

SPOTLIGHT

KNOWLEDGE MANAGEMENT

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SUMMARY

Over 90% of youth live in the global south, 80% in Sub-Saharan Africa where they face substantial barriers to economic empowerment.

Opportunity International implements the Youth Apprenticeship Program (YAP) and the Youth Enterprise Challenge (YEC) to drive empowerment among young people in Ghana and Uganda.

- ▶ YAP addresses the barriers that prevent young people living in poverty from accessing decent work, to empower them to become active agents of change.
- ▶ YAP has so far supported over 3,381 youth in various regions with coaching, vocational skills training, and financial support.
- ▶ YEC also seeks to strengthen youth resilience through training and economic empowerment.
- ▶ YEC has so far had over 6,452 youth (47% women) from 200 groups provided financial literacy and business entrepreneurship training.
- ▶ The income level of participants increased by 84.5% with over 51% earning above the national average.

Spotlight:

Youth Economic Empowerment in Ghana and Uganda

The Global Youth Challenge

Globally, there are 1.8 billion young people (aged 16-35) in the world, representing the largest generation of young people in history. Over 90% live in the Global South, 80% in Africa.¹ Young people are heavily impacted by poverty, and often face barriers such as low education, unemployment, discrimination, and inequality. They often have limited access to services, lack the appropriate skills to be able to gain decent jobs, and face barriers to participation in social and political life. It is estimated that one in five people aged 15-24 (270 million) are not engaged in employment, education, or training. These challenges are further compounded by the high number of young people in informal jobs, characterized by poor working conditions, low pay, and limited ability to access social protection services. Young women face additional barriers due to discrimination, young marriage, and/or childbirth.²

Economic Situation of Young People in Ghana and Uganda

Sub-Saharan Africa has the world's youngest population of which more than 41% live in poverty.³ In Ghana, 12% of the youth are unemployed and over 50% are underemployed.⁴ Apprenticeship is the most important source of training for workers in the informal sector. Around 80 to 90% of all basic skills training in Ghana comes from traditional or informal apprenticeship.⁵ Opportunity International is leveraging this traditional system to create an improved model for high-quality, short-term skills training, as an avenue to provide skills training to disadvantaged youth and facilitate their entry into employment.

In Uganda, over 78% of the population is under the age of 31. While about 700,000 young people reach working age every year, only 75,000 formal jobs are created. This leaves more than 70% of Ugandan youth employed in agriculture, the informal sector, or struggling to earn a living as itinerant/casual workers or self-employment, mainly on a subsistence basis.⁶

The Youth Apprenticeship Program, Ghana

Opportunity has supported the Youth Apprenticeship Program (YAP) implemented by Sinapi Aba Trust (SAT) and Sinapi Aba Savings and Loans (SASL) in various regions of Ghana since 2009. YAP seeks to address the barriers that prevent young people living in poverty from accessing decent work to empower them to become active agents of change and to build their entrepreneurial capacity. The program gives disadvantaged young people between the ages of 15 and 25 the opportunity to learn a skilled trade during a three-year apprenticeship and to finish the apprenticeship with a government-approved certification. Participants are trained in working methods and trade-related skills, workplace adaptation, and relationship building. They further receive training in business management, life planning, and health. The program has so far reached 3,381 participants.

The following have been key achievements of YAP so far:

1. **A total of 3,381 youth trained:** Over 1,500 youth are currently in their apprenticeship program while 1,555 have successfully completed their training and been supported to nurture entrepreneurial ability.
2. **Over 1,500 trainers trained:** YAP has trained over 1,500 business based and entrepreneurial trainers in vocational skills and as trainers and mentors to young students.
3. **Loans to 50% of graduates:** Over 50% of graduating participants have taken up SASL's interest-free start-up loans to pursue their business interest.
4. **Coaching and mentoring to over 50% of graduates:** Over 50% of graduates receive regular coaching and mentoring to improve the performance of their businesses. The remaining 50% are supported to obtain paid jobs.



YAP staff, apprentice, trainer

Some key innovations deployed in the YAP intervention include:

1. **Free training, tools, and materials:** YAP covers the costs of training fees as well as tools and materials, which remain in the possession of the trainees at the end of the program.
2. **Training of the trainers:** The trade masters also take part in trainings to ensure that all trainees receive the same training standards and experience a good learning environment at their workplace.
3. **Social benefits to trainees:** During their apprenticeship, the young people have health insurance and the poorest 15% are supported with a monthly stipend for meals and transportation costs.
4. **Government-approved examination and certification:** After the three years of apprenticeship, all trainees take a government-approved examination which enables them to enter the formal labor market more easily as qualified professionals.

Opportunity's Youth Strategy

YAP and YEC are implemented in-line with Opportunity's Youth Strategy that offers four broad categories of program components:

- Education and job skills
- Financial services beyond core microfinance
- Soft life skills
- Mentoring and coaching

The Youth Enterprise Challenge, Uganda

The Youth Enterprise Challenge (YEC) is being implemented by Opportunity and its local partners to strengthen youth resilience through training and economic empowerment and to reduce poverty through improved livelihood opportunities. YEC seeks to create employment opportunities for over 6,000 young men and women along the coffee value chain in Uganda. The role of Opportunity is to help the partners in providing a more advanced curriculum for business skills and financial literacy, to address the lack of access to financial services, and to support technical assistance for product development of a financial product for young rural farmers.

