



# Financial Education Initiatives in the Arab Region

A stocktaking report



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## Abbreviations

<b>AAA</b>	Al Amana (MFI in Morocco)
<b>AAIB</b>	Arab African International Bank
<b>ABA</b>	Alexandria Business Association (Egypt)
<b>ABEF</b>	Association Professionnelle des Banques et des Établissements Financiers (Algeria)
<b>ACM</b>	Autorité de Contrôle de la Microfinance (Tunisia)
<b>AED</b>	Academy for Educational Development
<b>AFESD</b>	Arab Fund for Economic and Social Development
<b>AFI</b>	Alliance for Financial Inclusion
<b>AFLATOUN</b>	Child Social and Financial Education
<b>AMF</b>	Arab Monetary Fund
<b>AMOS</b>	Association de Microfinance Oued Srou (MFI in Morocco)
<b>ANDI</b>	Agence Nationale de Développement de l'Investissement (Algeria)
<b>ANETI</b>	Agence Nationale de l'Emploi et du Travail Indépendant (Tunisia)
<b>ANSEJ</b>	Agence Nationale de Soutien à l'Emploi des Jeunes (Algeria)
<b>ATFP</b>	Agence Tunisienne de la Formation Professionnelle (Tunisia)
<b>BAM</b>	Bank Al-Maghrib (Central Bank of Morocco)
<b>CAD</b>	Cooperation with Arab Donors Programme
<b>CAWTAR</b>	Center of Arab Women for Training and Research
<b>CBE</b>	Central Bank of Egypt
<b>CDSTC</b>	Community Development Society for Thought and Culture
<b>CGA</b>	Comité Général des Assurances (Tunisia)
<b>CGAP</b>	Consultative Group to Assist the Poor
<b>CMS</b>	Centre Mohammed VI pour la Microfinance Solidaire
<b>CNAC</b>	Caisse Nationale d'Assurance Chômage (Algeria)
<b>COSOB</b>	Commission d'Organisation et de Surveillance des Opérations de Bourse (Algeria)
<b>CYFI</b>	Child and Youth Finance International
<b>DIG</b>	Development Innovations Group
<b>EBI</b>	Egyptian Banking Institute
<b>EFSA</b>	Egyptian Financial Supervisory Authority
<b>ENDA</b>	Enda Inter Arabe (an MFI)
<b>ETTIC</b>	Egypt Technology Transfer and Innovation Centre
<b>FCP</b>	Financial consumer protection
<b>FE</b>	Financial Education
<b>FEP</b>	Financial Education Project (Egypt)
<b>FI</b>	Financial Inclusion
<b>FL</b>	Financial Literacy
<b>FMEF</b>	Fondation Marocaine de l'Éducation Financière
<b>GBA</b>	Global Banking Alliance for Women
<b>GFLS</b>	Global Financial Literacy Survey
<b>GIZ</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit
<b>HCP</b>	National Statistical Office (Morocco)
<b>INFE</b>	International Network on Financial Education
<b>IoF</b>	Basil Fuleihan Institute of Finance
<b>ISET</b>	Institut Supérieur des Études Technologiques

<b>JA</b>	Junior Achievement
<b>JRF</b>	Jordan River Foundation
<b>MEHE</b>	Ministry of Education and Higher Education (Lebanon)
<b>MENA</b>	Middle East and North Africa region
<b>MENA MDTF</b>	Middle East and North Africa Multi Donor Trust Fund
<b>MENFOP</b>	Ministère de l'Éducation Nationale et de la Formation Professionnelle (Algeria)
<b>MFC</b>	Microfinance Centre (Central Europe and Asia)
<b>MFC</b>	Microfinance company
<b>MFI</b>	Microfinance institution
<b>MFO</b>	Microfinance opportunities
<b>MHFI</b>	McGraw Hill Financial Inc.
<b>MOF</b>	Ministry of Finance (Lebanon)
<b>MoU</b>	Memorandum of understanding
<b>MoPIC</b>	Ministry of Planning and International Cooperation Jordan
<b>NADA</b>	Réseau Algérien pour la Défense des Droits de l'Enfant
<b>NBE</b>	National Bank of Egypt
<b>NFSEP</b>	National Financial and Social Education Programme (Jordan)
<b>NPO</b>	Non-profit organisation
<b>NSFE</b>	National Strategy on Financial Education
<b>NSFI</b>	National Strategy on Financial Inclusion
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>PCMA</b>	Palestinian Capital Markets Authority
<b>PIF</b>	Palestinian Insurance Federation
<b>PLC</b>	Palestinian Legislative Council
<b>PMA</b>	Palestine Monetary Authority (central bank)
<b>PNA</b>	Palestinian National Authority
<b>PNSMF</b>	Palestinian Network for Small and Micro Finance
<b>RYSI</b>	Regional Youth Savings Initiative
<b>SAMA</b>	Saudi Arabian Monetary Agency
<b>Sanabel</b>	Microfinance Network of Arab Countries (MENA)
<b>SEBC</b>	Syrian Enterprise and Business Centre
<b>SIC</b>	Special Investigation Commission
<b>SNEFA</b>	Sudanese Network for Education for All
<b>SYPE</b>	Survey of Young People in Egypt
<b>TAMSS</b>	Tunisian Association for Management and Social Stability
<b>ToT</b>	Training of trainers
<b>UBF</b>	Union Bancaire Francophone
<b>UNRWA</b>	United Nations Relief and Works Agency for Palestine Refugees in the Near East
<b>USAID</b>	United States Agency for International Development
<b>WB</b>	World Bank Group
<b>YMN</b>	Yemen Microfinance Network





# I. Background of the document

Financial literacy as well as financial consumer protection became an increasingly important feature of a financially inclusive environment. Across the Arab region many initiatives have sought to enhance financial education at the national and regional levels. However, little information has been shared and few impacts have been felt from one country to another. Therefore, the Arab Monetary Fund and Bank Al-Maghrib, in collaboration with GIZ, the World Bank and OECD organised a conference on financial education in the Arab region in October 2016. The conference aimed to bring together public authorities, financial service providers, researchers, non-governmental organisations and civil society to share emerging best practices on developing financially capable communities in the Arab region.

This report – compiled in preparation for the conference – is based on relevant information collected through literature review and interviews with stakeholders (see Appendix). Looking at existing policy frameworks and demand-side analyses, this research recapitulates the general status of financial education in several selected countries in the Arab region: Algeria, Egypt, Jordan, Lebanon, Morocco, the Palestinian territories, Tunisia and Yemen. Furthermore, recent empirical evidence on regional and national financial education initiatives as well as their stakeholders, targets, approaches, budgets and results are summarised in order to extract deeper, fact-based insights on recent experiences and impact evaluations.



## II. Introduction

Despite significant energy pricing reforms and the adoption of prudent policies in many countries, the economies of the Arab region continue to be affected by a number of unfavourable factors, including the sluggish recovery of the global economy, uncertainty around international oil prices and ongoing socio-political developments within certain Arab countries. The unemployment rate for young people aged from 15 to 24 years stands at 29.7%, higher than in other world regions, and Tunisia and Egypt have seen general unemployment grow by four percentage points over and above the levels recorded prior to the Arab Spring.<sup>1</sup> Only one out of four women in the Arab region participates in the labour force, meaning women constitute 80% to 90% of the region's inactive workers.<sup>2</sup> However, most of the work available to women and men both is found in the informal sector. Data shows that there is not one country in the Arab region with a formal private sector that displays labour participation rates of higher than 20% of the active workforce. Closely linked to these points is the fact that 12% of the 345.4 million inhabitants of the 13 developing countries in the Arab region live below the poverty level, defined as an income of USD 2 or less per day.<sup>3</sup>

Against this background, financial inclusion access is critical for managing economic shocks, investing in productive assets including health and education, and promoting the formalisation and growth of micro-enterprises. Historically, financial inclusion in the Arab region has been relatively low compared to that of other world regions. For example, according to the 2014 Global Findex Database,<sup>4</sup> account penetration in the Arab world stands at 29% compared to 69% in East Asia. And if one excludes the GCC countries, the outreach of formal financial services in the region reaches only 21% of the population – the lowest such level worldwide. Account penetration is even lower for women in the region – the Global Findex Database shows that the weighted average of the account penetration stands at 24.5% – exposing an important gender gap. All countries in the Arab region therefore lag behind not just the OECD but also many other non-OECD high-income countries. Among the poorer 40% of households, only 7% of adults had an account compared to 19% among the wealthier 60% of households, which highlights the high level of inequality in financial inclusion.<sup>5</sup>

Two out of three people in the region are below the age of 30 and young people make up 30% of the working population. Given that decisions made by young people (aged between 12 and 24 years) have disproportionate

1 The World Bank: World Development Indicators, available at <http://databank.worldbank.org>

2 McConaghy, P., Supporting Job Creation and Innovation through MSME Development in MENA, available at <http://siteresources.worldbank.org>; and The World Bank (2013), Opening Doors: Gender Equality and Development in the Middle East and North Africa, MENA Development Report, available at <http://openknowledge.worldbank.org>

3 The World Bank Global Findex Database 2014: Middle East, available at <http://datatopics.worldbank.org>

4 Data sourced from Findex 2011 and 2014 data. Findex provides an average for 'Middle East developing countries', which includes Egypt, Iraq, Jordan, Lebanon, Palestine and Yemen. Other regional figures are calculated as averages weighted by the adult population. GCC countries include: Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates.

