

# USAID/FINCA Youth Finance Program Final Report July 8, 2012 - January 7, 2015



FINCA®



**USAID**  
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Cooperative Agreement No. AID 278-A-12-00002

Start date: July 8, 2012 – End date: January 7, 2015

Reporting period: July 8, 2012 – January 7, 2015.

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## Acronyms

AOR	Agreement Officer's Representative
FCAT	FINCA Client Assessment Tool
IYF	International Youth Foundation
JCEF	Jordan Career Education Foundation
M&E	Monitoring and Evaluation
MENA	Middle East and North Africa
MBA	Masters of Business Administration
MFI	Microfinance Institution
MIS	Management Information System
PMP	Performance Management Plan
Q&A	Question and Answer
Q1	Quarter One
Q2	Quarter Two
Q3	Quarter Three
Q4	Quarter Four
TNA	Training Needs Analysis
VTC	Vocational Training Centre
WP	Work Plan
Y1	Year 1 - July 8, 2012 - July 7, 2013
Y2	Year 2 - July 8, 2013 - July 7, 2014
Y3	Year 3 - July 8, 2014 - January 7, 2015
YF(P)	Youth Finance (Program)
YSO	Youth Service Organization

## I. Executive Summary

This is the final report for the Youth Finance (YF) Program, describing activities completed during the period of July 8, 2012 – January 7, 2015 and lessons learned during the project.

The YF program was designed to address the youth unemployment crisis in Jordan by testing a program model to better prepare youth to start up, operate and grow their own businesses successfully. The program’s aim was to provide low-income youth - 18-30 years old, emphasizing reaching female entrepreneurs, with the means to chart a path out of poverty by:

- Providing working capital loans
- Providing third party training to develop needed business skills to operate and grow their small businesses

The goal of the program was to pilot and bring to scale a development finance model that paired youth financing with training in order to contribute to employment creation and poverty reduction for Jordanian youth while generating insights into youth training and finance needs to be shared throughout the Middle East and the North Africa (MENA) region. Through USAID support FINCA made significant progress towards this goal, exceeding key indicators across project activities and developing a strong training and finance model that will continue to benefit Jordanian youth entrepreneurs.

Key results achieved by the project included:

- A broad cross-section of youth participated in a set of research studies that generated important insights into youth entrepreneurship, youth needs, and considerations for youth when starting or operating a business
- FINCA developed marketing materials to promote the project’s training and financing opportunities among existing and potential youth entrepreneurs
- FINCA and consulting partners developed a unique training and finance model benefitting:
  - 902 youth loan recipients
  - 490 trainees who are potential loan clients
  - 52 training and loan recipients
- FINCA opened a new branch in Madaba, one of Jordan’s “poverty pockets” with a large population of youth
- FINCA compiled research insights, impact assessment findings, and synthesized lessons learned through the project and presented them in a knowledge sharing event, inviting implementation partners, members of the Jordan Microfinance Network, Tanmeyah, and USAID representatives.

## II. Program Overview and Approach

### Overview

Youth unemployment rates are considerably high across the world– averaging almost three times higher than the rate of the adult workforce<sup>i</sup>. In Jordan alone, young people face critically high unemployment rates estimated at 30% at the project outset. More alarming was the gender disparity in unemployment rates: the official unemployment rate for females under 29 was estimated at 39% in 2007, double the 18% rate for their male counterparts<sup>ii</sup>.

It was estimated that 70% of Jordan's population was under the age of 29<sup>iii</sup>. The rate of job creation in the country has not been insufficient to accommodate the growing population, hence there was an identified need for innovative and market driven solutions to address youth unemployment. In addition, while there was an existing ecosystem of enterprise-focused youth training programs in Jordan intending to increase livelihoods, most of these programs tended to be supply driven and impractical.<sup>iv</sup> Business training for youth must be tailored, practical, linked to reality (i.e., the participant's business), easy to access and requires follow up. Through implementation of the YF program, FINCA sought to develop and test a model that paired financing and training aimed at youth entrepreneurs in order to help them develop income generating activities and run their small businesses.

At the program outset approximately 30% of existing FINCA clients were under 30<sup>v</sup>. The YF program was designed as part of FINCA Jordan's growth strategy which included plans to increase outreach to the youth population of Jordan by disbursing up to 900 loans to at least 590 different individual youth clients aged 18 – 30, of which 90% should be women, and offering business training to a selected sample in order to test the model.

FINCA market research findings from the 2012 FINCA Client Assessment Tool (FCAT) survey indicated that FINCA Jordan clients, mostly female, often lacked business knowledge and skills to leverage their loan funds and grow their businesses. The previous FCAT survey also revealed that female clients tended to have lower business growth compared to their male counterparts. These findings suggested that disadvantaged youth clients, and especially female clients, would benefit from business skills training and increase the likelihood of success in growing their businesses, achieving financial security and generating sustainable incomes.

### **Approach**

The project model was structured to utilize a step-by-step approach as the program progressed. With this approach FINCA aimed to incorporate research findings into product and curriculum design and development. This also allowed for modifications and improvements during critical development stages, allowing us to improve and refine the model throughout the life of the project. .

The youth financing and training model contributed to USAID's strategy, which included expanding opportunities to Jordanian youth through work and life skills paired with access to finance. It has contributed to addressing the prevailing concerns of youth as identified in a USAID study: future employability, financial security and empowerment. The model also aligned with USAID's new *Policy on Youth Development*, which identified young people as a critical driving force in economic growth.

### **Gender**

Women's economic participation in Jordan amounts to less than 12%, although women constitute 48% of the population. Moreover, women face underemployment and low economic participation despite having higher literacy rates than their male counterparts<sup>vi</sup>. Young women's low economic activity in Jordan may be attributed to cultural and social factors (eg. predetermined roles of women in society from a very young age). However, young women's under-participation in the economy may also result from a lack of appropriate and accessible financial products. Since its launch in 2007, FINCA Jordan has contributed to addressing this alarming trend by providing the majority of its financing products to women micro-entrepreneurs, who at the time of the grant award constituted 98% of FINCA's total clients, more than .

