

Young entrepreneur, Monrovia, Liberia  
(credit: Caroline Irby, 2018)



**Empowering  
disadvantaged young  
people through decent  
work: access to finance**

In partnership with YMCAs worldwide, we have worked with thousands of disadvantaged young women and men to start up small businesses in some of the poorest communities in Africa, Asia, the Middle East and Latin America. Enabling access to finance is critical in supporting young people into work and out of poverty.

**YMCA**

# The results

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## The challenge

The key barriers in access to financial services for the young women and men we work with can be characterised as challenges of availability, accessibility, affordability and social norms. Overcoming these barriers is an essential step in helping young people into sustainable work, to build their resilience to shocks and setbacks, and to lift themselves and their families out of poverty.

Limited availability or information on financial services, high interest rates, a fear of indebtedness and scepticism towards lenders limit access to finance for the poorest, more marginalised communities. Many young people living in poverty lack collateral and are viewed as high risk by formal financial institutions, whose complex application processes exclude those with lower education and literacy levels. In post-crisis contexts such as Sierra Leone and Liberia, where communities have a history of receiving grants from NGOs, establishing a culture of repayable finance poses a significant challenge.

## Our response

In response to these challenges, we have tested a range of approaches to help some of the most disadvantaged young women and men access finance, both in urban and rural contexts. This has included training on financial literacy, establishing community savings groups, providing financial and non-financial grants for business start-up, and facilitating access to loans through partnerships with micro-finance and formal banking institutions.

## Building a savings culture

Providing training and support for young people to establish a culture of savings and join community-based savings groups has been a key component of our work for over 10 years. In slum communities across West Africa – piloted in Sierra Leone in 2006 and subsequently rolled out to Liberia and Togo – we adapted a savings and credit group model developed by Slum/Shack Dwellers International (SDI). With this approach, young people join predominantly female adult slum dwellers in establishing community-based savings groups that provide access to short-term loans to members, largely unavailable to the urban poor. Through mobilising community members around savings and credit, these groups build collective voice and action to influence decision-makers and transform their communities. Funds generated are used to support individuals to develop and grow businesses as well as slum upgrading initiatives. Since initiating this model in Freetown in 2007, we have supported the establishment of over

320 savings and credit groups benefitting 11,000 members across West Africa.

In more rural communities across Liberia we have used a Village Savings and Loans Association model (VSLA) to offer affordable, low-risk, entry-level financial services for young people.

## Supporting business start-up

Equipping disadvantaged young women and men with technical and life skills essential for employment or to start up their own small business has been central to our work for over 30 years. As part of our post-training support package, we have offered young people (as individuals or as part of a group) small grants, loans and ‘business starter kits’ of equipment, practical tools and other inputs to enable them to begin practicing their trade.

In Togo, we provided entrepreneurship training graduates with grants of up to £120 in the form of a business starter kit. After identifying that some young people began selling their toolkit to generate immediate funds, the YMCA introduced two new mechanisms: requiring a guarantor (within the household or community); and offering finance on a 50/50 grant-loan model where young people were asked to repay 50% of the capital interest-free. This proved successful in motivating young people and repayment rates were high, which enabled the YMCA to create a revolving fund to support more young people in business start-up. This approach is currently being rolled out to other programmes in West Africa.

In Nicaragua, we have been supporting young farmers to earn an increased income and build their resilience through enhanced, climate-smart agricultural techniques. In this case, trained young people were offered the equivalent of £75 in creole bean (50 lbs) and creole corn seeds (15 lbs). At the time of harvest, the young farmers were successful in returning double the amount of seeds, which enabled the YMCA to provide seeds to an increased number of farmers.

## Partnering with financial institutions

In Madagascar, we set up an advisory service for young rural entrepreneurs that provided 226 young people with technical advice, coaching and support to access financial services. We identified two micro-finance providers and worked with them to develop youth-friendly finance products. They did not require a visible guarantee, offered lower interest rates and tailored their services to young people. The micro-finance providers offered

training to 93 young people on financial education and credit/savings and then supported 81 young rural entrepreneurs to implement their business plans with the support of technical experts. Through further engagement and YMCA-organised events, encouraging new partnerships are emerging between the YMCA and other micro-finance institutions, banks and the Ministry of Employment Technical Education and Vocational Training.