5 The World Bank Global Findex Database 2014: Middle East, available at <http://datatopics.worldbank.org>

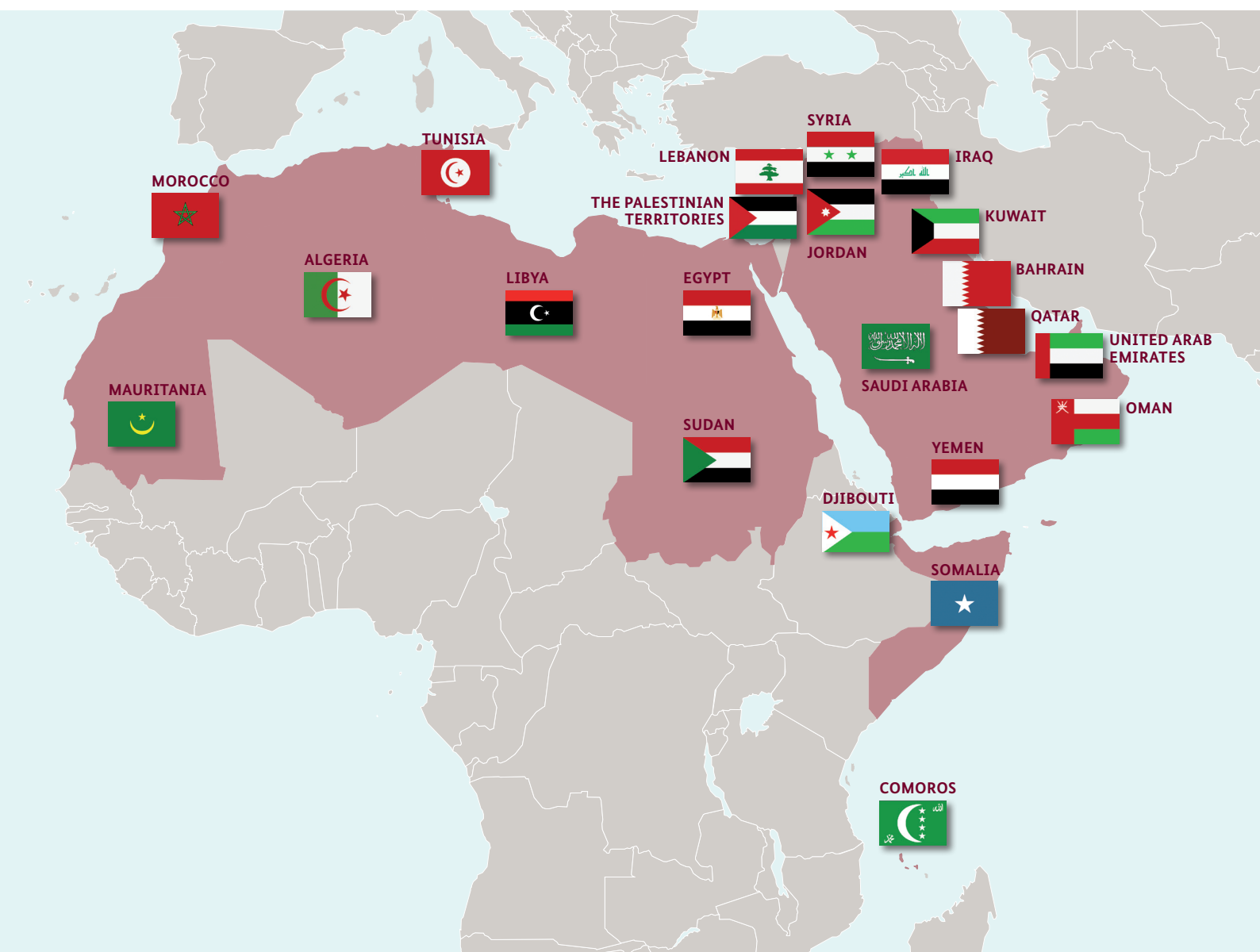


effects on their long-term potential to acquire human capital, including important psychosocial benefits such as increased household stability and generally improved psychosocial functioning, this segment of the population needs special policy targeting.

The high levels of financial exclusion of large sections of the Arab population have prompted policy-makers to respond. To promote financial inclusion among these excluded groups they are, among other things, developing national strategies, creating incentives for financial service providers to downscale, and improving the regulatory and supervisory frameworks underpinning inclusive finance.

One of the key pillars to ensure that all people are included in their country's financial sector is empowerment through financial education. To support financial inclusion efforts from the demand side, financial education initiatives aim at facilitating access and encouraging wider use of appropriate financial products and services for the benefit of individuals. The remainder of the report is structured as follows: Section 3 looks at global initiatives and conferences on financial education, Section 4 outlines regional initiative on financial education, Section 5 summarizes studies on financial literacy in the Arab world, Section 6 provides information on the national status of financial education and its initiatives, and Section 7 concludes this report.

## COUNTRIES IN THE ARAB REGION





### III. Global initiatives and conferences on financial education

#### Global initiatives on financial education

##### **AFLATOUN<sup>6</sup>**

Aflatoun is an organisation that offers social and financial education to children and young people. It started in Mumbai, India, in 1991 as an action research project led by Jeroo Billimoria, who was at that time working at the Tata School of Social Studies. The project went global in 2005 when Aflatoun (Child Savings International) was incorporated in Amsterdam. Jeroo Billimoria, now a globally recognised social entrepreneur, won a Skoll Foundation Award in 2006, which she used to promote social and financial education around the world. As part of this work, in March 2008 Princess Maxima of the Netherlands launched the Social and Financial Education campaign with the ambitious goal of reaching one million children in 75 countries within three years. These targets were in actual fact exceeded.

Aflatoun International works in close collaboration with the Aflatoun Network and has three strategic priorities:

- To advocate for social and financial education for every child.
- To deliver quality social and financial education and skills programmes.
- To accelerate the scaling up of social and financial education.

##### **GLOBAL MONEY WEEK<sup>7</sup>**

Global Money Week (GMW) was initially developed by Child and Youth Finance International (CYFI) in 2012, and since 2013 it has been celebrated in the Arab region. In 2015 GMW activities took place in Egypt, Lebanon, Morocco, Palestine, Saudi Arabia, Somalia, Syria, Tunisia, United Arab Emirates and Yemen. More detail is provided on these national GMW activities in section IV.

In 2015 more than 1,700,000 children and young people from across the Arab world took part in numerous financial awareness campaigns. These included activities such as ringing the bell to open trading at the stock exchanges of four Arab countries, visiting central banks, participating in financial education activities in schools, and sampling life as an entrepreneur.

Worldwide, GMW 2015 reached 5.6 million children and young people in 124 countries. A total of 962 organisations were involved either as partners or as deliverers of the more than 3,000 activities offered. The event garnered substantial media coverage, with 321 articles published on Global Money Week.<sup>8</sup>

##### **GLOBAL FINANCIAL EDUCATION PROGRAMME**

One of the first large-scale initiatives that targeted people living below or just above the poverty line in developing countries was the Global Financial Education Programme (GFEP). The initiative was developed by

6 Aflatoun's website: <http://www.aflatoun.org>

7 Global Money Week's website: <http://globalmoneyweek.org>

8 Global Money Week Report 2015, available at <http://www.childfinanceinternational.org>

Microfinance Opportunities and Freedom from Hunger and is financed by the Citi Foundation.<sup>9</sup>

GFEP has provided financial education training to 266 master trainers and 2,831 organisational trainers, and has reached over 168,000 clients of microfinance institutions in 30 countries worldwide over the past two years. The Project has also used alternative delivery channels such as radio and newsletters, which have enabled it to reach an additional 6.6 million individuals around the world. GFEP's activities include an awareness campaign communicated through television, radio and print media channels. Roadshows comprising video, music, dance or theatre presentations also visit the meetings of village savings and loan associations to promote financial education. The campaign covers topics including budgeting, debt management, savings, bank services and financial negotiations.<sup>10</sup>

### HSBC GLOBAL EDUCATION TRUST AND STUDENTS IN FREE ENTERPRISE (SIFE)

In conjunction with HSBC Global Education Trust and Students in Free Enterprise (SIFE), HSBC's Global Banking and Markets Division Customer Group developed the bank's financial literacy programme, which sought to foster responsible money management skills among the public – particularly young people between the ages of 16 to 25 and women entrepreneurs. The programme was launched in 2005 in 27 countries, including Egypt and Morocco. In a study following its initial launch, SIFE estimated that more than 2,850 students were involved and that nearly 170,000 individuals directly benefited through the programme. HSBC set a project time frame of three years and pledged USD 3 million to support the programme during this period.<sup>11</sup>

Drawing on SIFE's network, community projects providing financial literacy were delivered to a wide range of audiences (children, students, out-of-school young people, adults, female entrepreneurs, etc.) and using various channels.<sup>12</sup>

### SCHOOLBANK

SchoolBank aims to increase the financial inclusion of children and young people through the school system. The programme uses innovative distribution channels (e.g. schools) and technology (e.g. mobile banking and online banking) with the goal of financially empowering children and young people in a cost-efficient and sustainable way. Through its innovative multi-stakeholder approach, SchoolBank aims to create systemic change by providing children and young people with a child- and youth-friendly bank account that they can use to save money. In tandem with setting up the savings accounts, SchoolBank provides account holders with appropriate learning on why and how to save and on their economic rights.<sup>13</sup>

SchoolBank's activities in the Arab world included a two-day international workshop in Cairo, Egypt, held in December 2015.