The youth finance program focused particularly on serving disadvantaged young women. Through the YF program FINCA developed a youth loan product that is appropriate for young female entrepreneurs. In addition, it provided market-led, third-party business training that is practical and critical for the success of young female entrepreneurs in running and growing their small businesses. By providing access to finance and training, the YF program has helped young women to develop much needed business skills to improve their businesses, participate in their country's economy, and raise their standard of living.

### **III. Summary of Work Performed**

#### **YEAR 1**

FINCA and USAID finalized the award process in mid-2012, at which point FINCA Jordan launched the Youth Finance Program by recruiting key staff and undertaking detailed project planning. After consultation with USAID colleagues and upon receiving approval of key project plans from them in November 2012, FINCA commenced project activities in December. Most project activities fell slightly behind the planned timeline during the first year, however all project activities were well underway and back on track to achieve targets early in the second year.

During this startup stage of the program FINCA contracted both a research provider and a training provider to deliver the research and training components of the project. FINCA contracted local market research firm MindSet, to carry out the three research studies envisioned for the baseline. FINCA also issued requests for proposals for potential training providers in order to identify Youth Serving Organizations (YSOs) to deliver the training component for the life of the program. After receiving 5 proposals from training providers, FINCA selected an organization using a standard, objective weighting system. ShapeShifters was chosen to deliver the training component.

#### **Key activities completed in Q1:**

- FINCA developed the Annual Work Plan (WP) and Performance Management Plan and submitted them to USAID for approval.
- A full time Project Manager was hired to oversee all aspects of project implementation, and existing Credit Officers were encouraged to target youth clients.
- Prior to official implementation launch in December, and using its existing financial resources, FINCA disbursed loans to 979 youth clients, of which 98% were disadvantaged young female entrepreneurs.

#### **Key activities completed in Q2:**

- USAID approved the revised Annual Work Plan and PMP.
- The project team created a training implementation plan for Year 1 of the project and initiated the Training Needs Analysis (TNA).
- The research work plan was completed in collaboration with Mindset.
- FINCA disbursed 26 loans to 26 female youth clients utilizing USAID loan capital funds.

#### **Key activities completed in Q3:**

- FINCA and ShapeShifters conducted the TNA to identify youth clients' training needs. The study informed the development of the training curriculum and consisted of two methods: 1) interviews with Branch Managers and 2) surveys completed by youth clients. The final TNA report was produced and submitted to USAID.

- ShapeShifters created a training curriculum based on the results of the TNA and prepared a final curriculum design phase report, submitted with the quarterly report.
  - FINCA set a preliminary training schedule for Year 1 of the YF project, pending changes incorporated according to clients' feedback in the pilot session.
  - FINCA produced printed marketing materials, a distribution plan for the training program (brochures and posters), and training application forms which were circulated to all FINCA Jordan Amman branches to start promotion of the YF training component.
  - FINCA and Mindset completed the questionnaire design for the youth clients' survey, the sampling process and the discussion guide for the focus groups.
  - FINCA in collaboration with Mindset completed two out of three tasks for the baseline study:
    - The youth client survey of 900 clients between the ages of 18 – 26. A final analysis report was produced and submitted to USAID in Q3.
    - Two focus groups consisting of 16 former FINCA clients.
- FINCA disbursed 48 loans to 48 youth clients utilizing USAID loan capital funds.

#### **Key activities completed in Q4:**

- FINCA and Shapeshifters delivered 3 training sessions reaching a total of 28 trainees, consisting of clients and potential clients as follows:
    - April: pilot training session in Hitteen branch for 7 trainees.
    - May: training sessions in Al-Hussein for 8 trainees.
    - June: training session in Jerash for 13 trainees.
  - Mindset produced two reports as part of the baseline study as follows:
    - An analysis report for the qualitative research (focus groups) conducted in Q3 on lapsed FINCA clients.
    - Conclusions and recommendations report on the two studies conducted in Q3.
- FINCA disbursed 47 loans to youth clients utilizing USAID loan capital funds, of which 15 went to clients receiving training.

## **YEAR 2**

At the outset of the second year of the program, the FINCA team took the opportunity to reflect on what was accomplished and learned through the first year of project implementation. FINCA gained useful insight into the needs of the youth client segment through its research studies. Based on learning from project implementation, FINCA developed a more focused targeting strategy for training delivery in the first quarter. The strategy utilized direct field staff communication with youth to promote the training opportunity, and emphasized exposure in rural and underserved areas, and among youth graduates of vocational schools. This generated considerable interest among youth and grew the training outreach significantly during the year.

A representative from the Development Grants Team from USAID/Washington, Ms. Shohreh Kermani-Peterson, made site visits to several program beneficiaries who received training and financing, and learned more about how client businesses were doing and how they benefitted from the program. The clients provided positive feedback on the business skills training and outlined how their businesses have improved as a result of the training modules on financial management, negotiations and purchasing. The young entrepreneurs indicated that the loan application process was easy and quick, and that FINCA staff explained the loan terms, interest rates, and payment methods clearly to them. Two of the four entrepreneurs interviewed indicated that their long-term plans include applying for larger loans to help them expand their businesses.

FINCA also made one significant adjustment to the project plan during Y2. After a project update meeting, FINCA requested, and USAID approved, an Award Modification to expand the target age group from 18-26 to 18-30. FINCA and USAID agreed that the change would increase the ability of this project to create employment and reduce poverty for Jordanian youth while supporting and facilitating their productive transition from adolescence to adulthood. This revised targeting strategy was consistent with USAID's Youth Policy, which states that "[w]hile youth development programs often focus on young people in the 15-24 year age range, the policy recognizes that USAID youth programs likely engage a broader cohort of 10 and 29 year olds; with the critical understanding that the transition from childhood to adulthood is not finite or linear and varies across and within countries."<sup>vii</sup> As a result of this modification FINCA was able to meet the demand of the older youth segment who had expressed a need for business training and who would otherwise have been excluded due to the age limitations alone.

**Key activities completed in Q1:**

- FINCA completed a training implementation plan for Year 2 of the YF project (through to July 2014), that was used to ensure we reached an adequate number of youth receiving training.
- FINCA and ShapeShifters delivered training to 40 youth, including entrepreneurs in Zarqa branch and Jordan Career Education Foundation (JCEF) graduates in Amman.
- FINCA distributed marketing materials to all FINCA branches in Jordan to promote the YF program and the training and finance opportunity among youth entrepreneurs.
- In collaboration with our research partner Mindset, FINCA completed a questionnaire and discussion guide design for the survey of potential youth clients.
- FINCA disbursed 51 loans to youth clients, including 7 existing clients who attended and completed the training.

