

## Toward a World of Opportunity

### *Innovations Case Narrative: Making Cents International*

One evening in 1997, I sat in a shack in Khayelitsha Township outside of Cape Town, South Africa, and looked around at the ten adults who were about to be my students in a microenterprise course. Some were unemployed, others were just starting businesses, most were illiterate—and all were struggling mightily. The mix of eagerness and uncertainty I felt was reflected back to me in the eyes of my students.

Putting my feelings aside, I dove into running the business simulation, describing a virtual marketplace in which the participants operate fictitious businesses. Things started a bit slowly, but within half an hour, we were all engaged and connected—and excited. These women and men grasped and increasingly mastered the interplay of costing and pricing, analyzing the risks of selling on credit, and the benefits of developing a negotiation strategy. We were all involved in this virtual marketplace. Participants bartered and boasted as they finalized sales and tallied their profits.

The debrief was momentous for me. After only two hours of interactive training, the participants confidently demonstrated a deep understanding of micro-business management concepts. Why develop a negotiation strategy? To get a better price! How do we do this? Understand your maximum and minimum price, consider the other person's point of view, and keep the relationship positive so you can do business again tomorrow. Though they still had plenty to learn, the trainees were ready to return home, draw on their experiences from the simulation, and apply their new skills to making money the next morning, saving more wisely and investing more strategically.

On my drive home, still feeling exuberant, I reflected on how crucial an experiential learning approach is for teaching practical microenterprise and entrepre-

---

*Fiona M. Macaulay is founder and CEO of Making Cents International, which finds practical, yet innovative, solutions to development challenges and works closely and respectfully with local partners. She was honored as a D.C. "40 under 40" Leader in International Development and her work has appeared in the New York Times. She is a board member of CAMFED. She has been a guest lecturer at Columbia University's School of International Public Affairs and Johns Hopkins' School for Advanced International Studies.*

neurial skills. I realized this method had the potential to change lives: it allowed the participants to build on what they knew, based on the premise that, given the right tools and knowledge, people can learn more than they—or others—think they can. The course capitalized on this, allowing participants to experiment and take the risks involved in running a business while staying within the safe confines of a classroom. They were also re-enforcing or developing attitudes, learning skills, and building confidence—all key to achieving personal and professional goals.

The next morning I woke up feeling despondent. It struck me that I had taught ten people the day before, but nearly half of the population in South Africa was unemployed. Moreover, nearly 75% of the population was under 35, and I knew that many of the world's 1.4 billion young people between the ages of 13 and 28 would lead lives like those unemployed adults in Khayelitsha, because their school systems are failing and they lack opportunities in and outside of home to learn how to earn, save, and invest in the education that would lead to jobs.<sup>1</sup>

But, I thought, what if we could equip young people on a massive scale with entrepreneurial life skills like problem solving and planning, the confidence to do things in new ways, and business management skills—and couple it with knowledge about how to manage their money and save it in a safe place. Could that break the cycle of chronic unemployment and limited economic choices? The seed was planted. I knew I was going to focus on increasing economic opportunities for others, especially children and teenagers. I recognized the need to reach young people as early as possible with these crucial skills, using a method that made learning fun, yet effective. I also saw how crucial it was to support the teachers and trainers on the front lines of this new kind of experiential education. This faith in experiential learning, joined by an understanding of the crucial need for local capacity building and practical responses to complex problems, underscored my approach to serving youth, and more recently to developing the field of youth economic opportunity (YEO).

Two years later, in 1999, at age 26, I was ready to return to my family in North America. I had seen how an experiential learning model effectively delivered entrepreneurship training to low-income people in South Africa, and I was sure the approach was applicable in many other contexts. And I couldn't find any organization doing anything similar using an effective and affordable model. So I started one.

I looked for an approachable name for my organization that wouldn't become a meaningless acronym. I wanted the name to speak to the most important clients—low-income youth and adults—and I wanted it to tell our collaborators what we are about: helping people make, save, and invest their money, and our belief that these are “must have” capacities. To me, it just made sense. And the name of the organization was born: “Making Cents”!

Inspired, I was ready to roll my plan out to the world. But how? Which entity could I partner with? The United Nations looked like my best option: it works globally and appears to have a shared mandate, so I assumed people there would be interested. I moved to New York City, in part to be near the UN headquarters,

rented a small apartment, and called a toll-free number to register my new non-profit. They told me the process would take 10 months.<sup>2</sup> What? I want to start my work tomorrow! So, the next day, I founded Making Cents International as a for-profit social enterprise.

### STARTING MAKING CENTS

It turns out that the UN is an impenetrable bunker for those who are inexperienced, naïve, and unwise about the ways of the international development industry. So, turning to other avenues, I presented my methodology to countless international NGOs, funders (corporate and private foundations, international overseas development agencies such as USAID), and international development consulting firms. I also introduced our curriculum to U.S. schools and programs serving inner-city kids and to microenterprise organizations that serve adults.

In its first year, Making Cents was hired to equip organizations to offer basic microenterprise training to low-income adult micro-entrepreneurs and teenage students in vocational training programs in Guinea, Ghana, Tanzania, and Haiti. People in Bolivia picked up our methodology and tools and used them to complement a training program for women learning technical skills to make handicrafts for export to North America. And in New York City, an inspiring teacher, working with high school dropouts who could not learn through the traditional chalk-and-talk method, developed an employability course based on our practical learning methods and curriculum. In Colorado, our tools were used to enhance a training and lending program for young people. In Mexico, we developed a partnership with a leading foundation whose founder and I shared a passion to bring entrepreneurial content to all low-income children and teenagers, both inside and outside of the school system, so we can seed the next generation with crucial business and entrepreneurial skills.

The organizations that hired Making Cents liked our commitment to building local capacity and encouraging local ownership within development programming. Both our training materials and our training-of-trainers (TOT) methods were effective, fun, and invigorating for participants as they learned new skills. Making Cents received enthusiastic reviews. For the trainers, the TOT developed facilitation skills, trained them in planning and delivery, and taught them to adapt the course to the needs of clients: out-of-school teenagers, farmers, microfinance borrowers. The trainers said they were learning skills they could apply in their regular jobs, making them more valuable employees. To supplement their income, many of the trainers already had small income-generating activities in addition to their salaried jobs and they were excited about the additional business skills they picked up. Together, the tools and the know-how equipped front-line staff of vocational training institutions, women's development NGOs, and microfinance institutions to deliver basic microenterprise skills to low-income, poorly-educated people aged 15 and over. The training tool was high quality, durable, and affordable and the trainer skills program was a one-time cost; this let our clients lower their

per-person costs significantly while they increased the quality of the product they were delivering.