### VISA

The well-known global payments technology enterprise VISA also engages in financial literacy initiatives. The website MyMoneySkills<sup>14</sup> is a financial literacy website available in Arabic, English and French that offers, among other things, teaching materials (such as budgeting exercises), presentation guides for colleges and young people, and games for learning the principles of financial behaviour. One such game is Financial Football, which has different levels of difficulty for different ages. The MyMoneySkills web resource, which targets the Arab world, was launched at the Global Educational Supplies and Solutions (GESS) Educational Forum and is available in Jordan, Kuwait, Lebanon, Saudi Arabia and the United Arab Emirates. It now reaches over 5,000 teachers across the Gulf and is a useful toolkit to incorporate in teaching curricula. Through the partnerships in place with a large number of banks and schools, the Financial Football game is also being distributed to bank customers and school pupils.

9 Citi Group, 'Morocco: Citi Foundation Sponsors Global Financial Education Program, Hosts North Africa Region Training Workshops', available at <http://www.citigroup.com>

10 INFE, Financial Education in Africa Draft Preliminary Report and Initial Guidance, available at <http://www.fsb.co.za>

11 UAE Banks Federation, 'Banks initiatives and programs', available at <http://www.uaebf.ae>

12 OECD/INFE, Peer Review and Regional Reports: Financial Education in Africa and Latin America, available at <http://www.oecd.org>

13 Child and Youth Finance International, Annual Report 2015, available at <http://issuu.com>

14 MyMoneySkills website: <http://www.ehsib.com>

## Conferences on financial inclusion and financial education

### **G7 DEAUVILLE PARTNERSHIP HIGH-LEVEL CONFERENCE ON RESPONSIBLE FINANCIAL INCLUSION FOR SOCIAL INCLUSION AND STABILITY**

On 28 April 2015 in Berlin, Germany,<sup>15</sup> 100 high-ranking representatives of central banks and regulatory authorities from the MENA region came together with other participants from the private sector, international financial institutions and the G7 countries to exchange ideas, information and success stories on political initiatives for financial inclusion in Arab countries.

The meeting resulted in a regional Action Plan on Financial Inclusion.<sup>16</sup> The plan highlights the special importance of providing financing for small and medium-sized enterprises, using digital technologies and fostering responsible finance, and it invites actors to increase their activities in these areas. The event panellists emphasised that the regional action plan on financial inclusion was important even outside the G7 context, particularly in connection with the G20 Global Partnership for Financial Inclusion (GPMI) and other international processes.

### **HIGH-LEVEL CONFERENCE ON FINANCIAL INCLUSION AND EMPLOYMENT IN THE ARAB COUNTRIES, HELD ON 10 NOVEMBER 2015 IN JORDAN**

On the side lines of the High-Level Conference on Financial Inclusion and Employment in the Arab Region, the Arab Monetary Fund (AMF) and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH on behalf of the German Federal Ministry for Economic Cooperation and Development signed a memorandum of understanding (MoU). This MoU agrees the establishment a partnership between the two institutions and provides a general framework for the provision of technical advice and capacity building for Arab countries in the area of financial inclusion. The parties intend to strengthen cooperation and develop activities and joint programmes on issues related to financial inclusion, particularly those

related to national strategies for financial inclusion and providing access to finance and financial services to small and medium-sized enterprises.<sup>17</sup>

### **SECOND CONFERENCE ON FINANCIAL EDUCATION OF THE FRANCOPHONE BANKING UNION, HELD IN BRUSSELS IN 2014<sup>18</sup>**

The Francophone Banking Union (UBF) brings together banking associations from the French-speaking countries of Algeria, Belgium, Benin, Canada, Cameroon, the Democratic Republic of the Congo, France, Côte d'Ivoire, Lebanon, Luxembourg, Morocco, Mauritius, Monaco, Switzerland and Tunisia as well as the Economic Community of West African States and the Union of Arab Banks.

During the above-mentioned conference, the UBF proposed that its member countries adopt regional, national and/or local strategies on financial education, include financial education in their school curricula and create public-private partnerships to boost financial education. In support, the UBF will supply all the French-language financial education materials to member states, will create a network to promote innovative partnerships on financial education in order to foster stronger relationships between member countries and the major institutions operating in their territory, and will monitor and report on financial education provision in member countries. The findings of these reports will be communicated at the UBF's biennial conferences.<sup>19</sup>

15 BMZ, 'G7 Deauville Partnership High Level Conference – Responsible Financial Inclusion for Social Inclusion and Stability', accessible at <http://www.bmz.de>

16 BMZ, 'Encouraging transformation in North Africa and the Middle East: the Deauville Partnership', accessible at <http://www.bmz.de>

17 AMF (2015), 'The Arab Monetary Fund and the GIZ reinforce their cooperation in providing technical advice and capacity building in the Arab region, the Dead Sea – Hashemite Kingdom Of Jordan', available at <http://www.amf.org>

18 'Deuxième Conférence de l'Union Bancaire Francophone sur l'éducation financière', accessible at <http://www.febelfin.be> (in French).

19 Fédération Bancaire Française, 'L'Union Bancaire Francophone appelle au développement de partenariats publics privés pour l'éducation financière dans le monde francophone', accessible at <http://www.fbf.fr> (in French).

## IV. Regional initiatives on financial education

### CAWTAR: ENHANCING MICROFINANCE OUTREACH AMONG WOMEN AND YOUNG PEOPLE

Over a period of 18 months (2013–15), the Center of Arab Women for Training and Research (CAWTAR) worked to enhance microfinance outreach among women and young people in Egypt, Morocco and Tunisia. CAWTAR is funded by the World Bank Middle East and North Africa Multi Donor Trust Fund (MENA MDTF) and partners with the Centre Mohammed VI de Soutien à la Microfinance Solidaire, Sanabel, Enda and ABA.

With a budget of USD 600,000, the outreach programme's activities included the following:

- A demand-side analysis of the constraints that inhibit women and young people's access to finance.
- The development and implementation of financial literacy modules targeted at young people and women: financial education toolkit (including the use of branchless banking), training of trainers, and modules on financial education. (The focus is on using innovative learning media including videos, pamphlets and social media.)
- South–South learning and training of key MFIs: promoting exchange among the leading MFIs in the MENA region at both the national and regional levels through workshops and the training of trainers (ToT).

As a result of this work, CAWTAR developed two programmes – one on financial literacy and one to train trainers – which provided training to a combined total of 1,192 people, 70% of whom were women. Furthermore, 519 micro-businesses were given direct support in the form of face-to-face financial literacy training.

In two Sanabel knowledge exchange workshops, participants created a financial inclusion snapshot, financial education diagnostic tool, microcredit video and digital

finance study. In April 2015 CAWTAR delivered three ToT sessions in Egypt and Tunisia to a total of 62 beneficiaries.

**Table 1: Overview of the training of trainer sessions**

Countries	Egypt	Tunisia
No of sessions	1	2
No of beneficiaries	21	41
Profiles	MFIs	MFIs, NGOs
Partners	Sanabel	Enda

In parallel with the ToT sessions, 40 financial literacy training events were delivered in Egypt, Morocco and Tunisia. In these events, 21 trainers provided training to more than 780 beneficiaries with different profiles, 79% of whom were women.