**Key activities completed in Q2:**

- FINCA and ShapeShifters delivered training to 85 youth participants, including entrepreneurs in Sahab, Deir Alla and Al-Hussein branches.
- FINCA continued to distribute marketing materials for the training program and initiated use of online social platforms to reach the youth segment.
- In collaboration with Mindset, FINCA completed the survey and focus groups of potential clients planned for Q2. The participants included a sample of vocational graduates (male group) from a list provided by the Vocational Training Centre (VTC).
- FINCA disbursed 133 loans to youth clients amounting to a total of \$94,936.50; 13 clients also received training.
- The majority of youth who attended the trainings were not yet FINCA clients, so FINCA implemented a system to accurately track entrepreneurs who received training and financing, and to follow up with those who had yet to apply for financing and receive a loan from FINCA.

**Key activities completed in Q3:**

- FINCA and ShapeShifters delivered training to 238 youth participants in Irbid area..
- FINCA and Mindset finalized and produced an analysis report on the survey and focus groups of potential clients that were conducted in Q1 and Q2. FINCA also produced a summary report and presentation with the findings and recommendations.
- FINCA disbursed 135 loans to 135 different youth clients, amounting to a total of \$105,500.71. Of these 135 clients 16 also received training.
- FINCA initiated renovations on the new branch in Madaba to extend services from the Zysia branch. This location was selected as the Zysia and Madaba area is one of Jordan's poverty pockets with a high concentration of youth in its population.<sup>viii</sup>

**Key activities completed in Q4:**

- FINCA Jordan completed renovations, set-up and staffing of the Madaba branch and launched operations from this location during the quarter.
- FINCA disbursed 135 loans to youth clients, amounting to \$124,542
- FINCA and ShapeShifters delivered training to 54 youth participants in Jerash, bringing to 445 the total number of youth trained within the project as of June 30, 2014, well above the target number of 300 for the life of the project.
- FINCA continued updating the tracking matrix to accurately track which entrepreneurs that received training also accessed financing.

**YEAR 3**

FINCA continued the strong performance of Y2 into Y3, focused on reaching targets for loan clients and total loan funds disbursed, including a very successful first quarter that reached the most clients of any quarter to date. Two staff transitions occurred during the quarter that had implications for project activities. First, the USAID Agreement Officer's Representative (AOR) transitioned to a new position and a new AOR was assigned in September. Second, FINCA's Project Director left to pursue other opportunities, transitioning in late September, but providing assistance through October to complete the Annual Report process. Both staffing changes were losses to the project in terms of experience and knowledge of the project, however the potential negative impact on project implementation and success was avoided through a joint effort by the FINCA Jordan staff and the new USAID AOR to make the transition seamless. Existing FINCA Jordan staff were assigned to carry the project forward and they met with the USAID AOR to ensure project activities were carried out to plan.

In developing the Y3 WP as part of the annual report process, FINCA recognized a need to extend the life of the program in order to realize the impact of training and financing, much of which was implemented during the second half of 2013 and early 2014. USAID was unable to grant the request so the FINCA team focused on achieving a smooth closeout process while ensuring all program deliverables and objectives were met. The FINCA team developed and submitted a closeout plan in December detailing plans to complete the end of project impact assessment, learning piece, and knowledge dissemination components of the project.

**Key activities completed in Q1:**

- FINCA disbursed 180 loans to youth clients, amounting to \$125,670.
- FINCA continued to distribute marketing materials (brochures and posters) in all branches and used online social platforms to reach the youth segment.
- FINCA and Shapeshifters delivered training to 22 clients
- As part of the annual report preparation, FINCA revised the Y3 workplan.

**Key activities completed in Q2:**

- FINCA disbursed 128 loans to youth clients, amounting to \$150,000.
- FINCA and Shapeshifters delivered training to 23 youth participants in Deir Alla.
- FINCA contracted Dajani Consultants to conduct the end of project impact assessment. A special impact assessment questionnaire was designed, tested and used in a telephone interview with 186 respondents. Dajani Consultants prepared a report on the assessment which FINCA submitted to USAID.

- FINCA compiled insights from the baseline research, impact assessment and synthesized lessons learned throughout project implementation and prepared a presentation to disseminate findings among the wider microfinance community.
- FINCA invited members of the Jordan Microfinance Network, Tanmeyah<sup>1</sup>, as well as implementing partners and USAID representatives to a workshop on sustainable business models for Youth Finance in Jordan on January 6, 2015.

## IV. Project Results and Component Status

Program Goal: Pilot and bring to scale a development finance model for pairing youth financing with training which will contribute to employment creation and poverty reduction for Jordanian youth and which will generate learning that can be shared and replicated throughout the Middle East and North Africa (MENA) region.

### Objectives:

1. Develop a viable Business Plan for scaling up the Youth Financing + Training model on a financially sustainable basis, which will generate learning and can be replicated throughout the MENA region
2. Disburse 900 loans to 590 young clients aged 18-30 (modified from 18 – 26 in Y2), 90% of them women, with \$720,000 in microfinance loans to increase their small business
3. Increase access to sharia-compliant financing options that take into account the needs of the more conservative segment of the youth population
4. Share lessons learned from the model throughout the MENA microfinance community

The project achieved or exceeded all key indicators that were developed to track achievements against targets, including numbers of loans, clients reached, and youth trained. As a result of the research and training components FINCA developed a training and finance model that reached, supported and encouraged 490 youth to explore entrepreneurial opportunities in Jordan. With training partner ShapeShifters, FINCA developed an introductory training curriculum capable of giving youth the important skills they need to run successful businesses. The combined finance/training model remains a work in progress to achieve sustainability, FINCA took large strides in this direction as a result of the USAID support for the YF Program. Reaching a significant number of trainees either with existing businesses or able to launch during the project period, and thus take on financing, was a key program challenge. In total, FINCA reached 52 clients with both training and loans through the YF program, and we expect more of the 490 trainees to continue to develop their business ideas and approach FINCA for loans in the future. Although the project made available sharia-compliant loans, very few youth utilized this product.

