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Unemployed African youth to benefit from UN-backed finance programme



UNCDF Executive Secretary David Morrison

13 December 2010 – Some 200,000 low-income youth in sub-Saharan Africa will benefit from a United Nations-backed initiative announced today to increase access for them to financial services in a region where youth unemployment rates are two to three times that of adults.

YouthStart, co-sponsored by UN Capital Development Fund (UNCDF) and the MasterCard Foundation, which has made a four-year, \$12 million contribution, is a competition-based programme that will identify and support up to 12 financial institutions to pilot and roll out sustainable financial services tailored to youth.

“We are excited about the potential for YouthStart to accelerate the establishment of youth financial services in sub-Saharan Africa,” UNCDF Executive Secretary David Morrison said.

“Our strong expertise in ensuring that more households and small businesses gain access to credit, savings, insurance and other financial services that expand opportunities, combined with the Foundation’s network and resources, presents another boost for reducing poverty and accelerating progress towards the Millennium Development Goals ([MDGs](#)),” he added, referring to UN targets to slash a host of social ills by 2015.

UNCDF will encourage collaboration among financial institutions and providers of non-financial services to spur innovation and influence policy decisions, enabling youth to participate in inclusive financial sectors.

Today, more than a quarter of the population of sub-Saharan Africa are between the ages of 12 to 24, making this group of youngsters the largest ever to be entering adulthood. Half of them remain illiterate, and young women in particular face a more challenging transition to the workplace and independent adulthood since they are more likely to fail to complete primary education and face increasing insecurity and discrimination in the labour market.

Early findings suggest that financial services aimed at youth can best promote asset-building and sustainable livelihoods when complemented with entrepreneurship and financial literacy training. However, less than 5 per cent of youth in the region have access to financial services. Few financial institutions have experience serving youth or working with youth support organizations to design and deliver youth-centric programmes.

Through the provision of technical assistance, market research and advice on how to partner with youth support organizations, YouthStart will help microfinance providers develop effective channels to deliver demand-driven services to youth.

“The MasterCard Foundation is committed to helping youth start out right,” said its President and CEO, Reeta Roy. “Through YouthStart, The MasterCard Foundation is opening up pathways for 200,000 sub-Saharan African youth, half of whom will be girls and young women, to gain access to financial services.”

UNCDF, the UN capital investment agency for the world’s 49 least developed countries, creates new opportunities for poor people and their communities by increasing access to microfinance and investment capital. It focuses on Africa and the poorest countries of Asia, with a special commitment to countries emerging from conflict or crisis.

It provides seed capital – grants and loans – and technical support to help microfinance institutions reach more poor households and small businesses, and local governments finance the capital investments – water systems, feeder roads, schools, irrigation schemes – that will improve poor peoples’ lives.

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