## GROWING PAINS

Meanwhile, as a micro-entrepreneur myself—and de facto head of technical assistance, marketing, operations, and finance—operating my business out of my apartment with the sporadic help of family, I was facing some business management challenges.

The first was the question of how to scale my work and position Making Cents in the international development sector. At the time, Grameen Bank in Bangladesh, a pioneer in microfinance, was 20 years old and the idea of supporting micro-entrepreneurs through access to credit for the poor had good traction. At the first Microcredit Summit, in 1997, First Lady Hillary Clinton said that microcredit was a paradigm breakthrough that had gotten people out of the “conventional box of thinking about the poor.” In the United States, many international NGOs and private voluntary organizations working in international economic development adhered to the policy of reaching the largest number of low-income people at the lowest cost. They saw additional services as cost-prohibitive or unnecessary. That prevailing mindset didn’t match with what I was seeing and what micro-entrepreneurs told me they needed.

Also, as an entrepreneur learning to keep my own books, identify the best sources of financing for my business, and make decisions about where to invest my time and money, I had first-hand experience of the challenges of business ownership. I was living the reality of what I was teaching: starting and growing a business required business and financial skills, access to markets, mentoring, and a network of other business owners facing similar challenges.

In meetings with youth-serving organizations, people sometimes questioned me about the ethics of teaching teenagers and children about money: how to earn it and think entrepreneurially. Was it appropriate to teach microenterprise skills to people under 18? Few seemed to understand the reality: most school-aged youth around the globe are in fact both “learning and earning.”

I also struggled to understand my place in the market. In this niche, I sought to shape the dialogue about the need to support micro-entrepreneurs, and the form that support should take. For children and teenagers, I advocated using entrepreneurship and experiential learning to make school-based programs more relevant and to bring essential knowledge, skills, and attitude development to low-income communities so that these young people would be employable, or could start and grow a business, whether by choice or necessity.

A second issue was being a for-profit organization. In the offices of bilateral agencies and the oak-paneled meeting rooms of international not-for-profit organizations, people viewed this type of work as pertaining exclusively to the non-profit domain. I was offering an excellent product—my workshops—at a competitive price, and I was committed. So why were they concerned about my status with the



**Senegalese women learn basic record-keeping**

Internal Revenue Service? No one was getting rich here. In fact, I considered bringing my balance sheet to meetings, but decided that showing I was not making money would also reflect poorly on me. When people asked if I was a “for-profit,” I began to answer “not yet!” Clearly we needed to scale up Making Cents so that we could hire more staff and find more clients who valued our approach.

Making Cents’ cash flow—and my motivation—were sustained by some meaningful opportunities that allowed us to innovate. The Barbados Ministry of Education hired us to mainstream entrepreneurship content into the school system, as employers increasingly struggled to find workers with the appropriate work ethic, attitudes, and basic skills to take advantage of training. This fit with a new government policy and a new approach to workplace training: foster an entrepreneurial climate and empower young people to start businesses that will help their communities and their nation develop. We developed a long-term contract with the ministry. We would provide curricula and develop teacher know-how to improve students’ critical thinking and problem-solving skills and increase their business acumen—and would transfer that capacity to the government employees managing the program.

FROM START-UP TO SCALE-UP

The year 2001 brought a breakthrough for Making Cents, as a Senegalese delegation of microfinance providers came to Washington, D.C. They had hands-on experience with our tools and were interested in taking the model to Senegal for adults and young people. I developed close professional and personal relationships with committed Senegalese experts in community economic growth. We learned from each other and adapted our curriculum and delivered trainings to 850 people who in turned trained thousands. This was applied research on steroids. Each night, week after week, we would tweak our plans for the next day and after each course we would work through the weekend to improve our methods for the next week. We were driven to make the training relevant for every individual—client, farmer, borrower, student—and to deliver it in an appropriate way. A small USAID subcontract became a large multi-year one.

In Senegal, over a three-year period, I watched the local organizations absorb the microenterprise and entrepreneurship training tools and acumen. Vocational training institutions, working with people aged 16 to 25, added business skills to their technical skills training. Schools reported that students saw these courses as more relevant; the entrepreneurial content showed them how—and why—to apply math skills and to write clearly. The Senegalese National Federation of Women's Groups, the Federation Nationale or FNGPF, working with women 18 and older, built a national training program around these tools. Those women who had shown themselves to be the most talented trainers, with the strongest grasp of business concepts, were designated as in-house facilitators. As a benefit of being two steps ahead of the other women, they could provide relevant training and mentoring to their peers; the roughly \$8 US per training sessions that they charged their peers made the business worthwhile to them and affordable for the other women. The FNGPF members reported that they could manage their resources better and strike a better balance between saving, investing in their business, and personal spending.

Through the work in Senegal and with other clients, we honed two characteristics of our approach: experiential learning and capacity building for individuals, groups, and organizations using a model of knowledge transfer and accompaniment. We looked more and more closely at how we could prepare trainers to train others using a cascade model, at how groups develop strategies, and how to plan projects in a demand-driven way. Clients' solutions are often complex and unfold over a period of time; they cannot learn every piece of information or skill they need in one workshop. So, beyond one-time training, Making Cents began to accompany the client and to provide training, mentoring, coaching, and advice at appropriate points in the project cycle.

In the early days of Making Cents, I likened our training packages to a four-wheel drive vehicle. It worked great in the roughest conditions: overcrowded classrooms, poorly trained instructors, and a lack of information. But put it on a paved road with good infrastructure and it could really take off! I was both right and



Making Cents' *MicroEnterprise Fundamentals* curriculum is adapted to incorporate local value chains

wrong. Steeped in experiential learning, the training materials could work very well in many settings. But the trainer, to succeed, also needed support.

Many of the community-based trainers—who were often the most willing and affordable, and best positioned to deliver training and coaching to other low-income people—were only a step or two ahead of the people they were training. I increasingly understood that we needed more strategies to support them after they left our training program. We also needed to involve “the boss” in the training so he or she would feel ownership over the new approach. Without this, we found that many motivated trainers or loan officers returned to their organization only to hear, “Just tell them what they need to know in an hour; they don’t need to take time to talk about their businesses.” And teachers, who were looked to as business coaches, often lacked entrepreneurial attitudes and understanding of basic business concepts.