### **a. Research Component**

#### Component Results:

- 1 survey of current FINCA youth clients, age 18-30 completed
- 1 qualitative study of former FINCA clients completed
- 1 study of potential loan and training youth entrepreneurs age 18-30 completed

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<sup>1</sup> VITAS Jordan, Micro Fund for Women, Jordan Micro Credit Company “Tamweelcom”, Cairo Amman Bank, National Microfinance Bank “Al Watani”, Ahli Micro Finance Company, FINCA Jordan, UNRWA Microfinance Department, Al Ameen.

- 1 business model pairing finance and training for youth 18-30 completed
- 1 impact assessment of youth training and finance clients completed

FINCA designed the research component to include both a baseline research study and an end of project impact assessment. Through the baseline research we intended not only to collect initial project data against key indicators, but more importantly to inform the design of the training curriculum and loan products by assessing key needs of the youth client segment. The baseline consisted of three tasks: a study of current FINCA youth clients, a second study of former FINCA youth clients who no longer held loans, and a study of potential clients that FINCA could target for loans and training within the project. FINCA undertook a competitive bidding process and upon USAID approval contracted with local market research firm Mindset to carry out the baseline work.

### **Current Youth Client Survey**

The first baseline task was carried out in early 2013 Mindset conducted a telephone survey of a representative sample of 900 FINCA Jordan youth clients between the ages of 18 and 26, who had not yet received any training. This survey established baseline data from current FINCA clients - to measure the impact of training coupled with financing at the end of the. A report on the survey was submitted to USAID in April, 2013 and a combined conclusions and recommendations report for the first two tasks was submitted with the first annual report. FINCA gained useful insight into the needs of the youth client segment through its research studies which indicated that the majority of FINCA customers between the ages of 18-26 (70.4%) use their loans to cover the cost of goods intended for sale, while 22.2% use the loans for business expansion. Over 87% operate their businesses from home.<sup>ix</sup> The findings also showed that 26.5% of FINCA youth clients have created jobs for 1 to 2 employees in their businesses, while 1.5% of them have 3-5 employees and 0.1% have 5-10 employees.<sup>x</sup>

### **Former FINCA Clients Study**

The second baseline task was a qualitative assessment of former FINCA clients in a focus group setting completed late in Y1 and a report on the work was submitted to USAID with the first year annual report. Due to challenges finding former clients able and willing to participate, FINCA and Mindset expanded the potential pool above the youth age range. Sixteen former clients, all female, participated and were grouped by age with one group including those aged 20-34 and one group over 35. The focus group approach for this segment produced several important pieces of intelligence to inform the project. Chief among these was the importance of word of mouth and mass communication as key to sparking the entrepreneurial spirit in people who are intending to start a business as well as among those who had not previously contemplated a business start-up.

In conjunction with the first task, the conclusions and recommendations report suggested a training program structure, including a recommendation for a tiered approach that would invest more time and effort into clients as they progress through the training. Notably it also offered recommendations to improve client retention by offering more value, better customer care and improving loan acceptance and to consider creating a loyalty program that would reward long-term clients. Several recommendations on product development and communications to better reach youth clients were also included.

### **Survey of Potential Youth Clients**

The third task of the baseline study - market research on potential youth clients - was conducted with vocational youth graduates in Q2 of Y2, and the final analysis report was produced in the beginning of Q3 and submitted to USAID in January 2014. In order to maximize the benefit of the study, and due to budget limitations and low probability of capturing the right target audience

with a randomized sample, FINCA and Mindset adjusted the methodology of the third task from a quantitative survey to qualitative focus groups followed by phone surveys on a targeted segment of vocational graduates between the ages of 18 and 26.

To ensure a large pool of potential survey participants, FINCA held meetings with the Vocational Training Corporation of Jordan (VTC), the Jordan Career Education Foundation (JCEF) and the International Youth Foundation (IYF) and ultimately collaborated with VTC to obtain a list of their graduates who finished vocational studies within the last 6 years. They also requested having their graduates attend the business skills training provided in this program.

The analysis revealed that this is a particularly disadvantaged and underserved segment. FINCA conducted concept testing in the focus groups to determine the needs and preferences of this segment in terms of loan products. The study also showed that youth vocational programs focus on cultivating the technical skills related to their vocation only; graduates receive technical training but do not receive business training or guidance to prepare them to be self-employed.

The observations from the study indicated there was a need for this segment to finance their businesses, especially equipment and rent. However the findings also revealed that this group of potential entrepreneurs has low awareness of microfinance offerings in the market, even in terms of interest rates. Many

respondents expressed a desire to start their own business, mainly out of necessity due to lack of job opportunities, harsh working conditions and low wages. The findings concluded that vocational graduates present a strong potential market segment, provided they can access business training and advisory services coupled with the right financing to take advantage of self-employment opportunities.

<b>Purpose</b>	<ul style="list-style-type: none"> <li>▪ Product development or modification</li> <li>▪ Improved communication</li> <li>▪ Raising awareness within the segment</li> </ul>
<b>Importance of Research</b>	<ul style="list-style-type: none"> <li>▪ Expanding youth client base</li> <li>▪ Improving product offering</li> <li>▪ Understanding market opportunity</li> </ul>
<b>Issues</b>	<ul style="list-style-type: none"> <li>▪ Age limitation of 18 – 26 reflects a limited view of the “young segment” but can generate insight applicable to a wider segment</li> </ul>

### **Impact Assessment**

FINCA sought a well-established consulting firm with a strong research and development focus which specializes in conducting Evaluation & Impact Assessments of donor-funded programs, Market (Enterprises) Needs Assessments, and capacity building training programs. FINCA selected Dajani Consulting which conducted the assessment in November and December 2014 and submitted the final report in December 2014. The firm employed both qualitative and quantitative approaches to study the youth aged 18-30 who were supported and trained by the FINCA Jordan Youth Financing project during the last two years.