**Table 2: Overview of the financial literacy training sessions**

Countries	Egypt	Morocco	Tunisia
No of sessions	9	10	21
No of beneficiaries	204	198	378
Profile	MFI clients	Unemployed people, MFI clients, micro-entrepreneurs	Unemployed people, MFI clients, micro-entrepreneurs, people with disabilities
Partners	CEOSS	Centre Mohamed VI	Enda, NGOs, employment offices, TAMSS
No of trainers	5	4	12

The initiative and its results were presented as a best practice example during the World Bank's symposium on financial literacy and inclusion, held in April 2015 in Tunis.<sup>20</sup>

### IMPROVING THE GOVERNANCE OF LABOUR MIGRATION AND THE PROTECTION OF MIGRANT WORKERS' RIGHTS IN TUNISIA, MOROCCO, LIBYA AND EGYPT

The International Labour Organization is currently in the process of developing training material for Morocco and Tunisia that covers the setting of financial objectives, sound budget management, financial products and services, financial institutions and funds transfers, and risk management.

The manuals and training packages are based on materials first developed for the 2011 project Good Migration Governance and its Links to Development, developed for Senegalese migrant workers and their families and funded by the Spanish Government. By the end of 2013, over 23 ToT seminars had been held in Africa and Europe (France, Italy and Spain) and over 3,000 migrant workers/family members trained.<sup>21</sup>

### INJAZ AL-ARAB

Established in 1999, Injaz Al-Arab is a non-profit organisation that was made the Regional Operating Centre of Junior Achievement Worldwide (JAW) in 2004. It works in Algeria, Bahrain, Egypt, Kuwait, Lebanon, Morocco, Oman, the Palestinian territories, Qatar, Saudi Arabia, Tunisia, the United Arab Emirates and Yemen.

Injaz Al-Arab helps students to gain insight into the complexities and rewards of entrepreneurship and business in today's interdependent market economy. It promotes youth education and training in the Arab world through a three pillar approach: workforce readiness, financial literacy and entrepreneurship.

In this approach successful local business leaders (private sector volunteers) serve as classroom mentors tasked with making economic concepts relevant, promoting an entrepreneurial ethos and challenging students to excel. Injaz also provides young people with the foundations for entrepreneurship, so they can generate employment

for themselves and for others, thus lowering the unemployment rate in the Arab region.<sup>22</sup>

Injaz works with 14 ministries of education, over 3,000 schools, 418 universities and a network of 7,000 corporate volunteers. During 2013 and 2014 their combined efforts to implement a series of business and entrepreneurship programmes have influenced nearly 340,000 young people. The It's My Business programme, for example, has been teaching seventh grade pupils financial literacy and business-related skills. The pilot programme, which was delivered in Lebanon in 2012, is now being rolled out in Egypt, Morocco and Saudi Arabia. The programme aims to reach a total of 3,000 pupils.

In total, INJAZ's programmes have inspired two million students so far.<sup>23</sup>

Table 3: INJAZ's work in the Arab region<sup>24</sup>

Country	Students	Volunteers	Schools	Universities
Algeria	1,880	42	1	12
Bahrain	17,783	648	443	6
Egypt	102,136	429	29	29
Kuwait	2,317	447	56	2
Lebanon	3,004	108	58	6
Morocco	6,509	235	88	4
Oman	3,098	53	7	19
Pakistan	2,761	114	21	3
The Palestinian territories	26,276	770	302	35
Qatar	2,123	157	9	6
Saudi Arabia	51,549	1,095	290	4
Tunisia	2,86256	83	56	22
UAE	7,980	1,372	43	17
Yemen	1,075	16	15	0
<b>Total</b>	<b>230,523</b>	<b>5,441</b>	<b>1,418</b>	<b>156</b>

20 The World Bank, 'Catalyzing Financial Education to Promote Financial Inclusion in MENA', accessible at <http://www.worldbank.org>

21 ILO, 'Developing financial education training material for migrant workers and their families', accessible at <http://www.ilo.org>

22 Injaz Al-Arab, 'Mission Values and Vision', accessible at <http://www.injazalarab.org>

23 Injaz, 'Programs', accessible at <http://www.injazalarab.org>

24 Injaz, 'Our network', accessible at <http://www.injazalarab.org>

## EDUCATION FOR EMPLOYMENT<sup>25</sup>

Launched in 2006, Education for Employment (EFE) creates job opportunities for unemployed young people in the Middle East and North Africa (MENA), while helping businesses in the region to find the talent they need to thrive. With a network of locally run NGOs in Egypt, Jordan, the Palestinian territories, Morocco, Tunisia and Yemen, a presence in the Gulf, and support organisations in Europe and the United States, EFE engages young people, trainers and private sector companies to offer youth employment and business skills programmes that are distinctive in the region.<sup>26</sup>

Since EFE's creation, the network has trained and placed in jobs over 8,200 young people with limited opportunity from across the Arab region and has provided employability and entrepreneurship training to an additional 23,700 young women and men.

## PROMOTION OF THE MICROFINANCE SECTOR IN THE MENA REGION

On behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), and with funding from the European Union, GIZ has implemented the Promotion of the Microfinance Sector in the MENA Region (MFMR) programme to assist policy-makers in developing national financial inclusion strategies. With its partners in Egypt (Egyptian Financial Supervisory Authority, Central Bank of Egypt, and Sanabel), Jordan (Ministry of Planning and International Cooperation, Central Bank of Jordan, and Development and Employment Fund) and the Palestinian territories (Palestine Monetary Authority, Consultative Group to Assist the Poor), MFMR is working to strengthen the legal, regulatory and institutional framework conditions of the microfinance sector.<sup>27</sup>

## MFMR achieved the following outcomes in partner countries:

1. The legal and practical guidance provided by the GIZ MFMR programme has given regulators a better understanding of international and other policy-makers' experiences in microfinance.
2. In Egypt a Microfinance Law has been adopted by Presidential Decree No 141/2014, allowing commercial companies to directly engage in microfinance alongside the existing providers (banks and NGO MFIs).
3. In Jordan a new microfinance bylaw was issued in 2015 that gives the country's central bank a supervisory role in the microfinance sector. MFMR delivered the project Promoting Financial Inclusion through Improved Governance and Outreach of Microfinance in Jordan with funding from the EU. The project involves providing the government with support on implementing its national microfinance strategy and developing the strategy as a mechanism for improving financial inclusion.
4. The Palestine Monetary Authority has issued its first licenses for MFIs and has put in place the internal structures and human and IT capacities required to supervise the sector.
5. Sanabel has approved a three-year strategy, introduced a new internal structure and improved its training offer. Its launch of the 2014 GIZ Gender Award has further empowered the organisation.

## REGIONAL YOUTH SAVINGS INITIATIVE

On behalf of BMZ, GIZ established an Open Regional Fund for the Middle East and North Africa region, which is managed by the Cooperation with Arab Donors programme (CAD). In partnership with Silatech and Sanabel, CAD launched the joint Regional Youth Savings Initiative (RYSI) to encourage young people to save in Egypt, Morocco and Yemen. The RYSI ran from 2013 to 2014.

## The RYSI's objective was to increase and improve access to suitable financial services for disadvantaged young people through:

1. the development and marketing of specific youth savings products in cooperation with local partner banks and MFIs,
2. financial literacy programmes,
3. social marketing campaigns aimed at promoting a culture of saving among young people, and
4. regional knowledge sharing and policy application.

25 Education for Employment, 'Impact & success stories', accessible at <http://efe.org>

26 Education for Employment, 'What we do', accessible at <http://www.efe.org>

27 GIZ, Financial Inclusion MENA Newsletter, available at <http://microfinance-mena.org>

The social marketing campaigns, financial literacy learning provision and support on opening savings accounts is estimated to have reached around 50,000 young people.<sup>28</sup>

So far, RYSI has achieved different results in different partner countries:<sup>29</sup>

#### In Yemen

- RYSI partners: Al-Amal Microfinance Bank, Alkuraimi Islamic Microfinance Bank and the Yemen Microfinance Network.
- In April 2013 financial literacy training was delivered in seven Yemeni cities (Sana'a, Aden, Taiz, Al Hudaydah, Ibb, Dhamar and Al Mukalla) to 910 young people, more than half of whom were women. The training covered budgeting, the importance of saving, debt management and financial services.
- The RYSI savings product became available in June 2013 and by 2015 more than 500,000 young people had already opened one of the accounts, surpassing the original target of 200,000.

#### In Morocco

- RYSI worked with Al Barid Bank and Centre Mohamed VI de Soutien à la Microfinance Solidaire (CMS).
- In August 2013 financial literacy training was delivered in seven Moroccan cities, and by 2015 a total of 2,000 young women and men had participated in the first wave of financial education training.

#### In Egypt

- RYSI cooperated with the University of Cairo, which engaged its Department for Economics in the provision of financial training to students. In total, 32 people qualified as trainers for courses in financial education.

### RURAL YOUTH ECONOMIC EMPOWERMENT PROGRAM<sup>30</sup>

The International Fund for Agricultural Development (IFAD) of the United Nations, together with different local organisations and initiatives such as Making Cents International and the Qatari socially-minded initiative

Silatech, implemented the Rural Youth Economic Empowerment Program (RYEEP) in Egypt, Morocco, Tunisia and Yemen over three years (2013–16).

