled out as the most highly appreciated service. Families reported that the lessons brought home by youth helped the entire family better plan for the future, be less wasteful and mange money better.

Besides the affects of political upheaval, the two biggest challenges documented in Mali were 1) youth not having enough money to save and 2) migration, both of which limited access to and utilization of financial services.

One area for further study is the role of parents in providing savings contributions for youth (a common occurrence in Mali) and taking loans for the youth (especially the younger ones). Some youth reported that they had to drop out of their groups because their parents could not afford to help them with savings contributions. While there were only a few reports of parents tapping into the loans taken out by youth, CAEB and Le Tonus staff expressed concern that a parent’s failure to repay a loan could potentially jeopardize the group fund and the group’s dynamics.

Ecuador

Freedom from Hunger partnered with four credit unions in Ecuador: San José, Cooprogreso, San Miguel de los Bancos and Santa Ana. Each of the four credit unions employed a similar model, which was adapted to the context of serving youth in Ecuador.

In Ecuador, youth ages 13 to 24 years opened individual savings accounts and received locally adapted financial education delivered by credit union staff through middle and high school classes. A component of this curriculum guided them on how to open individual savings accounts. Promotion of the savings accounts also occurred at community events.

In contrast to AIM Youth in Mali, the study documented improvements in food security and poverty from baseline to endline for both the treatment and comparison groups. While we can not say for sure why we saw this change, it corresponds to another benefit, that of improvements in savings for both groups. Only about 30 percent of participants worked—most were in school. But they reported that they valued financial education as key to becoming professionals with the goal of leading better lives than their parents.
Although the comparison group saw increases in their savings during the treatment period, AIM Youth participants had greater savings amounts and had more set aside for emergencies. They also appeared to be more motivated to save, tended to prioritize savings, reported greater satisfaction with their savings amounts and expressed greater confidence in their ability to cover educational or household expenses.

Credit unions appeared to serve boys and girls equally throughout the project. Although boys had greater savings amounts at the beginning of the study, the amounts between girls and boys were very similar at the conclusion. And while older youth reported greater savings totals than younger participants, the younger group was just as likely to save and to set aside money especially for emergencies.

Compared to Mali, where most YSGs were built in communities where their parents were already members of savings groups, in Ecuador, youth were targeted with financial education and individual savings account marketing through schools. Despite the program design in Ecuador not intentionally building on products and services already being provided to their adult parents, the children of parents who already had savings accounts were discovered to most likely open a savings account themselves, possibly because their parents encouraged them or because the children were more aware of the advantages of saving at a financial institution. These findings suggest that parents are a lever for change when it comes to youth participation in financial services and that parents could play a greater role in financial education.

Whatever models go forward in Ecuador for youth financial inclusion, it is clear that the role of parents or other caregivers will be important. The more likely the parent is “banked” the more likely the child will be. If parental participation is a pre-requisite for success, future services will need to consider how to market to adults as well as to youth.

Project Outreach
The following table includes the outreach achieved in Mali and Ecuador:

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<tr>
<th>Table 1: Outreach by Integrated Model (as of December 31, 2013)</th>
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<td>Ecuador</td>
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<td>Youth with Savings</td>
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Note: Due to the design of the services in Mali, not all youth who engaged in a group-savings approach were able to receive the education during the time frame of the project. In the case of Ecuador, the data for the outreach in savings and financial education came from two different databases.

“...The savings group taught me how to manage my money. I especially liked the lessons about money management and savings. And it is thanks to the group that I've begun to buy hens.”

—Boureima Coulibaly
18 years old
Mali

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In their own Words

**Boureima Coulibaly, Dalabani, Mali**

When Boureima first joined the youth Savings Group formed by CAEB, he was just 15 years old. Now 18, Boureima is an entrepreneur with plans to grow his business. He attributes much of his success to his participation in a youth savings group.

“The savings group taught me how to manage my money. I especially liked the lessons about money management and savings. And it is thanks to the group that I’ve begun to buy hens.

“At home, I help contribute to household expenses. I buy my food and my shoes. I am also saving money for major expenses, like health costs. When someone in my family gets sick, I want to help pay.

“I am very proud because the group created understanding and cohesiveness among us village youth. I will always remain a member of this group because the group allowed me to have a business.”

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**Cristina Jurado, Quito, Ecuador**

When 17-year-old Cristina thinks about what she likes best about Cooprogreso’s savings and financial education, she focuses on two things: having control of her money and being inspired to achieve her dreams.

“I like the credit union because I have control over my account. It is a safe place for my savings and I am less likely to spend the money on things I don’t need. I would not have saved as much money without a savings account.

“It’s a challenge to give up some of the things I like so as to be able to save. I have found the strength to do this through the motivational talks Cooprogreso gave us. They encouraged our dreams and said we can achieve them.

“I am proud to have participated in the savings and financial education because I met new people and had a lot of good experiences. Above all, I learned from each person who told me about their experiences of saving and how good it is to save. I now have the satisfaction at the end of every year when I see how much I saved.”
Ronald Macas, Quito, Ecuador
At just 16 years old, Ronald knows just how savings and financial education will help him achieve his goals.

