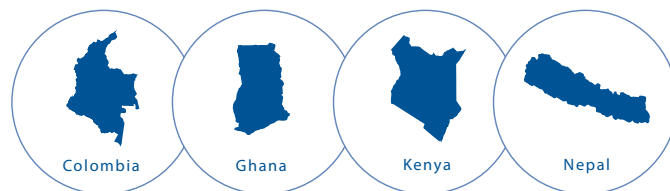


# YOUTHSAVE RESEARCH BRIEF



## Youth-Related Policies

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YouthSave is a pioneering project designed to study savings and development among low-income youth in Colombia, Ghana, Kenya, and Nepal. The goals of YouthSave research are to measure the uptake, savings outcomes, experiences, and impacts of Youth Savings Accounts (YSAs) on clients and financial institutions.

The aim of the YouthSave learning agenda is to inform the design of savings products, services, and policies targeted for youth, and at the same time provide guidance in asset-building strategies for youth and their families. One of the learning methods—a multi-faceted case study—informs the “story” of YouthSave in each country from contextual and demand-side perspectives.

Research Partners in all four countries, in collaboration with CSD, have conducted background research to understand the context of youth saving ahead of the launch of YSAs. This research brief highlights youth-related national policies in the four YouthSave countries.

### Youth-related policies

National policies can provide a platform to ensure that youth have opportunities to participate in programs and activities, receive training and education, develop socially and economically, and contribute to their nations. Below we highlight youth-related policies focusing on economic development and financial inclusion from each of the four YouthSave countries.

#### Ghana

Over the past decade, the Ghanaian government launched a number of policy initiatives have been launched to promote youth’s economic empowerment and financial inclusion. The National Youth Employment Programme (NYEP), launched in 2006, aims to address youth employment by providing training and job opportunities for youth to engage in meaningful social and economic development. The NYEP pays youth in its program via financial institutions, thus encouraging youth to develop relationships with formal financial institutions. The Youth Enterprise Development Project (YEDP), a recent initiative of NYEP, supports youth in starting their own businesses by providing them with professional training at no cost. One million youth are

expected to benefit from this initiative over five years, from 2011 to 2015. The National Youth Policy of Ghana (2010) aims to empower youth while positively impacting national development (Ministry of Youth and Sports, 2010). This policy framework has spurred youth-oriented institutions to initiate programs that promote economic development and financial inclusion among Ghanaian young people.

#### Kenya

The Kenya National Youth Policy (2007) aims to enhance youth participation in national development goals and ensure that programs are well-coordinated to address the interests of youth (Government of Kenya, 2006). Specific objectives of the National Youth Policy include sensitizing policymakers to the need to identify and mainstream youth issues in national development, identifying ways to empower youth, and exploring ways of engaging youth in economic development.

A complementary policy, the Youth Enterprise Development Fund, was formed in 2006 to increase access to capital for young entrepreneurs and to provide business development services, facilitate linkages in supply chains, create market opportunities locally and abroad for products and services of youth enterprises, and facilitate infrastructure to support growth of youth businesses (Youth Enterprise Development Fund, 2009). However, for a young person to qualify for a project loan, he or she must finance 20% of the project’s cost. This requirement may encourage youth to begin to save so that they can qualify for a loan.

Vision 2030, the Kenyan development blueprint covering the period from 2008 to 2030, aims to encourage savings and other investments among economically-active Kenyans and reduce the burden of economic dependency among the under-14 and over-65 age groups in the working population. The blueprint also envisages improving access to formal financial services and products for a much larger number of Kenyans.

A recent report (Youth Employment in Kenya, 2011) reviewing Kenya’s various youth policies reported a number of impacts, including:



- Training on entrepreneurship for approximately 8,000 youths
- Employment of 24,000 youths in the Trees for Jobs program
- Training of 16,000 youths in industrial skills
- Establishment of 6 youth empowerment centers

## Nepal

The Three Year Interim Plan (2008-2011), established by the Planning Commission, includes a Youth Development Policy and focuses on improving Human Development Index scores, employment and skill trainings, education and entrepreneurship, and livelihood support programs for those in conflict-affected areas (National Planning Commission of Nepal, 2007). Although the plan outlines programs for business incubation, youth credit, and seed capital, frequent changes in the government and political instability have limited the implementation of these ideas to date. In addition, the Nepali Ministry of Youth and Sports has launched a number of programs for youth welfare, including the Local Youth Partnership Program of 2009/2010, and the Ministry of Finance allocates a portion of the annual budget to youth development activities, such as the Youth Self Employment Program, the Grand Youth Sports Competition, and the Youth Mobilization Program.

## Colombia

Although Colombia does not have youth savings-specific policies, the national government has prioritized micro-credit and savings accounts for low-income households as the two key directions for financial inclusion since 2002. Banca de las Oportunidades is a long-term national policy aiming to increase access of unbanked Colombians to a full range of financial services such as credit, savings, transfers, payments, and insurance. As part of this policy, banks have been given permission to deliver financial services through independent agents known as “corresponsales no bancarios” that include supermarkets, convenience stores, pharmacies, and gas stations (Siedek, 2007); this may be particularly helpful for reaching those in remote areas. In 2008, the Colombian government launched major initiatives to expand savings among the poor by opening low balance accounts in partnership with financial institutions. Recently the national government modified its low balance savings account program by linking it with the existing social safety net in Bogotá, mainly Familias en Acción (the national conditional cash transfer program) to encourage banks’ participation. As of September 2011, an estimated 2.4 million Familias en Acción recipients had opened a low balance account (CGAP, 2011).

## Implications for YouthSave

Youth-related policies reflect differences among the four countries as they anticipate rapid increases in youth populations over the next decade. Youth economic development is the central theme of youth-related

policies in Ghana and Kenya, demonstrating both nations’ commitment to ongoing economic growth and development in the next generation. The main focus in these countries is on youth employment, employment-related training, and youth entrepreneurship. Youth economic development also characterizes, to a lesser extent, the youth-related policies of Nepal, reflecting this country’s efforts to maintain economic development in an environment of political instability. Policies that provide support for conflict-affected regions are in line with this theme. Across Ghana, Kenya, and Nepal, economic development of youth has a broad focus, and only some policies promote financial inclusion. For example, Vision 2030 in Kenya encourages saving and investment, and the NYEP in Ghana indirectly encourages financial inclusion. In contrast, policies in Colombia relevant to YouthSave are focused entirely on financial inclusion, including the establishment of independent banking agents (“corresponsales no bancarios”) and low balance savings accounts linked to a social welfare program for low-income families.

Differences in policy emphasis pose interesting questions regarding YouthSave outcomes. For example, as a result of broad youth economic development policies in their countries, will youth in Ghana, Kenya, and Nepal be more likely to be employed and thus have more money to save? Will youth in Colombia benefit just as much from a narrow focus on financial inclusion?

As YouthSave rolls out and we will learn more about take up, savings performance, and youth perceptions of the YouthSave product and services, research can begin to answer these questions.

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