RYEEP targets unemployed and rural young people and seeks to increase youth employment and self-employment in rural Egypt, Morocco, Tunisia and Yemen by building the capacity of local institutions to provide youth-inclusive financial and non-financial services to young people or the enterprises that employ them.

Together with local partner institutions, RYEEP develops and delivers five youth-inclusive financial instruments and five complementary youth-inclusive non-financial services. It provides training, market- and employment-related information, and financial services to 15,000 rural young people as well as direct employment opportunities to 3,750 young people and young adults. Together they share their learning from the programme through practical knowledge products and events that will support the scaling up and replication of youth-inclusive instruments for rural young people.

### SANAD FUND FOR MSME IN THE ARAB REGION<sup>31</sup>

In August 2011 Germany's KfW Development Bank, with the financial support of BMZ, the European Union and SECO, provided funding to the SANAD Fund for MSME in the Arab region. At present the fund focuses on Algeria, Egypt, Iraq, Jordan, Lebanon, Morocco, Tunisia and Yemen. It will be up to SANAD's board of directors and stakeholders whether more countries may be added in future.<sup>32</sup>

The fund provides medium- and long-term credit-guarantees, standby facilities and equity financing to commercial banks, microfinance institutions and other financial institutions in the Arab region. It works to strengthen the local micro, small and medium-sized enterprise (MSME) sector and financial markets in line with the principles of responsible finance. Its country-specific measures and programmes will be discussed in section V.

28 GIZ, Regional Youth Savings Initiative, available at <http://www.giz.de>

29 GIZ, 'Cooperation with Arab donors in the MENA region – Open Regional Fund', accessible at <http://www.giz.de>

30 Making Cents International, 'Rural Youth Economic Empowerment Program', accessible at <http://www.makingcents.com>

31 SANAD Fund for MSME's website: <http://www.sanad.lu>

32 SANAD, 'Target Region', accessible at <http://www.sanad.lu>



### TA3MAL YOUTH EMPLOYABILITY PORTAL

Ta3mal was launched in Egypt in 2012 by Silatech and Microsoft Citizenship as Egypt's first employability portal. The portal aimed to bring together different

resources, opportunities and initiatives for young people who were eager to learn, grow and perform, but did not know where to start.

On the back of strong positive feedback from other countries in the Arab world, the portal has been extended and broadened to, as far as possible, make it personally relevant to all young people across different countries and across rural and urban divides. It connects young graduates to career paths; potential entrepreneurs to mentors, partners and funding; and change-makers to networks and advice.<sup>33</sup>

### YOUTHINVEST

This initiative was implemented by Mennonite Economic Development Associates (MEDA) in Morocco and Egypt over a six-year period (2008–2014). The MasterCard Foundation provided funding of USD 5 million to the initiative and its project partners were NGOs and MFIs.<sup>34</sup>


The initiative's target group was young adults (from 18 to 35 years of age) with some education who live in lower-income areas. Its objective was to build these young adults' long-term economic prosperity, improve their employability and entrepreneurship skills, and increase their ability to seek out and secure meaningful work or entrepreneurial activities. Ultimately it should lead to a better quality of life for their families and themselves. To meet this objective, appropriate financial products and non-financial services were offered to these young adults.

Additionally, the YouthInvest offered training in life skills and financial services. This training included knowledge about how to save, take out a loan, start a business and enter the workforce. It is anticipated that those graduating from this programme will have increased their ability to adapt to the job market and improved their overall academic performance. Through its training, YouthInvest reached more than 57,000 young adult clients.<sup>35</sup>

33 Ta3mal, 'About Ta3mal', accessible at <http://www.ta3mal.com>

34 MEDA, Youth Loan Products, available at <http://www.youtheconomicopportunities.org>

35 MEDA, 'YouthInvest – Egypt And Morocco', accessible at <http://meda.org/youth-our-projects>



## V. Studies on financial literacy in the Arab world

### GLOBAL FINANCIAL LITERACY SURVEY

Standard & Poor's Ratings Services Global Financial Literacy Survey (GFLS) is one of the most extensive measurements of global financial literacy undertaken to date. The survey probes four basic financial concepts: numeracy, risk diversification, inflation, and compound interest (saving). The data was collected in 2014 by Gallup as part of its Gallup World Poll and was analysed by researchers from the World Bank and The George Washington University (Global Financial Literacy Excellence Center). The survey results come from interviews conducted with more than 150,000 adults in 148 countries. Of the 148 countries targeted for data collection in 2014, 144 countries successfully collected data and met Gallup quality standards. The goal of the survey is to inform and empower academics, regulators, policy-makers and business associations to analyse, construct and evaluate policies based on a sound understanding of the knowledge gaps that constrain and characterise individuals' financial wellbeing and economic participation.<sup>36</sup>

### Key findings

1. Women, the poor and lower-educated respondents are more likely to suffer from gaps in financial knowledge.
2. Financial literacy is lowest among adults over the age of 65.
3. Globally, two out of three adults – an estimated 3.5 billion people – have low financial literacy.
4. Gender gap: 30% of the women interviewed worldwide are financially literate compared to 35% of the men. For this reason, financial education can expect

to achieve its biggest impact in terms of behavioural change among women.

5. In emerging markets (BRICS) the younger population is clearly more financially literate, while in developed countries the most financially literate are those in their 30s.
6. While higher financial literacy might lead to broader financial inclusion, operating an account or using credit may also deepen consumers' financial skills.
7. The correlation between GDP per capita and financial literacy is not linear. There is no correlation between income and financial literacy in countries with GDP per capita below USD 12,000. (What this probably means is that national-level policies, such as those related to education and consumer protection, shape financial literacy in these economies more than any other factor).
8. Globally, 57% of adults save money, but just 27% use a bank or other formal financial institution to do so. Others use less safe and less lucrative methods, such as informal savings groups or keeping cash under a mattress.
9. It is difficult to say whether low financial knowledge makes these people less likely to use financial services. According to the Global Findex, 59% of unbanked adults say they do not have enough money to use an account. In reality, most poor people make payments and other financial transactions every day, but they do so in informal and often more-costly and less-safe ways. If they were more aware of accounts and how they are used, unbanked adults might sign up for an account.

<sup>36</sup> Standard & Poor's Ratings Services Global Financial Literacy Survey, available from <http://www.mhfi.com>

Table 4: GFLS's key findings for Arab nations

	At least three out of four answers correct (% adults)							
	All adults	Men	Women	Adults living in the richest 60% of households	Adults living in the poorest 40% of households	Age 15–34	Age 35–54	Age 55+
<b>Algeria</b>	<b>33%</b>	<b>38%</b>	<b>28%</b>	<b>36%</b>	<b>29%</b>	<b>36%</b>	<b>24%</b>	<b>34%</b>
Bahrain	40%	41%	36%	42%	36%	39%	43%	33%
<b>Egypt</b>	<b>27%</b>	<b>30%</b>	<b>25%</b>	<b>30%</b>	<b>23%</b>	<b>31%</b>	<b>23%</b>	<b>23%</b>
Iraq	27%	29%	25%	29%	24%	31%	25%	13%
<b>Jordan</b>	<b>24%</b>	<b>25%</b>	<b>22%</b>	<b>23%</b>	<b>24%</b>	<b>28%</b>	<b>20%</b>	<b>16%</b>
Kuwait	44%	46%	40%	45%	42%	45%	39%	48%
<b>Lebanon</b>	<b>44%</b>	<b>50%</b>	<b>39%</b>	<b>45%</b>	<b>44%</b>	<b>50%</b>	<b>40%</b>	<b>38%</b>
Mauritania	33%	38%	29%	34%	33%	35%	39%	19%
Saudi Arabia	31%	34%	28%	35%	27%	32%	30%	30%
Somalia	15%	15%	15%	18%	11%	15%	18%	13%
Sudan	21%	22%	20%	20%	22%	24%	19%	15%
<b>Tunisia</b>	<b>45%</b>	<b>51%</b>	<b>38%</b>	<b>48%</b>	<b>39%</b>	<b>48%</b>	<b>43%</b>	<b>39%</b>
United Arab Emirates	38%	37%	41%	40%	36%	39%	38%	43%
<b>West Bank and Gaza</b>	<b>25%</b>	<b>28%</b>	<b>21%</b>	<b>26%</b>	<b>23%</b>	<b>27%</b>	<b>22%</b>	<b>21%</b>
<b>Yemen</b>	<b>13%</b>	<b>18%</b>	<b>8%</b>	<b>17%</b>	<b>7%</b>	<b>16%</b>	<b>10%</b>	<b>9%</b>
The seven countries in bold type	30%	34%	26%	32%	27%	34%	26%	26%

10. Financial literacy programmes that are focused on specific behaviours and populations can lead to smarter financial decisions (Miller et al. 2014).
11. Researchers have also found that financially savvy adults are, in general, less likely to default on loans and more likely to save for retirement.