In Senegal, to address these deficits, we tried an experiment. On the first day of a TOT, we ran the teachers through an accelerated business start-up course that culminated in selecting a simple food-based manufacturing business. They had five days to develop and implement a basic business plan for an enterprise they could start, run, and close in five days, with a maximum investment of \$10 US. They came up with *jus du bissap* (cold hibiscus flower tea, the national drink of



A piece from Making Cents' Agricultural Enterprise curriculum, used to increase farmer's income.

Senegal), confiture (jam), and beignets (small donuts). We told them they had to focus on their training courses when we were in session. But outside of that—during breaks, lunch, and before or after the training—they were free to, and expected to, operate their businesses and generate a profit. The trainers didn't think we were serious. The second day we urged them on. On the third day it all took off: the training room and hotel lobby became a buzzing marketplace, and we had to start issuing a small fine to any teacher "conducting business" while we were delivering the training content. When I arrived at the hotel breakfast buffet on the fifth and final day of the training, I found it contained a silver urn full of jus du bissap. Clearly my students had found a lucrative market! This focus on equipping the implementers with the necessary information and motivation would continue to resurface and drive the direction of Making Cents.



FROM SCALE-UP TO EXPANSION

For our first 5 years, Making Cents added about one new employee per year. These people brought new expertise and allowed the company to expand from our exclusive focus on training to offer a broader suite of services, but still rooted in our core emphasis on local capacity building, operating as equals, hands-on learning, and concrete outcomes. In Jordan, we supported the development of a local not-for-profit to help women who wanted to grow their businesses, formalize them, develop a business network, and spread the idea of women owning businesses through exposure in the mainstream media.

In Armenia we offered similar support to business owners; we developed a business registration roadmap to help new business owners navigate the 19 steps required to register a business. We also helped them navigate through the corruption around them because they could now point to an official document that explained the process including where fees *should not* be charged, and advocate to the government to simplify the process.

In Nigeria, we used our approach to teach small-scale farmers about key business concepts: predicting and preparing for risks, developing strategies for periods of high and low cash availability, and understanding the value chain to get more profit out of their farming activities. Making Cents worked through the project cycle with them, beginning with market research and then designing programs, building capacity, and developing monitoring and evaluation systems.

By 2004, we had provided technical assistance in 39 countries in the Middle East, North Africa, Africa, Latin America and the Caribbean, and North America. We had adapted 25 curricula into a total of 25 languages including Arabic, French, Spanish, Russian, and six indigenous African languages. And we had strengthened the capacity of more than 2,000 people and 200 organizations.

IDENTIFYING GAPS

The large, long-term economic growth programs we were working on all focused on adults. I was pleased with the results of our work with low-income people but we were still far from my dream of economically empowering young people on a large scale.

Along with other Making Cents staff and our local partners, I started asking how we could better equip young people with the ecosystem of support that was being offered to adults. Informally, we began to link small, disparate groups working on youth economic development. The Ministry of Education in the Mariana Islands wanted to learn from other governments experimenting with bringing entrepreneurship into the classroom, so we introduced them to our colleagues in Barbados. A group in Colorado wanted to know who else had experience bringing banks into schools, so we introduced them to a seasoned children's bank in Sri Lanka. The more we linked organizations, the more I discovered a growing demand for information—and a very small supply of it.

In 2004, you could attend a learning event on adult microenterprise every week. But if you were looking for conferences on international youth economic development, you'd find a barren landscape: no conferences, no research agendas, no donor coordination, no working groups. Not even informal gatherings. The few learning events for stakeholders tended to be narrow in scope (e.g. conferences for researchers in youth entrepreneurship), internal to organizations, or geared to serve specific program purposes, rather than the entire community of youth economic stakeholders. There was little coordination or collaboration, and few tried to build others' capacity through hands-on sharing of lessons learned, promising practices, or field-tested tools.

How was the international development community going to learn how to increase economic opportunity for young people? How could I strengthen and expand Making Cents' technical services? Without venues and vehicles to manage knowledge on this topic, various organizations kept making the same mistakes as others had before them: operating on a small scale, wasting resources, and failing to create partnerships that could enable them to efficiently achieve their program and policy objectives. I was also surprised that no one seemed to know about youth demographics. Where I did find information, it often had an alarming tone about the impending "youth problem." This was frustrating! Instead of looking at the scale of the problem, could we look at the scale of the opportunity?

I started talking to my Making Cents colleagues about organizing a global forum for people focused on youth and microenterprise, one that would bring together a range of diverse actors whose work affected the opportunities young people had or lacked. But I was daunted by the size of the vision we needed. Wouldn't USAID or the World Bank be a more appropriate organization to convene international actors on a large scale, rather than Making Cents International, which was then a six-person operation?

Two years later, in October 2006, I was given the push I needed. I won a competition and was accepted into a program designed to take growth-oriented U.S. women business owners to the next level, by helping them focus on their vision and how to achieve it. I felt on top of the world, until I had a crucial conversation with the head business coach.

*Coach:* What is your vision, and what are you doing to achieve it?

*Me:* My vision is for every young person the in world to learn entrepreneurial skills so they have a greater chance to succeed personally and professionally and achieve their full potential. I want to connect every organization in the world that cares about this topic together to share experiences so we can reach more young people faster and better.

*Coach:* What are you doing to achieve it?

*Me:* Um, nothing.

As those words left my mouth, I felt deeply embarrassed and felt I had let myself down; I was jolted into action. The next day, I returned to my office to create the conference I had always wanted to attend: a global learning forum focused on increasing youth economic opportunities. Suddenly I was following those famous words of Mahatma Gandhi: “Be the change you wish to see in the world.”

## BE THE CHANGE

I hired staff to coordinate the conference and drew up an advisory committee. Whitney Harrelson, an advisory committee member, became the manager of our conference, and together we conducted a global consultation to identify the priority issues. We put out a call for session proposals, invited leading stakeholders to be plenary speakers, announced the conference program, and built partnerships with funders to finance the learning agenda.