Our experience in Madagascar, whilst encouraging, highlighted the reluctance of young people to

approach microfinance institutions and the need for continued support to strengthen the culture of credit and investment among young people. Also, to increase engagement with formal micro-finance providers to adapt their processes to become more accessible to young people. In Nicaragua, following 12 months of protracted negotiations to establish a formal partnership between the YMCA and a cooperative bank for credit provision to young farmers, the bank withdrew from signing an agreement with no explanation. This left the YMCA to seek alternative support for young beneficiaries.

“ I am proud that I was able to pay my mum’s hospital fees a few months ago when she got sick. This is thanks to the Village Loan and Savings Association that I am a member of. ”

**(Amos, 15, Zwedru, Liberia)**

“ This project helped me transform our land and set up a pig rearing business. Now I’m working with my husband to build and maintain a stable income. We are using this income to send our children to school. ”

**(Grace, 24, Boaco, Nicaragua)**

“ I dropped out of school during the Ebola outbreak and I felt helpless. I was selected for the YMCA tailoring training. After completion with a certificate and starter kit of one tailoring machine, I started volunteering at Anna’s Tailoring Shop, receiving a weekly stipend of Le 30,000 (£2.70). Because of my good performance I gained full employment and am now earning a weekly salary of Le 100,000 (£9) through which I am able to support my family. I am planning to open my own tailoring shop and send my younger sister who is 5 years old to school. Today, I feel strong and proud. ”

**(Violet, 22, Freetown, Sierra Leone)**

Young entrepreneur,  
West Point, Liberia  
(credit: Caroline Irby,  
2018)

Young entrepreneur,  
Lomé, Togo  
(credit: YCI, 2013)



## What next?

Exploring and testing different models to help disadvantaged young people access finance has demonstrated the value of taking a creative, holistic approach. One that emphasises a culture of savings, builds confidence and skills in financial literacy and offers low-risk and low-interest finance to young people who are often excluded from formal financial institutions. Offering small business start-up support that includes both physical and financial capital – including a component of low-interest repayable finance and access to community savings groups – accompanied by ongoing mentoring, has proven effective in helping young entrepreneurs become established. Our evaluations have shown that within six months of completing a Y Care International-supported training programme, the average income of a young person increases three-fold. In this way, we are helping young people lift themselves – and their families – out of poverty through decent work.

To increase opportunities for more young people to access finance, it is essential to take a collaborative approach to identifying and tackling barriers. This includes increased engagement between formal institutions (government ministries and policy-makers, financial service providers) and with young people themselves, to encourage and support the financial sector to design youth-friendly financial legislation and products.

In our new strategy, we aim to create 1 million opportunities for decent work by 2030. To deliver this, we will continue to invest our efforts in testing and learning what is most effective in helping more disadvantaged young people to access finance. This will include developing practical guidance and case studies that aim to inspire and support practitioners working with disadvantaged young people to tailor identified good practice to their specific contexts.

## Stories of change

“ We do not only gather to save money, but we also organise ourselves as slum dwellers and present the problems before the authorities and decision-makers. ”  
(Pelagie, 27, Katanga, Togo)

“ I am the eldest of my 3 siblings and the head of the household. Hairdressing is my passion. YMCA provided me with equipment and I opened my own salon. Before the training, I earned 2000 Ariary (43p) a day. Now I earn about 6000 Ariary (£1.30) a day. I contribute towards all my siblings' school fees. I am also planning to complete my high school baccalaureate. ”  
(Mirana, 18, Carion, Madagascar)

“ Before I joined the federation [savings group], I was not doing anything just relying on men for support. So I started saving even though I was not doing any economic activity. With time I decided to take a loan within the savings group to start a business on my own. After 8 months, I paid the loan completely and now have a balance of money to continue my business. Now I can no longer be abused by men, I now live a decent, independent life. I don't need to rely on anyone for help anymore. Now I can support my child comfortably and this has brought a lot of smiles on my face. I am grateful for this opportunity. With your savings, you can be an independent woman and you will be valued by men. ”  
(Vivien, 28, Freetown, Sierra Leone)

### Implementing partners:

YMCA Liberia, YMCA Togo, YMCA Sierra Leone, YMCA Madagascar and YMCA Nicaragua

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Y Care International creates opportunities for vulnerable young people across the globe to change their lives for the better. Inspired by and faithful to our Christian values, we work with people of all faiths and none to build a more just world, free from poverty.