Dajani Consulting drew upon the already completed baseline study to develop a set of performance measures to be employed in the impact assessment. An evaluation framework and methodology was followed according to International standards and models and included the following phases:

- Task 1: Project Planning
- Task 2: Impact Assessment Study Design
- Task 3: Data Collection
- Task 4: Data Analysis, Report Formulation and Recommendations

The impact assessment provided important feedback on the effectiveness of the training, especially identifying the shortened timeframe as hampering a full assessment of the impact of the program. Dajani Consultants issued a report that also provided a number of important recommendations for FINCA to consider in further development of the finance and training model. While some of these recommendations fall outside FINCA's capacities to implement, they will inform future client training programs in Jordan and elsewhere.

- To be more effective and demand-driven, the youth finance programs should screen training applicants and employ a selection procedure to identify the neediest and most serious beneficiaries who are most likely to maximize the benefits of the training and start their own small business with or without financing from microfinance organizations.
- As a rule of the program, attending the training component should be linked to commitment by the trainee to secure finance to either start a new business, or expand a current one.
- The youth finance provider should increase follow up or support services to the trainees, particularly for clients who received loans during or after the training program
- The training program for potential entrepreneurs should be delivered over a longer time span and focus on fewer subjects, in order to cater for the different capacities of the trainees.
- YFP should be restructured to address different needs of youth in the 18 to 30 years age range, some of whom are still in school and in the "idea" stage versus others who have an existing business. There could be multiple components or "versions" of YFP training responding to each sub-segment of the target population.
- Short term attempts to make an impact or assess an impact are limited. Consider longer term mentoring / coaching to support beneficiaries as they and their business need to mature and develop with time before realizing impact.

#### **b. Training Component**

Component Results:

- 1 training curriculum for youth entrepreneurs age 18-30 developed
- 490 youth entrepreneurs and potential entrepreneurs age 18-30 trained
- 52 FINCA youth loan recipients trained

With USAID approval, FINCA signed an agreement in December 2012 with ShapeShifters M.E., a youth service organization (YSO), to deliver the training component of the project to potential youth loan clients. Overall the program was very successful, delivering a training curriculum to 490 youth interested in starting their own business or with a business already operating. This far exceeded the original proposed target of 300 youth trained, reaching 163% of the target.

The scope of work for this component included conducting a training needs analysis (TNA), curriculum design with pilot test, training facilitation, and orienting FINCA Jordan staff to the training program. The pilot training, conducted to test the curriculum was successful, confirming that the curriculum width and depth were adequate; that the training level (beginner/intermediate) matched the trainees' skill level, and that the focus areas were relevant. After completing the TNA, pilot test and final curriculum design, ShapeShifters prepared a report in May 2013 on the design process which included the TNA findings and recommendations derived from the staff and youth interactions, such as linking the training to loan-related benefits or better terms, and opening up the training beyond the project to a wider audience to benefit elder clients that showed interest in the course.

The training curriculum was designed to give at least 70% of its weight to topics in Purchasing, Sales, Marketing, and Communication Skills which were identified as the most relevant and important to the clients' business objectives. Financial Management Skills were given 20% weight. The remaining portion covered other subject areas of moderate relevance to include basic concepts of general management, pricing, that form natural linkages with the high importance subject areas. The final curriculum included the following training topics: a) General Management & Financial Management; b) Pricing, Marketing and Sales; c) Purchasing and Negotiations; d) Entrepreneurship, Communication and Social Intelligence. The curriculum was designed so that all subject areas were addressed at a basic level with the possibility of introducing intermediate concepts in subject areas where the client majority indicated an intermediate skill level, for example in purchasing.

Incorporating feedback received from youth participants in the pilot training session and subsequent sessions, FINCA adjusted the scheduling to suit youth participants' preference, scheduling future training sessions to take place on Saturdays. It also concentrated the training into two days instead of four days based on participant feedback, to increase the percentage of full attendance in the program. This action significantly increased the number of attendees completing the entire curriculum and did not compromise training quality as the class sizes were small and did not require 4 days to cover the full curriculum. ShapeShifters delivered training sessions in Zarqa, Irbid, Deir Alla, Jerash, Sahab and Amman, promoting the training heavily in areas outside of Amman where fewer training opportunities were available for young entrepreneurs.

The end-of-project status for this component leaves FINCA well-positioned to deliver meaningful and transformative training to youth entrepreneurs in Jordan. ShapeShifters delivered an excellent training curriculum product that has been very well-received by youth trainees. The main challenge to continuing the paired training and finance model beyond the life of the project is cost. USAID funding subsidized the cost of developing the model, as well as the costs to implement the initial training sessions which led to achievement of 490 youth trained against the target of 300. This ensured achievement of targets and successful delivery of the curriculum by experienced trainers. For FINCA to continue to offer this training, the delivery methods, targeting, or approach will need to be modified to improve cost-effectiveness (see further discussion in Section VIII, below). However, many of the 438 youth trained that did not receive a loan from FINCA during the project period also have not yet launched a business. We believe the full impact of the project has not yet been realized and FINCA will follow-up with this training cohort to ensure the project continues to deliver results for these potential clients.

### **c. Youth Entrepreneur Finance Component**

#### Component Results

- 902 loans disbursed to youth entrepreneurs age 18-30
- 902 different youth clients provided loans
- 52 FINCA youth trainees also provided loans

The Youth Entrepreneur Finance Component was very successful, eclipsing the 900 loan target and the \$720,000 total disbursements target by providing 902 loans worth \$746,161. This included reaching 874 female loan clients, 97% of the total clients, and providing loans to 52 clients who also received training.

In addition to clients reached with the YF project funding from both USAID and FINCA cost share, FINCA also achieved noteworthy results in outreach to the youth segment across its

operations. In the year prior to project start-up only 30% of FINCA Jordan loans were issued to youth, and the youngest client age was 21. As a result of the YFP FINCA created entrepreneurial opportunities for a new, younger client base of 18-20 year olds. During the project period FINCA also achieved a 34% rate of youth clients among its total client base, and in the last quarter of the project, from October 1, 2014 through January 7, 2015, FINCA issued 2,034 youth loans - 36% of the total loans issued. For the life of the grant FINCA issued 16,493 loans to youth ages 18-30.