#### MASTERCARD SURVEY: ASIA PACIFIC, MIDDLE EAST AND AFRICA (APMEA) REGION 2012

The MasterCard Worldwide Index of Financial Literacy is based on a survey conducted in 25 countries between 24 April and 10 June 2012 with 11,376 respondents aged from 18 to 64. This is the third such survey conducted since 2010. The survey polled consumers on three aspects of financial literacy including their basic money management skills, investment knowledge and financial planning to determine the level of basic money management skills in terms of budgeting, savings and responsible credit usage. From the Arab world it includes Egypt, Lebanon, Morocco, Qatar, Saudi Arabia and the United Arab Emirates.

**Middle East highlights<sup>37</sup>**

1. The Middle East's aggregate financial literacy score decreased slightly from 63 index points in 2010 to 61 index points in 2012.
2. Consumers in the Middle East scored highest in terms of knowledge about financial planning (64%) followed by basic money management (62%) and investment (54%).
3. While slight disparities exist, men and women are largely on a par in terms of financial literacy in the Middle East. In the UAE men achieved marginally higher scores than women (63 versus 59).
4. Age does not seem to significantly affect levels of financial literacy as respondents in the Middle East under 30 years of age and over 30 years of age showed the same level of financial literacy (61 index points).

**Other market highlights**

1. Egypt (69 index points) was ranked the top Middle East market with respect to the overall financial literacy index score, followed by Saudi Arabia (62 index points), the UAE (61 index points) and Lebanon (61 index points).
2. Egypt took the lead in terms of basic money management (75%), followed by Saudi Arabia (65%) and Lebanon (61%).
3. Egypt also ranked first for financial planning (70%), followed by Lebanon (66%), the UAE (65%) and Oman (65%).
4. The UAE scored highest in the investment component of the survey (57%), followed by Qatar (55%) and Lebanon (55%).

**Table 5: MasterCard Worldwide Index of Financial Literacy**

Ranking		Scores			
		Overall Financial Literacy Index	Components of Financial Literacy Index		
			Basic Money Management	Financial Planning	Investment
<b>Middle East</b>		61	62	64	54
1	<b>Egypt</b>	69	75	70	54
2	<b>Saudi Arabia</b>	62	65	64	54
3	<b>UAE</b>	61	60	65	57
4	<b>Lebanon</b>	61	61	66	55
5	<b>Oman</b>	59	59	65	51
6	<b>Kuwait</b>	58	57	63	51
7	<b>Qatar</b>	56	55	57	55

37 MasterCard, 'Press release: UAE Moves Up In Financial Literacy Ranking: MasterCard Survey', accessible at <http://newsroom.mastercard.com>

### **YOUTHINVEST: YOUTH SAVINGS BEHAVIOUR – ASSESSING THE IMPACT OF MEDA’S YOUTHINVEST PROGRAMMING IN MOROCCO**

This study focuses on the preliminary impacts of MEDA’s 100 Hours to Success training programme as it relates to youth savings behaviour. The specific objectives of the study were to understand youth opinions about saving, identify the specific ways that YouthInvest participants save their money, determine the impact of saving with regard to quality of life, document young people’s level of satisfaction with regard to the process of opening a savings account, understand how young people anticipate using their savings in future and obtain recommendations from young people about how to further improve their access to saving opportunities.

With the generous support of the MasterCard Foundation, the research was undertaken in December 2010 and the study completed in summer 2011.<sup>38</sup>

#### **Key findings of the study<sup>39</sup>**

1. Young people understand the selection criteria involved when choosing a financial institution. However, they frequently do not have enough information to compare the different savings options that are on offer.
2. Survey participants chose to open savings accounts at a particular financial institution based on the recommendations of the NGO that provides the training or of a close friend or relative.
3. Young people prefer to open savings accounts at a post office rather than at a bank. However, the reasons for this preference are complex.
4. Young people were largely pleased with the terms and conditions applied to the savings accounts they opened. How they felt about their reception by the institution had a significant impact on their satisfaction level.
5. Young people found the minimum required deposit to be restrictive.
6. Opening a savings account helps young people to develop positive savings habits.
7. The vast majority of the young people who opened a savings account have kept this open.
8. The young people surveyed have not saved much money since opening a savings account. However, the majority either added slowly to their savings or maintained the same amount in their account.
9. The female participants were more likely to save than the male participants.
10. Even though most young people state that they want to save to start their own business, they often spend their money on buying material goods or on coping with emergencies.
11. In the six months after opening an account, most young people expect to increase their savings and achieve their preliminary saving objectives.
12. Young people want to encourage their peers to open a savings account and would like them to understand the importance of saving. They also call on financial institutions to reduce minimum deposits to make saving easier for their generation.

38 MEDA, ‘YouthInvest: YOUTH SAVINGS BEHAVIOR Assessing The Impact of MEDA’s YouthInvest Programming In Morocco’ accessible at <http://www.meda.org>

39 MEDA (2011), Youth Savings Behavior. Assessing the Impact of MEDA’s YouthInvest Programming in Morocco, available at <http://www.meda.org>

## VI. National status of financial education and its initiatives

### ALGERIA



#### General status of financial education

In Algeria there is no national strategy for financial education. Despite the fact that the education system was reformed in 2008, schools and universities still do not offer any social or financial skills training programmes. Since 2012 a Public Credit Information Bureau (Centrale des Risques) regulation has granted borrowers the right to access their data. IMF data on access to financial services<sup>40</sup> show that Algeria performs well against the mean figure for developing countries. The national banking association is the Association Professionnelle des Banques et des Établissements Financiers (ABEF). Further general data shows formal loan account penetration at 53 per 1,000 adults, formal loan usage of 1.5% and formal savings usage of 4.33%. All these figures have remained fairly constant over recent years. There has been an increase, which would imply a durable improvement in access to financial services. Figures relating to access to MFIs were not available in the IMF database.

40 IMF, 'Financial Access Survey (FAS)', accessible at <http://data.imf.org>

#### Financial education in the microfinance sector

Algeria does not have a conventional microcredit sector comparable to its regional peers.<sup>41</sup> It has three major government programmes – the National Support Agency for Youth Employment (ANSEJ), the National Unemployment Insurance Fund (CNAC), and National Agency for the Management of Microcredit (ANGEM) – which are all heavily subsidised and collaborate closely with the banks. This leaves little room for conventional microfinance providers or private banks. The lending and business training programmes of these three programmes have been scaled up since 2011. However, the formal education system has yet to include initiatives for the promotion of SME.<sup>42</sup>

ANGEM<sup>43</sup> is in charge of 'advising and assisting the beneficiaries of the microcredit during the financial set-up and the credit mobilization' and '[concluding agreements with any organization or institution aimed to conduct, on behalf of the agency, information campaign, actions of awareness and support to the microcredit's beneficiaries in the implementation of their activities'. ANSEJ targets young self-employed individuals, CNAC targets unemployed adults<sup>44</sup> and the National Agency for Investment Development (ANDI) promotes business development.

41 IMF, Algeria – Financial System Stability Assessment, available at <http://www.imf.org>

42 IMF, 'Algeria: Financial System Stability Assessment', accessible at <http://www.imf.org>

43 ANGEM: <http://www.angem.dz>

44 IMF, 'Algeria: Financial System Stability Assessment', accessible at <http://www.imf.org>

## **National initiatives on financial education**

### **AFLATOUN<sup>45</sup>**

Aflatoun offers social and financial education to children and young people, empowering them to make a positive change for a more equitable world. It was set up by the Algiers-based NGO Algerian Network for the Defence of Children's Rights NADA. NADA's membership includes more than 100 local and national associations representing 40 provinces, and this broad network enables NADA to intervene at both the local and regional levels. NADA's work focuses on three main areas: protection, promotion and advocacy.

NADA launched Aflatoun in 2012 with 120 young people between the ages of 10 and 19. Algeria's Ministry of Youth is therefore involved in this initiative as a stakeholder. The project was also rolled out in 100 clubs in Algiers, reaching approximately 2,000 young people. These clubs made use of the Aflateen<sup>46</sup> curriculum, which teaches about social and financial empowerment in an interactive way. The young people learned how to apply the skills in a practical way in their lives. The project's achievements include participants beginning to save for their futures and also designing small social projects and delivering them in their own communities. In this way, the participants were able to transform their lives and their communities and were made aware of their ability to make a positive change in their lives. These examples show that the programme is able to equip young people with key skills and knowledge and a set of financial tools that make them aware of their rights and responsibilities, which, in turn, contributes to breaking the cycle of poverty.