Just as our technical approach focused on facilitating knowledge transfer between individuals, our conference would facilitate knowledge transfer between organizations, panels and break-out sessions would provide hands-on and concrete interactive learning opportunities. We coached speakers not to simply describe what they did, but to dissect their programs and explain why something worked or what they learned when something did not go as planned. We asked everyone participating in the conference to share their expertise and play the role of capacity builder and mentor to their peers. We hoped that creating a neutral playing field would help participants move past “success stories,” to explore challenges and opportunities to make our work more effective.

The Making Cents team worked hard to ensure we had representation from a cross-section of stakeholders. We invited implementers, researchers, teachers, funders, consultants, youth, and people from private-sector companies, financial institutions, schools, NGOs, and consulting firms. These were not just voices from economic development, but also from areas that influence, and are impacted by, youth as workers, entrepreneurs, savers, and borrowers—including representatives from the worlds of health and education, democracy and governance, and conflict prevention. We prioritized meaningful youth participation and funded scholarships so young people could attend and influence these discussions that affected them.

We also thought about evaluation. Our technical services people knew all too well about the scarcity of resources and strategies to measure the effectiveness of our work. Of course we could count the number of trainers and end beneficiaries we reached, and we did qualitative follow up, but that told us little about what really mattered. How many of the ultimate recipients of our training started their own enterprises? How many of those enterprises were still around three years later? Were our trainees succeeding in raising their incomes? If Making Cents was having trouble answering these questions, we reasoned, our colleagues must be too. So monitoring and evaluation (M&E) became a priority area for discussion at the conference.



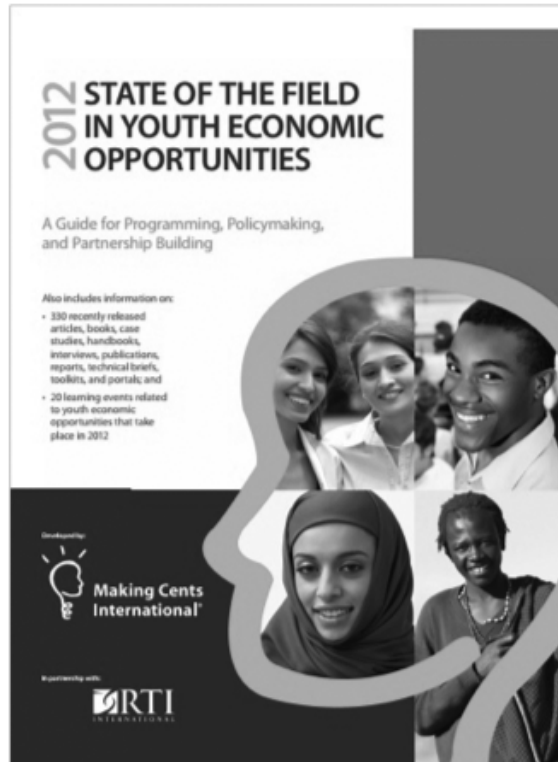
**Making Cents International team at the 2007 Conference.**

Gender was also high on our agenda. How did girls need to be served so they would not become disadvantaged women? I was deeply influenced by the research of the Population Council and the evidence that a lot of youth programming wound up targeting better-off boys and young men because they were the “low-hanging fruit”: easier to reach than girls. In my role as chair of the CAMFED USA Foundation, I witnessed the unique and deliberate work CAMFED was doing to educate girls and support young women to help tackle poverty in rural communities through a variety of economic activities.

The Making Cents staff members poured their hearts, souls, and weekends into organizing the conference and announcing it to the world. Then anxiety set in. What if no one registered? What if the conference was just us and the 15 advisory committee members sitting in a conference ballroom staring at each other? We subsidized the conference planning with revenues from our technical services. I began to worry that I wouldn’t receive a salary for the fourth quarter and might even bankrupt the company.

But September of 2007 saw the first-ever global conference on youth and microenterprise. We attracted close to 300 people from 28 countries who wanted to invest their time and money to learn, share, and network with others working on these youth issues. USAID and a number of forward-looking international NGOs and private-sector companies helped underwrite our costs.

The results of the conference began filtering back even before people left. New partnerships were started; senior staff planned to revamp the M&E in their organizations; funders and future grantees found each other. In our survey, 98 percent of people said they were satisfied or very satisfied, calling it a “different kind of learn-



**The 2012 edition of Making Cents International’s *State of the Field* publication.**

ing event” and 70 percent wanted to return again next year. We agreed, and committed to organizing the second Global Youth Economic Opportunities Conference the next year. A significant number of people commented on how interesting it was to see the diversity of people who considered themselves part of the youth microenterprise field. Thinking back, this was a signal about how far the sector needed to move to embrace cross-sectoral youth programming.

I made a last-minute decision to leverage the contribution of each speaker by capturing, analyzing, and synthesizing their presentations in a publication entitled *Youth Microenterprise and Livelihoods: State of the Field*.<sup>3</sup> The publication was downloaded in 100 countries. It became an annual series and Plan International wrote that it set “a new standard for conference reports in its comprehensiveness, readability and usefulness.”<sup>4</sup> And a professor at American University uses the publication every year in a course on youth in international development course; she says “it provides a wealth of perspectives and initiatives that have both theoretical and practical implications. . . . It helps students understand the role that international actors play in engaging the global development and policy communities on critical issues.”<sup>5</sup>

One particular finding from the conference survey influenced us in our new role of helping to fill in knowledge gaps in the youth development field: stakeholders recognized the importance of developing and delivering appropriate financial products and services to young people, but they did not know how. We knew we had to address this at the next conference. But when we reviewed the research, we found very little on this topic—and even fewer experts. What we did find was pioneering organizations that were independently piloting youth-inclusive or youth-specific financial products.

#### THE WHOLE IS GREATER THAN THE SUM OF ITS PARTS

Apparently, we needed more than just a conference to close the enormous knowledge gap between young people and appropriate financial products and services. How do you develop a learning event when no one knows enough to teach it—or has sufficient content to cobble together course materials? Our answer was to host a seminar course: we invited the pioneers in the sector to share their work around a series of learning questions. From this laboratory setting, the direct outcome was “Emerging Guidelines for Linking Youth to Financial Services,” which is summarized in Figure 1.<sup>6</sup> The guidelines were published in *Enterprise Development and Microfinance*.<sup>7</sup> They also formed part of a briefing paper and presentation for the 2011 Microcredit Summit, the largest microfinance gathering in the world. And key lessons were highlighted in an article on cultivating the new generation of young clients published in the *Journal of Social Business*.<sup>8</sup> Financial institutions reported that these resources helped them to understand an untapped market and to meet both their financial and social bottom lines.<sup>9</sup>

Using this same approach, and involving many of the original organizations and people, Making Cents went on to facilitate the process that led to three open-source tools for youth-inclusive financial services that are now being used by organizations including the Tunisian NGO Enda Inter-Arabe, Save the Children, Freedom from Hunger, MicroSave, PEACE Ethiopia, and the Young Entrepreneurs Program in Kosovo.