The finance component encompassed several tasks envisioned to increase outreach to potential youth clients beyond simple loan provision. Chief among these were refining existing group and individual loan products to better meet youth financing needs. FINCA originally anticipated youth demand for microfinance products would include demand for group loans, however FINCA learned early on in the baseline and research activities that youth are more interested in accessing individual loans. FINCA modified the start-up loan product that is tailored to youth and will continue to fine tune the terms and conditions to ensure it is a sustainable product moving forward. Additionally, while the project made available sharia-compliant loan products, youth interest in these products was minimal. The understanding FINCA gained through the research of different sub-segments of youth will help FINCA tailor its sharia-compliant product to the youth segment when demand develops. FINCA made changes to its Islamic product to make it more attractive to youth and other clients, however, in light of Central Bank regulations that will become effective June 2015, our Islamic finance methodology will require re-examination.

Two factors that limited a full realization of project impact are worth noting because while they limited project achievement they also indicate the potential for continued improvements to FINCA's outreach to youth and impact on this client segment. First, lower numbers of trainees with operational business during the project period (52/902 clients or 5.8%) meant fewer loans disbursed to youth also receiving training. Many trained youth require more time to follow-up on their plans for starting a business. This points to a growing youth client segment in Jordan that FINCA will continue to serve. Second, a longer timeframe is needed to accurately assess the relative impact on clients receiving loans combined with training as compared to results for clients only receiving loans and to control groups receiving no assistance. FINCA has developed a Social Performance Management system for its network that is being rolled out to all subsidiaries that will help FINCA to track and evaluate client data to monitor the effectiveness of our operations in providing meaningful benefits to our clients.

While the effectiveness of the combined training and financing model could not be fully understood and evaluated within the project period, by exceeding the training targets by a large margin FINCA has positioned a large number of youth with interest in entrepreneurship as potential future loan clients. The project has given FINCA Jordan a much better understanding and appreciation for the potential of the youth segment in Jordan, and also insights to share with colleagues in other countries. We now have in place the tools needed to cultivate youth entrepreneurs and support them to realize their start-up and business growth plans. To capitalize on the benefit the program has provided FINCA will continue to reach youth by:

- Targeting potential clients who wish to open their businesses
- Following up with project trainees in order to apply for loans
- Improving youth outreach through increased marketing activities

#### **d. Outreach/Marketing/Learning Component**

Component Results:

- 1 new branch established and operational in a high-youth population poverty pocket
- 1 document synthesizing lessons learned prepared
- 1 workshop organized to share research, impact assessment and lessons learned with wider microfinance community in Jordan

### **Outreach**

The primary aspect of the Marketing Component was to increase FINCA's ability to reach a wider youth audience with its financial services. This was accomplished by establishing a new branch to reach an underserved youth market. FINCA Jordan opened the new branch in Madaba, serving Zizia and Madaba areas, where a large population of youth lives. FINCA commenced renovation activities for the new branch opening in Madaba in April 2014 and the branch started operating in May. FINCA launched the branch opening with comprehensive marketing activities, including: direct marketing by field staff, distributing marketing print material at the branch, sending SMS messages to the target segment, and continuing online promotions to raise awareness of the Youth Finance Program in the area.

### **Marketing**

The promotional aspect of the Marketing Component did not employ specific indicators or measure outreach beyond the direct project beneficiaries, as its primary purpose was foster participation in the Training and Finance Components. FINCA developed marketing material in Y1 aimed at informing the targeted youth segment about the youth entrepreneur training program and youth-targeted loan products. The target group for training included youth 18-30 years old and primarily those in their first and second loan cycle with FINCA. These clients are targeted specifically as they have often recently launched their businesses, have the least business experience among FINCA's clients, and can most benefit from the business training.

FINCA circulated posters and brochures to all Amman branches in Y1 along with a distribution plan, for FINCA staff to hand out to targeted youth clients and explain the program offering. FINCA produced new in-branch marketing collateral aimed at young entrepreneurs in Y2 of the program after research findings indicated greater interest and fewer training opportunities for youth outside the Amman area. These posters delivered a relevant message that FINCA created based on findings and concept testing in focus groups. FINCA distributed the marketing materials to all branches in the second year to build the potential client base for training and loans.

To build institutional commitment to serving youth FINCA also conducted internal promotion activities that helped to integrate the YFP in the institution's operations. This included regular meetings with the branches, emails to staff, and internal promotion activities such as internal competitions to promote the training program. These internal promotion activities commenced in late Y1 and carried through the remaining project.

### **Learning**

To meet the objective related to sharing lessons learned, FINCA organized an event in Amman Jordan on January 6, 2015 for members of Tanmeyah, the Jordan Microfinance Association. Attendance was affected by inclement weather, but representatives from USAID and our implementing partners were able to attend the presentation and workshop discussion on youth finance and training. Leading off the event, FINCA provided an overview of the USAID-funded Youth Finance Program, which was followed by a presentation from Majd Haddad of Mindset reviewing the methodology and results of the 900 sample telephone survey they conducted to develop a baseline understanding of FINCA customers aged 18-26. Samer Ghannam and Khalid Dajani of Dajani Consulting reviewed the methodology, challenges and findings of the impact assessment they conducted on the program. Finally, Alia Gharaibeh of ShapeShifters shared

lessons learned during the development and implementation of the YFP training curriculum aimed at youth entrepreneurs. The event presentations were followed by a lively round table discussion involving both presenters and participants on the challenges and opportunities associated with youth entrepreneurs and the feasibility of a sustainable business model to support them.

## V. Achievement vs. Targets

The following table details year-by-year achievements against the key quantitative indicators used to measure program progress and success. Please also refer to the Performance Monitoring Plan for complete tracking of project indicators.

<b>Youth Finance Program Data, July 7, 2012 - January 7, 2015</b>			
<b>Total Number of Loans, Breakdown by Gender</b>			
Number of loans	Total	Male	Female
Y1	141	2	139
Y2	453	17	436
Y3	308	9	299
Total for Program	902	28	874
<b>Total Loan Amounts, Breakdown by Gender</b>			
Loan amount USD	Total	Male	Female
Y1	\$100,801	\$2,539	\$98,262
Y2	\$369,690	\$49,788	\$319,901
Y3	\$275,670	\$42,803	\$232,867
Total for Program	\$746,161	\$95,130	\$651,031
<b>Total Number of Youth Trained, Breakdown by Gender</b>			
Number of youth trained	Total	Male	Female
Y1	28	3	25
Y2	417	156	261
Y3	45	4	41
Total for Program	490	163	327

## VI. Lessons Learned and Constraints

The following table compiles lessons learned that were identified and documented both to identify and document constraints and solutions, and to inform program design and programmatic adjustments during implementation. This table documents key changes to program direction, curriculum and training content, means of promotion, and loan product design.