“What I liked most about the financial education was the training, which was so motivating for us young people. We learned through other young people what financial education is in daily life. I believe I could make a good financial decision because the credit union gave me the pillars of the information that helped me learn more about finance and savings.

“I would not have saved as much without the savings account because I gave myself a deadline about not withdrawing the money. I am saving for university and I need to save to support my family.

“The credit union is always going to be there for me, it is going to help me and it is going to be giving me incentives to continue saving and learning. Without giving it a second thought, I would tell my friends and family to support the credit union.”

Sitan Kone, Sikasso, Mali
Parents played a vital role in AIM Youth’s success by supporting their children’s savings goals and encouraging them to set goals and stick to them.

Sitan’s 17-year-old son, Nouhoum, participated in AIM Youth in Mali. We asked her what she thought of AIM Youth and her son’s experience with his savings group. Nouhoum is entrepreneurial and is using both his savings and a recent loan to buy and sell goods at market. Sitan has also encouraged her teen-age daughter, Kiatou, to join a group.

“I am very happy about the contribution Nouhoum makes to the savings group, especially because of the loans he can get. He got a loan to sell peanuts and he used his savings to buy hens.

“The little business that Nouhoum has helps him a lot with paying for his minor expenses. Before the group, he did not even know how to manage money. He would spend as much as he earned.

“Nouhoum has saved a lot this year. Now, with the money he has saved, he buys his school supplies. I’d like Nouhoum to buy his own food with his money. We often use his savings for household expenses like buying food.

“All of my children will be part of a youth savings group because the groups are very important for us parents. Nowadays, the group allows us to get easy access to a loan.”
AIM Youth Partners Share Their Perspectives

Modibo Dembele, Chief of Credit Services, Nyèsigiso

“We are interested in preparing youth to face the future by teaching them to save. The youth we support, once they finish their studies or go to work, will be taking their first steps toward setting up their own businesses and we will be there to help them.

“Through our team effort, we now have 180 active accounts; there has been a growth in membership. Of course, there is not much savings mobilization, but before AIM Youth, we did not believe that 18- to 24-year-old youth would have the idea and confidence to deposit their money with us, raising as much as 3,600,000 FCFA (US $7,200). I think these youth are the institution’s future clients, and we will continue to follow up with them.

“When you plant a tree today, it will not bear fruit for you the next day. You have to tend to it. I believe we have started on a long-term process as a statement of our intention to serve these youth in the future.”

José Guillén, General Manager, Credit Union San José

“We have seen that young people want to learn from the financial education regardless of their level of education, their age or where they are. They require financial education. The lesson learned has also been that the credit union can provide this education, that there are methodologies and they can be systematized.

“We can see that this beginning was the first step in the credit union extending its focus to this other area of savings, perhaps more so than credit. But for savings, they need many incentives—the availability, the accessibility of products and services and more access.

“Our impact is to have reached more than 2,000 young people and to understand what their concerns are, to improve relationships with the community, to have defined a specific product for young people, and to see that there is in fact disposable income to be able to save. We have begun to implement a culture of saving in this sector of the population.”

José Guillén 1950-2014

Mr. Guillen recently passed away in Ecuador. José will be remembered for his indefatigable leadership and perseverance to offer services to young people in Ecuador. He was deeply committed to serving his community. We are forever grateful for the opportunity to have worked with him.
AIM Youth Publications Share Lessons Learned

Drawing from the research and monitoring over the course of AIM Youth’s four-year project, Freedom from Hunger is publishing several documents to share lessons learned with fellow practitioners. To learn more, please contact msainio@freedomfromhunger.org for a free copy of any of the following:

Models for Integrating Financial Services with Financial Education for Young People: Lessons Learned from the Advancing Integrated Microfinance for Youth Initiative.
Provides a synthesis of the lessons learned from the 4-year long project, focusing on three different models of integrated financial services that were tested.

Saving Together: Group-based Approaches to Promote Youth Savings.
Examines the potential of poor youth to harness the power of groups to develop positive savings behaviors and long-term savings habits.

From One Generation to the Next: the Role of Parents in the Financial Lives of Young People.
Examines how influential parents can be on how youth access and utilize financial services and concludes that a financial inclusion strategy for youth must be more inclusive of parents.

Impact of Integrated Financial Services for Young People in Ecuador:
A Comprehensive Report for the Freedom from Hunger AIM Youth Project.
Examines to what degree the combination of financial services and financial education leads to short- and long-term outcomes for youth in Ecuador, including improved economic empowerment, increased social capital, improved ability to deal with life-cycle events, greater family food security and more.

Impact of Integrated Financial Services for Young People in Mali: A Comprehensive Report for the Freedom from Hunger AIM Youth Project.
Examines to what degree the combination of financial services and financial education lead to short- and long-term outcomes for youth in Mali, including improved economic empowerment, increased social capital, improved ability to deal with life-cycle events, greater family food security and more.

Show Me the Money: Costs and Revenues of Youth Savings and Financial Education Services Offered by Credit Unions in Mali and Ecuador.
Provides a short- and long-term financial analysis of offering financial education with savings accounts by credit unions.