By 2012, Making Cents International’s youth-inclusive financial services and learning resources had reached over 200 institutions and more than 2,500 individuals through direct training and technical assistance; we had reached thousands more via websites, conferences, and other events. These learning products have influenced the development of over 30 financial products delivered to an estimated 1.5 million youth in the developing world.<sup>10</sup>

Meanwhile, our knowledge management (KM) activities informed the technical services side of the company. Making Cents focused more and more on financial inclusion—a top concern among the stakeholders we work with. By shifting our focus, we made the inclusion process more accessible and value-added. Advocacy-oriented interest groups had long focused on why the historically underserved groups should be better integrated into projects that would ensure

broader economic growth. Instead, we focus on how inclusion could actually work in practice.

Today, financial institutions seek us out to help make their products more accessible to young people, and to prepare these young consumers to use the products to improve their livelihoods and well-being. Thus we have one foot in the door of both the financial services and non-financial services sectors. This lets us act as an honest broker, or market maker, between traditional actors in micro-enterprise and microfinance who want to better understand how to make their products more accessible to youth consumers. The market research approaches and program design methods that we have developed create opportunities for two types of groups: the advocates and the micro-enterprise organizers. They can each feed into the work on access and readiness that the other is doing. Now, instead of each side being standoffish and frustrated by the other, they have shifted to being practical allies and partners.

### RAPID GROWTH OF A SECTOR

The three years between 2008 and 2011 saw an explosion of interest in the North American international development sector and in funding for youth economic development. Many different actors and donors entered the field. Suddenly, youth employment had jumped to the top of the international development agenda, especially for those working to stabilize fragile states. Then a wider consciousness developed about meeting the needs of young people and helping them become economic citizens.

Helping drive this consciousness was the World Bank's 2007 report on development and the next generation.<sup>11</sup> Its analysis of the demographic dividend was crucial. It explained that yes, today's world includes a greater proportion of young people than ever before, and they need a lot of services. But it saw this phenomenon as a potential advantage. These large populations of young potential workers are the engine behind rapid economic growth: now that the dependent populations (children and the elderly) are relatively smaller, especially in the developing world, surplus earnings can go into investments that drive productivity. *But* if this working population is to be productive they must learn skills and find or create employment within a specific window of time—when they need to be healthy, educated, employed, and working in a favorable policy environment. If not, an enormous uneducated and disenfranchised population could become a liability. Many development professionals were shocked to learn that for some countries, this window has closed, and for many others, it would be closing within ten years.

Then the 2008 global financial crises put a spotlight on jobs, skills, and youth unemployment. And 2010 saw the advent of the Arab Spring and the influence of the largest-ever population of young people. Private-sector companies interested in investing in emerging economies flagged a key barrier: a lack of qualified employees. Soon, public-private partnerships popped up to address this problem. And the year from August 2010 to August 2011 was declared the United Nations

## Emerging Guidelines for Designing and Implementing Youth-Inclusive Financial Services

To achieve the desired impact on youth and be able to offer quality integrated financial services at scale and on a sustainable basis, financial services providers should take seven actions:

**Involve youth in market research and product development.** Paying attention to the particularities of the youth market and involving youth in product development processes may lead to simple yet critical changes to new and existing products and delivery channels.

**Develop products and services that reflect the diversity of youth.** The youth market contains sub-segments related to age (legal age), life cycle stage (marital and parental status), gender, education, employment status, and vulnerability. Consider these differences when designing and delivering products.

**Ensure that youth have safe and supportive spaces.** Safe spaces help build young people's confidence and enable them to take advantage of opportunities. This may involve infrastructure considerations, delivery mechanisms, and social networks.

**Provide complementary non-financial services for youth, or link youth to them.** Such services include mentoring, financial literacy, cultivating a savings culture, life-skills training, and support in livelihoods and workforce development.

**Focus on core competencies by utilizing partnerships.** Assess and complement institutional strengths and weaknesses by collaborating with youth-serving organizations, schools, training institutes, and other entities, particularly in providing safe spaces and non-financial services.

**Involve community.** Include family, schools, teachers, and other local groups, to mutually reinforce and enhance the effectiveness of financial and non-financial services.

**Establish institutional readiness.** Establish a strategic rationale for serving youth, and institutional readiness, including adaptable policies and appropriate staff capacity.

---

Year of Youth.

In response to these developments, we were both shaping the times and adapting to them. We changed the name of our conference to the Global Youth Economic Opportunities Conference so we could include, and reflect the importance of, cross-sector youth programming, and could welcome stakeholders focused on workforce readiness.

At our fifth anniversary conference in 2011, we looked back: five years earlier, no one could have imagined how far we had come. In my opening remarks I noted three developments.



Thanks to the determination of key funders and dedicated practitioners, we can now quantify the return on investment of investing in adolescent girls: when girls' school attendance increases 10 percent, a country's economy grows by 3 percent.<sup>12</sup>

We have moved from recognizing the immediacy of the issues to arming students with the skill sets to enter the present and future workforce. For example, in Liberia, universities are working with private- and public-sector partners to create Centers of Excellence in engineering and agriculture that will produce graduates prepared to meet the country's most pressing development needs.<sup>13</sup>

Youth represent a viable, low-risk, and growing market. Organizations around the world are serving young people with minimal reported risk to their portfolios, ranging from .03 percent to a maximum of 3 percent. Young people are showing that they may be less risky clients than adults, given the right combination of financial and non-financial services.