Area/ Topic	Prior Assumption	Lesson Learned	Actions planned or taken
<b>Scheduling trainings</b>	Youth clients have little to no preference as to when trainings are conducted.	Researching whether the majority of trainees prefer to attend on weekdays or weekends before scheduling would help boost the initial numbers of attendees.	FINCA updated the training application form to include a section that provides different options (weekends and weekdays) from which clients can select. Training schedules are made based on client/trainee preference.
<b>Promotion</b>	Existing MFI direct promotion techniques are sufficient	The time it requires to integrate training activities into operations may be better spent establishing partnerships with youth organizations that have existing outreach and experience with youth entrepreneurs.	FINCA reached out to potential youth organizations to spread awareness of the program. Three organizations have expressed interest in collaborating with FINCA by providing databases and/or on referring their youth graduates to the YF program.
<b>Promotion</b>	Training is an effective promotional tool to attract new clients in the near term	About 17% of training participants received loans. Many clients did not yet have businesses. Sources indicate that it takes youth entrepreneurs 2 or more years after receiving training to establish a sustainable business.	Accept that training youth clients is a long-term practice that requires subsidies to continue.
<b>Location</b>	There is demand for business skills training from youth entrepreneurs in Amman and urban areas	There was a challenge recruiting attendees in Amman training sessions, however, training sessions in Irbid, Deir Alla, and rural areas had high attendance numbers, which enabled us to exceed our targets and reach underserved youth entrepreneurs.	FINCA refocused trainings on rural areas where FINCA operates, and cities outside Amman such as Irbid and Deir Alla, where youth entrepreneurs have limited opportunities to attend business skills training.
<b>Training content</b>	Youth clients need only traditional business skills training topics (finance and accounting, cash management, marketing)	Youth clients are interested in a range of topics especially in communication and negotiation skills, trainings to help them improve product offerings and lower cost of goods. They are also interested in social media and English language trainings to help them boost their outreach to different segments of customers.	To test the underlying assumption, FINCA's training partner, ShapeShifters, performed a training needs analysis (TNA) prior to curriculum design. The analysis included surveying 300+ clients across all of FINCA's location in addition to interviews with field officers. The TNA revealed new topics and focus areas the clients were aware they needed improvement in, and some latent needs that were revealed through field officers interviews. FINCA identified other training needs from the feedback forms which the trainees filled after the training. As of this report, the numbers requesting other types of training are not significant. However, FINCA and its training partner offered trainees short sessions on the use of social media for their businesses as part of the program. FINCA will continue to monitor the trainee feedback

Area/ Topic	Prior Assumption	Lesson Learned	Actions planned or taken
			forms to identify other topics this segment may need and consider training on these topics in the future.
<b>Training</b>	One self-contained training is sufficient	More than 60% of trainees indicated that they would like to have regular sessions repeated over the course of the year.	<p>FINCA through its training partner offered:</p> <ul style="list-style-type: none"> <li>➤ Follow-up surveys with trainees post-training</li> <li>➤ A business plan template to help trainees implement their skills according to their individual businesses.</li> <li>➤ Dedicated number of hours per week to answer any questions that arose after the training, which related to the participants' projects, the training curriculum or FINCA services.</li> </ul> <p>FINCA and Shapeshifters established a follow-up system for training sessions with clients who completed the trainings, where they can refresh their knowledge and have the opportunity to consult with the training provider to give them business advice and mentoring during specified weekly office hours.</p>
<b>Training</b>	The training opportunity represents adequate motivation for attendance	The training presents an opportunity to prequalify the trainee's management skills. An award system creates an incentive to attend and engage in the training opportunity.	FINCA linked completing the training and attaining the certificate of attendance to qualification for the new SME loans. An additional certificate was issued which the trainees presented to access the new SME loans.
<b>Product Awareness</b>	Youth will approach FINCA branches post training to learn more about available loan products.	During the training the youth are motivated to start/expand their business and have many questions. This is an opportunity to increase their awareness of available and new products, especially important in new FINCA branches.	A FINCA representative from the local branch performed a short introductory and Q&A session about FINCA's loan products at the end of trainings.
<b>Marketing</b>	The youth client segment is homogeneous	Youth clients share characteristics, yet many sub-segments exist.	FINCA conducted market research and analyzed MIS data to identify the sub-segments that exist within the youth segment according to: Age group/ sex/ education / type of loan/ loan size.
<b>Loan products</b>	Youth clients are interested in traditional microfinance products especially group loans	Select young entrepreneurs want individual loans	According to the baseline and potential clients study, FINCA modified the start-up loan product that is tailored to youth and will continue to modify it until it suits the needs of the segment while being a sustainable product for FINCA.

Area/ Topic	Prior Assumption	Lesson Learned	Actions planned or taken
<b>Client product preference</b>	A substantial youth sub-segment exists for sharia-compliant financing options	According to the qualitative and quantitative studies conducted on current, lapsed clients and potential clients, although the majority of current youth clients abide by religion they still choose commercial loans over Islamic financing.	Understanding the different sub-segments would help FINCA tailor its sharia-compliant product to the youth segment when demand exists. FINCA made changes to its Islamic product to make it more attractive to youth and other clients, however, in light of Central Bank regulations effective June 2015, our Islamic finance methodology will continue to be reexamined.
<b>Impact Assessment</b>	Scheduling assessment immediately after conclusion of training provides sufficient time to measure impact of training	We reached the majority of trainees in the latter stages of the project, which resulted in impact assessments being conducted soon after the trainings took place.	Proposed to USAID a no-cost extension of the project to allow time for training objectives to be absorbed/implemented by trainees before the impact assessment was conducted. This request was denied however we will incorporate this finding into future impact assessment timelines.