### **NATIONAL AGENCY FOR THE MANAGEMENT OF MICROCREDIT**

The National Agency for the Management of Micro-credit (ANGEM) was created in 2004 by Executive Decree No 04-14 of 22 January 2004 and is tasked with managing a microcredit programme for SMEs that provides support and handholding, grants interest-free loans and monitors activities.

### **A range of SME training sessions were held in July 2015, which achieved high levels of participation, as described below:**

1. VSME management training: 62,800
2. General financial education training: 52,671
3. GET AHEAD training programme: 681
4. General topics related to business creation and management: 886
5. Total number of promoters trained: 117,038
6. Tests to validate professional experience: 56,493
7. Living Exhibition/sale: 18,470
8. Total number of beneficiaries of non-financial services: 192,001

### **ALGÉRIE PORTAIL PME<sup>47</sup>**

Algérie Portail PME is an online portal for SMEs, which also provides a financial literacy quiz. The portal is sponsored by the IFC (SME Toolkit).

### **ONLINE PORTAL ON FINANCIAL EDUCATION<sup>48</sup>**

The Online Portal on Financial Education was created by Algeria's financial market regulatory authority, the Commission d'Organisation et de Surveillance des Opérations de Bourse. It provides access to 10 guides that explain how the stock market functions as well as a quiz, videos, games and a glossary. It does not cover basic-level financial skills.

### **SHARIA-COMPLIANT FINANCE FOR MSME<sup>49</sup>**

GIZ, in partnership with the Algerian Ministry of Industry, SMEs and Investment Promotion and Al Baraka Bank, piloted a Sharia-compliant finance product in the Algerian city of Ghardaïa. The product, called musharaka, operates as a profit- and loss-sharing scheme and emphasises the sharing of risk between the financier and borrower. Al Baraka Bank developed the product and delivered the associated capacity building. Tools were also provided in order to structure the product, market it effectively and analyse its performance. In 2013, four years after its inception, the results of the pilot showed that musharaka had provided new opportunities for 167 MSMEs. The success of the product prompted Al Baraka Bank to roll out musharaka to all its branches nationwide. Data on what makes musharaka clients successful

45 Anna Lindh Foundation, 'Réseau Algérien pour la Défense des Droits de l'Enfant NADA - Alger', accessible at, <http://www.annalindhfoundation.org> (in French); Aflatoun International, <http://www.aflatoun.org>

46 <https://aflateen.org>

47 IFC, 'SME Toolkit', accessible at <http://algeria.smetoolkit.org>

48 COSOB, 'Guides', accessible at <http://www.cosob.org> (in French).

49 CGAP, 'Sharia-Compliant Finance for MSMEs in Algeria', accessible at <http://www.cgap.org>

or not was gathered during the pilot phase. Armed with this information, the bank can now assess applicants in-house, making product delivery more efficient.

Al Baraka Bank's MSME Department is now working with branches throughout the country to test other Sharia-compliant products, including murabaha (a 'cost plus mark-up' sales contract often used to finance goods needed as working capital) and qard hassan (a 'loan' usually funded by charitable donations). The latter is particularly attractive for female entrepreneurs as it enables them to launch a business with a small, no-fee qard hassan offered through a cooperative. As their business grows, they can then access murabaha or musharaka products, which involve either a fixed asset or a risk-sharing venture. GIZ is also studying the feasibility of Sharia-compliant micro-insurance products for Algerian MSMEs.



### General status of financial education

The Egyptian Banking Institute (EBI), the technical arm of the Central Bank of Egypt (CBE), launched an initiative called Shaping the Future to enhance financial literacy with the broader goal of financial inclusion (focusing more on financial access than on education). One achievement of the initiative was the establishment of a national committee comprising high-level representatives of a number of stakeholders who together worked on developing a national financial literacy strategy. The EBI, in partnership with GIZ, held a training workshop on 28 October 2014 for the members of this National Committee for Drafting Financial Literacy Strategy in Egypt. As a result, five working groups were created, which were tasked with developing the concrete activities laid down in the national strategy's action plan. The final first draft of the financial literacy strategy was due to be completed in March 2016. The working groups' lack of experience in dealing with missions of this kind proved challenging in some cases. Several workshops were therefore held with the working groups to ensure a common and coherent national effort to finalise the draft.

EBI's achievements merit recognition: it now trains more than 30,000 people a year, delivers more than 35,000 training hours per year, has more than 160 employees and runs more than 1,500 training programmes per year.

Even though Law 10 of 2009 Regulating Non-Banking Financial Markets and Instruments does not mention financial education directly, several overall goals are linked to it: Article IV obliges the Egyptian Financial Supervisory Authority (EFSA) to 'maintain the safety, stability, organization and development of non-banking financial markets, and balance the market dealers' rights. In addition, the EFSA shall provide means and systems, and issue rules and regulations to guarantee the efficiency of non-banking financial markets and ensure transparency of activities undertaken.' The need for financial consumer protection (FCP) is also mentioned indirectly in point 4, which states that the EFSA must 'ensure transparency and competitiveness in rendering non-banking financial services through the proper control of non-banking financial markets' and in point 5 it must '[p]rotect non-banking market dealer's rights and take necessary measures to minimize market manipulations and fraud, taking into heed the potential commercial risks of dealing in these markets'. The desire to enhance financial education is explicit in point 6, which requires the EFSA to '[s]upervise training of non-banking market staff and enhance their efficiency' and in point 8 to 'contribute to disseminating financial investment culture and awareness'.

The EFSA is an independent regulatory authority established in 2009 to act as a single regulator for non-banking financial services under the Law for the Regulation of Non-Banking Financial Markets and Instruments (known as the Law 10 of 2009 Regulating Non-Banking Financial Markets and Instruments). Regarding the regulation, NGOs are regulated and supervised by the Ministry of Insurance and Social Affairs and banks fall under the supervision of the Central Bank of Egypt (CBE). The National Telecommunication Regulatory Authority (NTRA) cleared the branchless banking law in May 2013, which is expected to rapidly broaden the range of micro-finance and financial services available.

Further developments include the creation of the Egyptian Mortgage Refinance Company (EMRC), which was created by the IFC together with the World Bank and the Egyptian Government. In 2008 the IFC also supported the development of I-Score, a database containing credit information for SMEs and consumers, which is maintained by the Egyptian Credit Bureau. Authorised users



(I-Score members) can access the I-Score database to carry out creditworthiness checks on consumers. I-Score now holds more than 95 % of credit data on individuals and SMEs. The data have been sourced from Egypt's commercial banks and go back to December 2011, which enables the system to provide clear indications to the lending community and therefore to honour its corporate promise of 'Delivering Trust' to the financial community.

Egypt's Ministry of Trade and Industry operates a network of Egyptian Technology Transfer and Innovation Centres (ETTIC), business and technology incubators that offer entrepreneurs a wide range of services including technological support, technical assistance, advice and mentoring. ETTIC users are given direct access to the facilities installed on ETTIC premises (e.g. machinery) and are able to use existing market channels to promote their projects.

### **Financial education in the microfinance sector**

A microfinance law was drafted (with the support of the World Bank) that allows commercial companies to directly engage in microfinance alongside existing operators (banks and NGO-run MFIs). The law was adopted in 2014 by Presidential Decree No 141/2014 and includes provision for the EFSA to supervise the establishment of these microfinance companies.

The Egyptian microfinance sector has the largest microfinance client base in the Arab world. Most of the country's MFIs are not-for-profit NGOs, while the remainder are operated by commercial banks.<sup>50</sup> NGOs are prohibited from providing deposit products, which leaves Egypt Post as the only provider in this area. As obtaining commercial funding is difficult, the growth and outreach of these MFIs is currently constrained.

In general, financial consumer protection and financial education remain weak with regard to microfinance services. There are, however, a few positive examples: Since 2010 the First Microfinance Foundation (FMF) has been delivering financial literacy training as part of its business development services (BDS) offering. The training started out by providing very basic information (which was shown to be necessary) and, following a needs

assessment, the curriculum was updated. The revised curriculum includes bookkeeping, pricing, sales and marketing (women borrowers constitute 45 % of all borrowers).

A general overview of the Egyptian financial sector is provided in the World Bank study *Access to Finance and Economic Growth in Egypt*.<sup>51</sup> The study provides a comprehensive and informative analysis of one of the key policy issues facing Egypt and other developing countries: how to enhance appropriate access to finance in order to support sustained high economic growth and improved income distribution.

### **National financial education initiatives**

#### **AFLATOUN**

Egypt's Aflatoun programme is run by Plan Egypt, in partnership with Sabeel Al Rashad (a local NGO) and Terre des Hommes. It has been rolled out in six governorates, reaching over 15,000 children. The materials used in the programme were drawn up using the information contained in the Aflatoun manuals, but contextualised for the Egyptian market. In 2013 Plan Egypt piloted the Aflatot and Aflateen programmes, aiming to reach 20,000 children that year. The Aflateen programme was targeted at young people between the ages of 15 and 18 years, while the Aflatot programme, delivered in Plan's centres, targeted children under six.