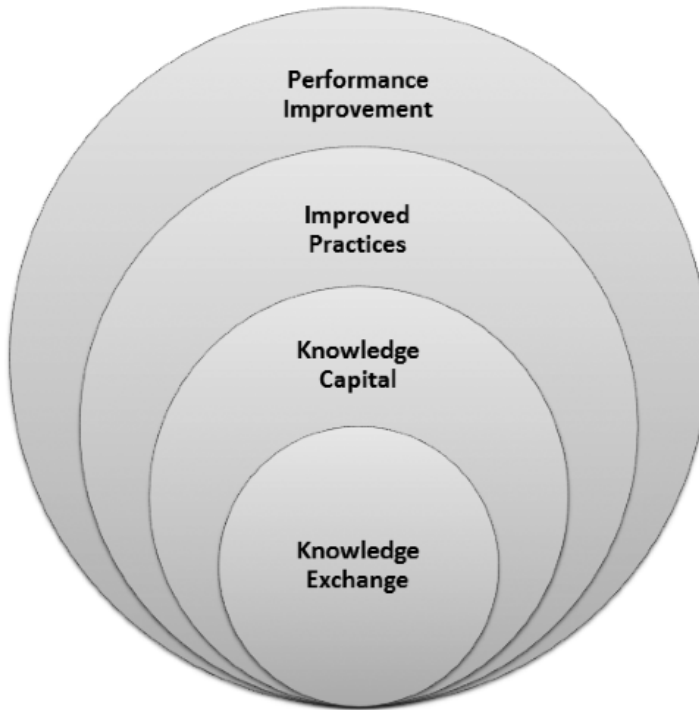
Our annual conference was well-regarded; USAID designated it a "go-to" annual event, as did other leading funders and international NGOs. We were told that the conference plays a unique role in bringing together disparate, yet essential, actors in the YEO world. But, I had to ask myself, how do we know we are accomplishing enough?

#### IS IT WORKING?

We needed to find out if more young people were getting jobs or starting businesses as a result of our learning initiatives that provided stakeholders with new knowledge, tools, and resources. In the business sector, companies can clearly assess the impact of KM: they can calculate cost savings, efficiency improvements, and increased profits. But when we use KM for international development, our bottom line is program impact. How do you structure an M&E framework to measure that kind of impact? The international development community has yet to reach consensus on a standard approach for measuring and evaluating KM activities, and often groups don't do it at all.

Making Cents makes it a top priority to evaluate our knowledge-exchange and partnership-building initiatives. We want to ensure we are facilitating high-impact, scalable, and sustainable programs. We use the Ripple Model, which includes a four-level approach, to evaluate each of our initiatives.<sup>14</sup> The Ripple Model recognizes the type of contributions KM can make in initiatives for socioeconomic development, producing a series of "ripple" effects, each of which grows in its potential to influence. This model is based on the concept that knowledge exchange catalyzes change at various levels, as shown in the four-circle diagram.

Like a stone thrown into a pond, the delivery of a knowledge-sharing activity or tool is the first level of impact, called Knowledge Exchange. A multiplier effect activates a second ripple, Knowledge Capital, increasing the impact with the tangible and intangible results of the activity or tool (e.g., documents, skills, inspiration, relationships, procedures, etc.). At this point, the impact has the potential to



**Figure 1.** The Making Cents Knowledge Management M&E framework.

reach those who did not attend the event or did not have access to a document before it was shared. As individuals and organizations learn from one another, they begin to change the way they do things, deepening their impact on the third ripple: Changed Practices. Finally, people change their practices, and performance improves, leading to profound impact. We refer to this stage as Performance Improvement.

To monitor the first two levels of the framework, we collect quantitative and qualitative data through surveys and interviews with members of the YEO community. We know the reach of the conference through the number of participants and the countries they come from. We can also understand how the information being exchanged is affecting programming.

To assess the highest level of impact – improved practices and growth in program scale and sustainability and strengthened partnerships – we also collect anecdotal evidence. For example, from a survey we conducted after the 2009 conference, we learned that BRAC, the Bangladesh-based NGO, connected with Intel at our conference. The partnership they formed brought Intel computers into girls' clubs in Bangladesh. This enabled the young women whom BRAC supports to learn IT skills that boost their employability. Through interviews after the 2011 conference, we learned that World Vision applied new knowledge gained at the conference to improve its youth programming. It also gained access to organiza-

tions that provided the information it needed to develop evidence-based programming. Finally, at the 2012 conference, Fundación E of Mexico received concrete feedback on its model that supports Mexican immigrants living in the United States who hope to invest in Mexican businesses. This was vitally important to the group, as one of the first examples of a national government investing in young immigrants in the United States.

Making Cents continues to learn about learning and we plan to update and share our M&E framework as we explore the best way to do this.

## THE NEXT GENERATION OF COLLABORATIVE LEARNING AND ACTION

In 2012, as Making Cents and the Global Youth Economic Opportunities Conference continued to grow and change lives, I started feeling restless again. The conference is a valuable venue for growing the YEO field, and people gain so much momentum there, but they tend to lose it with the friction of time.

More and more people asked our leadership team to do more: extend the conversations, build relationships, and continue sharing throughout the year. And, once we took a step back to consider our knowledge generation work, we renamed our KM practice area. It is now the Collaborative Learning and Action for Youth Economic Opportunities Institute, or Co-Lab. Co-Lab's strategy for 2013 to 2015 includes six activities.

**1. Develop multi-year learning agendas.** Currently, Co-Lab has two multi-year learning agendas that focus on technology and youth, and on economic opportunities for youth in rural areas. For the technology agenda, we are seeking answers on how the synchronous emergence of mobile technology, ubiquitous access to high-powered tools, and powerful data analytics can widen or converge inequalities across regions and between generations. Our strategy to answer these questions involves engaging the founders of companies involved in “positive disruptive” technology, including Indiegogo, Bkash, Souktel, Digital Divide Data, and SamaSource, as well as representatives of Microsoft, Facebook and others. The Citi Foundation is an instrumental funding partner in this effort, contributing field knowledge and experience gleaned from other partnerships and posing key questions to promote dialog and encourage testing new program in the broader youth development field.

Our second multi-year learning topic is intentional and informed programming for rural youth, a neglected segment of the population, along with awareness of research, tools, and proven methods for applying knowledge to one's own program. The MasterCard Foundation is supporting the collaborative learning and action agenda we call Opportunities for Youth in Rural Areas.

**2. Support applications.** How many times have you read a report, listened to a presentation, or met someone at a conference that inspired you to improve your work – and then didn't follow through? Making Cents is increasing our support to our stakeholders by sharing information in ways that others can adopt and adapt; we have launched a series of learning events we call Apply It.