## VII. Opportunities for Expansion

### Continue Financing Youth Entrepreneurs

As noted above, even before the launch of the YF program, youth entrepreneurs comprised 30% of FINCA Jordan’s clients. FINCA Jordan will continue to expand and target youth, integrated with its ongoing operations in light of Jordan’s demographics and economic trends. Specifically, 70% of the population of Jordan is under the age of 29. Paired with the youth employment rate of 30%, this presents both a growth opportunity and a social challenge for FINCA, enabling us to achieve our double-bottom line approach of meeting both social and sustainability goals.

### Expanding Training

Based on FINCA’s experience, in which a fraction of youth finance trainees went on to take loans, the best opportunity to expand training of the youth entrepreneur segment in Jordan is to engage third parties with greater access to youth and without the pressure of sustainability. For example, USAID could funnel grant funding for training through Tanmeyah, which could in turn facilitate training to youth clients and potential youth clients of all MFIs in Jordan. Or, USAID might choose to work with Youth Service Organizations already providing training. Finally, per the conclusions in the Mindset research, USAID could reach out to vocational school graduates as a high percentage are trained and poised to take a loan and launch a business.

### Ongoing Knowledge Sharing

Even after closing out the USAID-funded grant, FINCA Jordan will continue to leverage the FINCA International global network to share the deliverables and lessons learned from this initiative among its 23 subsidiaries in Africa, Eurasia, Latin America and Middle East/South Asia which provide financial services to more than 1,700,000 clients. We also plan to disseminate this knowledge via virtual channels such as FINCA’s intranet, and via video-conference sessions upon Subsidiary request. In the longer term, FINCA Jordan will also leverage our quarterly regional meeting structure, during which Subsidiary leadership within each of FINCA’s four regions gather, for knowledge transfer purposes.

## VIII. Challenges with Assistance Provided

FINCA views both the research conducted to develop paired training and finance model for youth entrepreneurs and the training curriculum itself, as successes. The research provides a strong base of knowledge to help FINCA and other microfinance institutions (MFIs) better reach and serve the needs of the youth segment, while ShapeShifters and FINCA developed a strong training curriculum and adjusted delivery to best meet youth client needs. The primary challenge with the assistance provided was identifying a combined finance and training model that was cost-effective and sustainable, yet still also capable of reaching and developing new entrepreneurs and clients - as opposed to merely providing training to existing youth clients. Nearly 83% of trainees did not yet have a business and the research indicated that it would be 2 or more years after receiving training that the average trainee would start-up a business.

Despite this, there are several recommendations and additional approaches that FINCA will continue to consider in order to prepare and support youth entrepreneurs and youth clients with integrated training and financing. These include:

- Identifying a revenue source other than operational revenue to support training costs, such as attracting government or donor support in the short-term, or attendance fees covered by trainees.
- Conduct the training in a less formal setting: utilize the existing curriculum but have FINCA staff work directly with trainees eliminating extra costs for trainers, venues or catering.
- Segment the population and only target youth in an advanced stage for training as they are more likely to take loans in the short-term. This would mean a smaller pool of trainees, but more immediate, impact on businesses for the funds expended. This effort might focus on vocational school or MBA school graduates, youth with a recently launched business, or those in the start-up process with a concrete business idea.
- Include ongoing one-on-one coaching to help trainees overcome any trepidation or barriers to starting up a new business and assisting them to access loans based on sound business analysis.

## IX. List of Project Deliverables

Deliverable	Description	Document Name	File
2013 Annual Performance Report	Annual Report, Financials, Youth Clients Report, Training Design Report, Customer Survey Analysis Report, Lapsed Customer Report, Research Recommendations, Gantt Chart, Lessons Learned	2012-2013 Annual Performance Report	.zip
2014 Annual Performance Report	Annual Report, Budget, Loan Summary, Customer Research, Cost Share, Lessons Learned	2014 Annual Performance Report	.zip

<b>Deliverable</b>	<b>Description</b>	<b>Document Name</b>	<b>File</b>
Quarterly Performance Reports	Progressive updates at the conclusion of each quarter of the program	Quarterly Performance Reports	.zip
Close Out Plan	Overview of FINCA Jordan's plan to complete the three outstanding outcomes/results required to close out the Youth Finance Program	Close Out Plan_USAID FYFI_17-12-2014	.doc
Impact Assessment	Evaluation of impact of pairing training with finance which includes both qualitative client satisfaction data and quantitative data.	Youth Finance_Impact Evaluation_Final Report_Approved	.pdf
Training Curriculum	1. FYFI Training Outline	FINCA Client Training Outline	.pdf
	2. FYFI Training Material	FINCA Client Training Material	.pdf
Learning Piece	Lessons learned during implementation of grant	FINAL Lessons Learned_for USAID submission	.doc
Knowledge Dissemination	1. Summary	Summary_Knowledge Sharing Event_6 Jan 2015	.doc
	2. FINCA Presentation	FYFI_Knowledge Sharing Overview_FINAL	.ppt
	3. Mindset Presentation	FINCA Mindset Presentation	.ppt
	4. Sign In Sheet	Scan of Actual Sign In Sheet	.pdf
	5. Roll Ups	Roll Ups	.pdf

<sup>i</sup>USAID, *Youth in Development Policy: Realising the Demographic Opportunity*, 2012

<sup>ii</sup>Jordan Department of Statistics, *Employment and Unemployment Survey: Annual Report* (Amman: 2007)

<sup>iii</sup>United Nations Development Programme (UNDP). *Jordan Human Development Report 2004. Building sustainable livelihoods*, 2004

<sup>iv</sup> USAID, microNOTE #52, "Understanding the Impact of Employment, Entrepreneurship and Training Programs on Youth in Jordan and Rwanda", 2008

<sup>v</sup>FINCA, *MIS Report - December 2013*, 2013

<sup>vi</sup> USAID/Jordan, *Gender Assessment*, 2003

<sup>vii</sup> USAID, *Youth in Development Policy*, 2012

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<sup>viii</sup> Ministry of Tourism and Antiquities/The World Bank, *Third Tourism Development Project. Madaba Economic Profile Annex 3*, 2005

<sup>ix</sup> FINCA, *FINCA Youth Customers Survey*, 2013

<sup>x</sup>The *FINCA Youth Client Survey* was done on a representative sample of clients between ages 18-26 and results reflect the group that is receiving the funds under the USAID Cooperative Agreement.