The following has been achieved by YEC so far:

1. **Training:** Over 6,452 youth (47% women) from 200 groups received financial literacy and business entrepreneurship training.
2. **Financial Services:** 3,990 youth from 133 groups opened bank accounts; 538 individual youth accessed credit.
3. **Employment:** Over 5,400 youth were supported to open a business or find employment.
4. **Businesses established:** 199 group businesses were set up and 819 individuals planned or set up businesses.
5. **Income:** Income level of participants increased by 84.5% with over 51% earning above the national average of 200,000 UGX (US \$53).

YEC pilot project designed a youth-specific financial product whose innovations include –

1. **Lower costs:** The youth savings, trust group and VSLA loan products have lower minimum balance requirement, lower interest rates on loans, and reduced fees compared to other bank products.
2. **Group financing to savings and loans groups:** The bank lends to VSLA groups who then on-lend to members, which benefits the VSLAs through repaid interest. This model also comes with lower collateral requirements, zero fees, and better repayment terms than the usual bank loans.

YAP and YEC have several key elements in common. They both –

1. **Are well-aligned with other entities:** The projects are well aligned with the youth development strategies of the countries and the countries' key youth development organizations.
2. **Combine supply-side and demand-side interventions:** On the supply-side, they combine training with access to finance at low or free interest rates. On the demand-side, they link youth to employment and entrepreneurial opportunities, and – in the case of YEC – link entrepreneurs to markets.
3. **Target vulnerable youth:** YAP and YEC target 'unbanked youth' living in poverty with very restrained access to land, productive assets, and working capital. They also have strong emphasis on young people with physical disabilities and women because they are the most vulnerable among all youth demographics.
4. **Deliver entrepreneurship and financial literacy training:** Both focus on entrepreneurship training, including financial literacy training (to address the non-financial barriers).
5. **Support youth groups:** Both support the establishment and/or strengthening of financial cooperatives for youth through VSLA groups which act as service providers (financial and non-financial services) for the youth.



Key Learnings from YAP and YEC

The YAP and YEC experiences so far have reinforced the need for the following:

1. **Life skills:** Mentoring and coaching to impact life attitudes, behaviors, and choices.
2. **Long-term Commitment** to develop a business case for FSPs in the context of limited short-term returns.
3. **Standardization:** Uniform curricula and introduction of training of trainers' modules into youth programs.
4. **Partnership:** Involvement and cooperation with local representatives from public and private institutions such as churches, craft associations, as well as local governments to promote and implement youth programs.
5. **Bank engagement:** Facilitating trust and confidence in formal banks, which may take a long time to build in communities with low levels of awareness; hence, building awareness around products and financial literacy training needs to be continuous.
6. **Engaging motivated youth:** Design and implementation of youth programs around youth who are committed and dedicated to act as peer mentors.
7. **Monitoring and Evaluation (M&E):** A strong M&E framework is important in order to –
 - a. capture the journey, failures, and successes;
 - b. ensure that learnings are documented and captured for industry-led learning; and
 - c. drive scalability of youth programs.
8. **Aligned Loan Terms:** Youth communities need repayment terms linked to their VSLA or agricultural seasons.
9. **Integration and inclusion:** Banks should seek to mainstream youth into their strategies, in addition to hosting important pilot or social performance programs.

On-going Questions and Challenges:

The YAP and YEC experiences raise key questions/challenges with regard to serving youth in the ways outlined above:

- **Subsidies vs sustainability:** Both YAP and YEC involve subsidized interest rates and/or banking fees. These are put in place in order to lower barriers to entry for disadvantaged youth. They are directly requested by youth participants and seem critical to success. At the same time, these cannot be grown to a large scale by the financial institutions without external subsidies. There remains a question of whether clients become used to lower costs and unwilling to pay market rates once their businesses are established, as the program plans.
- **Collateral:** Youth have much lower access to collateral – specifically land - for taking individual loans. Youth programs need to be innovating around collateral requirements for young people whose demand for finance is more than can be accessed via group finance (which doesn't require collateral).
- **Building mutual trust:** Several players in the microfinance ecosystem – whether the adult member of VSLAs or trust groups or some bank staff themselves – mistrust youth. Likewise, many youth mistrust the banking system, believing formal institutions are out to capture their money and assets. Youth-centered programs need to build in mechanisms for trust building through education and pre-financing activities.
- **Health challenges:** Many youth drop out of programs due to health challenges, including pregnancy. As an example of how to handle this challenge, the YAP program partners with the national health insurance scheme and engages parents to prevent pregnancy and support pregnant students so they can complete the program.

¹ UNITAR, 2022: Youth Empowerment: Effective Youth Participation for Sustainable Development, accessed 2 September 2022
<https://www.unitar.org/sustainable-development-goals/people/our-portfolio/youth-empowerment>.

² United Nations, 2020: World Youth Report, Youth and the 2030 Agenda for Sustainable Development.

³ Fox, Louise and Dhruv Gandhi, 2021: Africa Growth Initiative at Brookings, Youth Employment in Sub-Saharan Africa.

⁴ World Bank, 2020: Addressing Youth Unemployment in Ghana Needs Urgent Action, calls New World Bank Report, accessed 2 September 2022
<https://www.worldbank.org/en/news/press-release/2020/09/29/addressing-youth-unemployment-in-ghana-needs-urgent-action>.

⁵ Opportunity Youth Strategy.

⁶ Opportunity International, 2022: Upskilling Young People is Reducing Poverty Across Africa, accessed 2 September 2022
<https://www.opportunity.org.uk/news/blog/youth-skills-day-2022>.