**3. Scale up and involve new stakeholders.** Especially in developing countries, stakeholders often do not have a voice in, or participate in, the traditional KM activities, such as attending conferences, or publishing and broadly disseminating their work. So we are expanding the ways we give a microphone to these people, significantly aided by the global trends of increasingly ubiquitous and affordable internet access and lower cost hardware and software.

**4. Leverage technology** to help accomplish all of these goals. We manage [www.YouthEconomicOpportunities.org](http://www.YouthEconomicOpportunities.org) to serve as a central repository and town square to share knowledge. Making Cents' Co-Lab use complementary technology to create high-tech learning opportunities that complement or supplement "high-touch" in-person events. For example, at our 2012 conference, the Enterprise Uganda Foundation presented a replicable approach to youth entrepreneurship development. People ranked the session highly and asked for more information about how to bring it into their own organizations. In response, Making Cents organized an "Apply It!" webinar to bring this tool to a global audience.

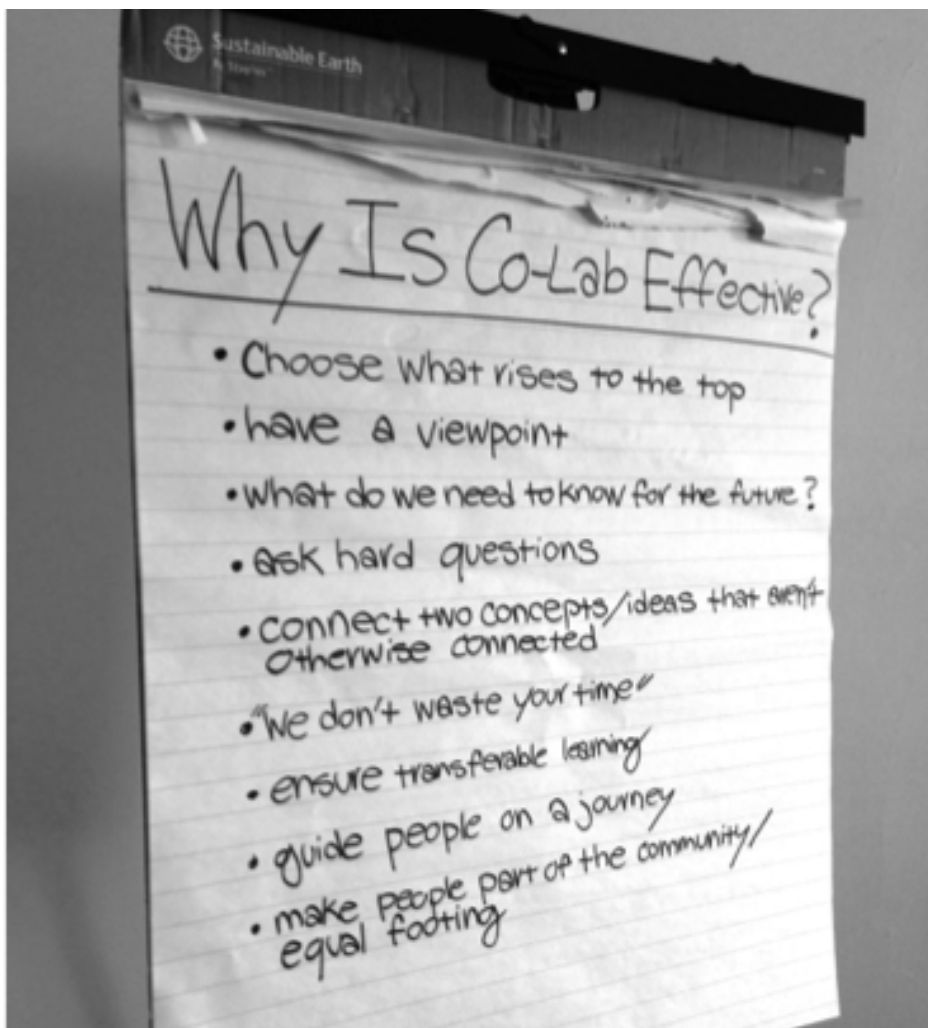
**5. Focus on innovation.** Innovation is the root of Co-Lab's work, part of our DNA. We are still experimenting. We are intrigued by examples of crowdsourcing and by its speed, but we have seen YEO actors fail in several attempts at online crowdsourcing. So we decided to try a high-touch approach. Walmart asked us how it could lower the cost of crucial soft-skills training and make it more available and accessible to those who truly need it to find work. The diverse individuals we invited to answer that question held an exciting three hours of exchange that involved drawing, debate, head-shaking, and some Ah-ha! moments. As a result, Walmart is continuing to explore the question with partners including Mozilla and the Khan Academy. It has now commissioned a survey of interested companies to develop a common baseline for core soft skills.

**6. Use what's in our DNA.** In our internal 2013 Co-Lab strategy session, we reviewed seven years of feedback from our global network of learning partners. We wanted to understand which of our offerings keep our partners contributing and consuming information, given the demands on their time and resources. We boiled it down to nine characteristics on a flip chart—as shown in the photo below.

After seven years of facilitating partnerships and interactive learning between stakeholders working in a range of sectors, Making Cents has established a reputation as trusted convener, knowledge hub, facilitator of dialogue, and honest broker of information and new partnerships. This lets us ask the crucial questions and elicit the honest answers that inform the development of more effective YEO programming.

## WHERE DO WE GO FROM HERE?

In 2013, youth are on the radar screen of private sector, bi-lateral, and multi-lateral organizations. We all know we need to equip young people to achieve their potential. The question is how to put meat on the bones of good intentions and statistics. The YEO field acknowledges that young people need 21<sup>st</sup>-century skills, bet-



### Why is the Co-Lab Effective?

ter education to prepare them for employment, and access to financial services. And more and more programming addresses the needs of girls and young women. Technology is increasingly being used to supplement or complement activities. As a sector, our job is to build on what we know works and shift the question to *how* we implement good policy and practice.

It's exciting and important to have multiple organizations working to increase economic opportunities for young people; they have an important role to play. But we also see churning and confusion about the role of each actor. I propose that we organize ourselves better so we can work more cohesively, perhaps through national and regional strategies. Our sector needs established measurement practices and standards so we can compare apples to apples—not apples to pineapples. Today, the YEO field is where the basic education field was ten years ago: people are more

aware of our importance but they need to harness the urgency of the cause with more evidence-based efforts that achieve measurable results, scale, and sustainability.<sup>15</sup>

### **Youth Mainstreaming Practices**

Our day-to-day work as an organization is more closely linked to practitioners in the for-profit and not-for-profit sectors than to global policy makers. Thus Making Cents is well aware of what we will need if we are to effectively include youth: both innovation in technical approaches and intervention design, and excellent public policy direction and incentives. In fact, our Co-Lab experience shows us when and why we get the genuine breakthroughs in youth inclusion: they happen less often because someone finds that investing in a given program is a good solution for youth, and more often because smart investments in youth solve a given social challenge that governments or markets want to see addressed.

A good example of this is Making Cents' current focus on youth in rural areas—which has arisen largely because donor policy has shifted towards specifically including youth in rural development (particularly agricultural) programming. Early work by youth advocates in this area focused more on what youth wanted or aspired to, and the education and training opportunities they needed to achieve that—so the resulting programs have seen youth as beneficiaries or clients of necessary social investments. Because of this perspective, the emphasis on social inclusion was often pitted against the need to be competitive: people thought that one could be achieved only at the expense of the other. Making Cents adopted a different approach: by asking instead how youth inclusion can enhance competitiveness, we are exploring not only constraints to youth inclusion but also the constraints that we can help to alleviate by including youth. Making Cents worked to integrate a rigorous youth lens into activities that assess value chains. We ask questions like these: How can youth inclusion address clear gaps in the value chain in areas such as service provision or transport? What are the binding constraints to this participation? This approach results in strategies that improve value chains. These strategies are both oriented to the market and focused on including youth. Youth participation strengthens the entire value chain, and young people are seen as full-fledged economic actors and stakeholders. As a result of mainstreaming, over the past seven years, the issue of involving youth in meaningful ways and shaping economic opportunities to serve them has moved from being nearly invisible, to being front and center.

### **Youth Engagement**

Four teenagers in Sierra Leone taught me a lesson: how crucial it is to have youth at the table when deciding what is best for them. In 2006, Plan International held a planning workshop for a West African group developing a strategy on youth financial inclusion and skills development. During the workshop, the adult “experts” dismissed the idea that the definition of youth be extended beyond age

24. The teens from Sierra Leone jumped up horrified, waving their arms. They went on to educate us about why we needed to consider the definition of youth more carefully, and country by country. They used their country as an example. In Sierra Leone, those who are now in their late 20s were living through civil war during the years they should have been in secondary school. Programs like those the Plan offered were their second— and last—chance.

Fortunately, far more youth are having their voices and preferences heard. Foundations, corporations, governments, and civil society organizations prioritize *meaningful* youth participation. Youth are engaging in, and leading, activities across the spectrum of youth development. July 16, 2013 saw the United Nations Youth Takeover. The floor was given to Pakistani teen Malala Yousafzai, whose key message was that education is a right—and that young people demand that right be fulfilled.<sup>16</sup> Decisions about what to fund, who to involve, and how to implement are no longer the exclusive domain of “experts” such as government ministers, CEOs, and teachers. Youth activists demand the services and opportunities that they know they, their families, and their communities need to succeed in the 21<sup>st</sup> century.

### BACK TO THE BEGINNING

As I reflect on my 18 years in economic development, my most fulfilling experiences, through our Co-Lab Institute and our technical services, have been working as part of a team of teams that provides grease, glue, and fuel to drive the YEO sector.

Khayelitsha was that Cape Town township where I led my first training using the Making Cents model. This year, Sizewe Nzima, a young man operating his business in Khayelitsha, was named by Forbes magazine as one of Africa’s best young entrepreneurs under 30. I am encouraged to see that entrepreneurs and social entrepreneurs are beginning to thrive in areas where operating conditions were traditionally difficult if not impossible and few had the chance to learn entrepreneurial and employability skills. If Sizewe can come this far, imagine what the rest of the world’s 1.8 billion young men and women can do. Making Cents will accompany them on their journey. Join us!

- 
1. Jane Battersby, “The State of Urban Food Insecurity in Cape Town,” *Urban Food Security Series* no. 11: Kingston and Cape Town: Queen’s University and AFSUN, 2011.
  2. In the United States, an organization that wants not-for-profit status must first register as a company and then submit an application for tax-exempt status to the Internal Revenue Services (IRS). I misunderstood the process: the organization can operate while it waits for the IRS response on its application.
  3. Available at <http://www.youtheconomicopportunities.org/state-of-the-field>
  4. Plan International. Post-conference survey. 2011.
  5. Hanna, Loubna. Email message to Fiona Macaulay. June 6, 2013.
  6. Making Cents International, *2008 State of the Field in Youth Enterprise, Employment and Livelihoods Development*. Washington, DC: Making Cents International, 2008. .
  7. Storm, Lara, Beth Porter, and Fiona Macaulay. “Emerging Guidelines for Linking Youth to

*Fiona Macaulay*

- Financial Services". *Enterprise Development and Microfinance*. December 2010: 1755- 1986.
8. Lara Storm and Fiona Macaulay, "Growing Potential: Microfinance-Plus Approaches to Cultivating the New Generation of Young Clients," *The Journal of Social Business* 1 no. 3 (2011): 80-101.
  9. The National Confederation of Cooperatives in the Philippines reported that our youth-inclusive financial services training gave them "the chance to understand an untapped and huge market" and to meet their "financial and social bottom lines." Post-conference survey. 2008.
  10. Making Cents International, report to the MasterCard Foundation, January 2012. (Private report based on results of phone interviews with partner institutions.)
  11. World Bank, *World Development Report 2007: Development and the Next Generation*. Washington, DC: World Bank, 2007.
  12. The Girl Effect, Girl Effect Factsheet, 2013. <http://www.girleffect.org/about/>
  13. This work is being performed by the USAID/Liberia Excellence in Higher Education for Liberian Development (EHELD) project, implemented by RTI International.
  14. Mark Turpin, Joitske Hulsebosch, and Sibrenne Wagenaar, "Monitoring and Evaluating Knowledge Management Strategies," IKM background paper; Bonn: IKM, 2010.
  15. I thank Clare Ignatowski for this point, made in a recent conversation.
  16. Yousafazi entered the media spotlight in 2012, after she survived a Taliban assassination attempt. She was targeted for her advocacy for girls education.