In addition, Plan International helped 9,783 people to improve their economic situation through saving groups. A case study on how savings changed the lives of some of the young women and girls who joined the Plan International saving group is available at <https://plan-international.org/savings-change-lives><sup>52</sup>.

#### **ANALYSIS OF THE SME LANDSCAPE – JOURNAL OF BUSINESS AND ECONOMICS<sup>53</sup>**

In Egypt there are around 2.5 Million SMEs, representing 75 % of the total employed workforce and 99 % of non-agricultural private sector establishments.

50 Citibank Group Inc., 'Egypt: Largest Microfinance Client Base in Arab World', accessible at <http://www.citigroup.com>

51 Nasr, S., *Access to Finance and Economic Growth in Egypt*, The World Bank, available at <http://siteresources.worldbank.org>

52 Plan International, 'Egypt', accessible at <http://plan-international.org>

53 El-Said, H., Al-Said, M. and Zaki, C. (2014), 'Small and Medium Enterprises Landscape in Egypt: New Facts from a New Dataset', *Journal of Business and Economics*, February 2014, available at <http://www.academicstar.us>

Given that almost half of Egypt's SMEs are concentrated in the three governorates of Sharqia, Cairo and Gharbia, their geographical distribution is significantly unbalanced. Furthermore, SMEs are chiefly involved in two economic activities, manufacturing and trade, and very few firms export. Finally, SMEs tend to underutilise financial services: only 50% deal with banks and benefit from improved access to finance.

### CHILD- AND YOUTH-FRIENDLY FINANCIAL PRODUCTS INITIATIVE

The Egyptian Banking Institute (EBI), in collaboration with Child and Youth Finance International and in partnership with Injaz Egypt, Silatech and Plan Egypt, is seeking to improve the way banks deal with and support children and young people.

The programme supports banks to enhance their engagement with customers and broaden their clientele, so that they address future generations and marginalised customer segments. The ultimate purpose is to encourage banks to develop financial products tailored to young people and children.

#### Tools and programmes for financial education

1. Advocacy to encourage (a) decision-makers to support banks through roundtable discussions and knowledge-sharing events and (b) banks to develop their own financial education models and child- and youth-friendly products.
2. Outreach programmes to engage with marginalised groups in society and build an inclusive financial environment.
3. Regional liaison through the provision of knowledge, experiences and the facilities to support the financial education agenda.
4. Capacity building to support decision-makers in formulating child- and youth-friendly Egyptian financial products that draws on lessons learned and best practices, and builds on local community knowledge.
5. National reform through the creation of a knowledge and learning platform that makes citizens more aware of their financial rights and more capable of making responsible financial decisions.

### GLOBAL MONEY WEEK 2015 – EGYPT

A number of Egyptian authorities and regulators, universities, schools and colleges, Egyptian and international commercial banks, international organisations and private sector enterprises participated in Egypt's Global Money Week in 2015. Some 1,500,000 young people and children were reached across Egypt's 27 governorates.

Activities during Egypt Global Money Week 2015 included financial awareness sessions for children and young people (face-to-face events). Ministry of Youth and Sports employees as well as volunteers received preparatory training from master trainers and then delivered the sessions in youth centres and specialised international schools around the country.

The EBI organised visits to local businesses for school students, providing them with practical knowledge on how to run a business. Entrepreneurship mentoring sessions were conducted in schools. More than 1,500 schools and university students visited bank branches in a week-long programme of 45 visits. Students visited bank trading rooms and the stock exchange where they learned about general financial matters and the operations of the stock exchange. Three visits to the Money Museum were laid on for 75 schools and also university students. A large art exhibition on the theme of financial literacy was held for children and young people from the youth centres, and was attended by high-level stakeholders including government ministers and bank chairpersons. A series of entertaining and educational activities was run that included theatre plays inspired by real-life financially related situations, financial cartoon videos and songs on financial themes. In cooperation with the Ministry of Youth and Sports, financial competitions were held on entrepreneurship, researching financial matters and other themes, and participants took part in activities including drawing and short story writing workshops. In addition, a stock exchange simulation game called Stock Riders was organised. The EBI sponsored simulation models, financial courses and awareness sessions for university students, and school pupils raised funds for their own charity entrepreneurial projects.

Global Money Week received comprehensive coverage in the media, featuring, for example, on the El-Felous WE El-Nas Programme. More than 65 children and young people made videos about saving and financial education. A series of daily financial literacy tips was aired on the Youth and Sports Radio Channel throughout the week. A seminar was held in Cairo University that engaged young people and policy-makers in an open debate about financially related matters – debates that were subsequently continued among the young people themselves. EBI created two financial awareness booklets for children and young people, Let's Save for Tomorrow and Let's Plan Financially for Tomorrow, that contain stories about a saver named Hazifa. EBI distributed these booklets and publications to more than 50 schools, placing them in

the financial literacy sections of school libraries to make them widely accessible to pupils.

### **ISHRAQ: BRINGING MARGINALISED RURAL GIRLS INTO SAFE LEARNING SPACES IN UPPER EGYPT**

In 2001 the Population Council (PC) set up the Ishraq programme in partnership with the Centre for Development and Population Activities<sup>54</sup> (CEDPA), Save the Children, Caritas and local NGOs. The programme, which is similar to the PC's Safe and Smart Savings Products for Vulnerable Adolescent Girls programme in Kenya and Uganda, targets out-of-school girls and vulnerable girls aged from 12 to 15 years. Ishraq teaches literacy and life skills in order to improve participants' educational, health and social opportunities, and it is focused around a financial literacy curriculum that explores basic earning, budgeting and saving skills. The key challenge for the programme is its target audience, namely girls who live in rural Upper Egypt. In this region around half of adolescent girls have never been to school. Indeed, rural Upper Egypt's out-of-school girls are among the most disadvantaged people in Egypt and are often overlooked by development programmes.

Ishraq offers literacy and life skills training and education on nutrition as well as other more innovative activities such as sports and financial education. It also establishes girl-friendly 'safe spaces' where girls can gather, make friends and learn from female high-school graduates from their local community. The programme improves girls' literacy, cognitive skills and health-related knowledge and attitudes. It encourages continued schooling and helps girls to build a foundation for their greater mobility and civic involvement. As the programme has expanded, a companion programme has been developed to provide boys with training on gender equity, on civil and human rights, and on the responsibilities they have to themselves, their family and community.

Of the girls enrolled in the Ishraq programme who have taken the national literacy exam, 81% passed. Now, more than half of these girls are going on to pursue formal schooling. Programme participation has improved literacy, developed life skills, increased self-confidence and led to greater mobility and community participation.

The Ishraq team has mobilised communities to change traditional or restrictive gender norms that persist among parents and community members. It has formed committees at the village, governorate and national levels to provide ongoing support for the institutionalisation of the programme at the local and national levels.

It has also coordinated efforts with the National Council for Childhood and Motherhood and partnered with Egypt's Ministry of Youth and Sports to train teams from the Ministry, NGOs, and youth centres to create new Ishraq classes using local resources. The programme has created safe spaces in traditionally male-dominated areas where adolescent out-of-school girls can learn, play and socialise.

Ishraq has achieved even larger impacts when it comes to (a) girls' literacy skills, intentions to access higher education, and participation in decision-making, and (b) reducing the gender gap in education levels. It has also succeeded in enhancing specific skills such as financial literacy skills, general life skills and providing reproductive health knowledge.

Ishraq has worked directly with 3,321 girls and 1,775 boys in 54 villages across five governorates. It has also reached over 5,000 parents and community leaders. In terms of planning and keeping track of their spending, Ishraq girls consistently outperform their peers who did not take part: they are more likely to save money for emergencies (17% compared to 10% of non-Ishraq girls), know how to borrow in case of emergency (51% compared to 34%), are more likely to know where the post office is (66% compared to 35%), and are more likely to have a post office account (3% compared to 1%). Participation in Ishraq also helped girls in planning for projects. Ishraq participants were more confident and thoughtful about starting their own business. When asked about the three things they need to think about to start their own business, half of the girls in the comparison group said they would not be able to start their own business compared to only 24% of Ishraq participants. Indeed, 15% of the Ishraq girls planned to start or had already started their own project at the programme's end-line, compared to only 5% of the comparison group.

Findings from the scaling-up phase also showed that Ishraq participants expressed increasing levels of self-confidence as they gained knowledge and skills. Promoters and community leaders on village committees stated that they noticed marked differences in how girls expressed and carried themselves. Participants them-

54 CEDPA has worked with 365 non-governmental organisations in 21 Egyptian governorates, providing non-formal education to more than 81,000 girls and 18,000 boys

selves now tend to report that they get a say in decision-making that affects their lives. The promoters, who were trained for the programme, have also gained greater self-confidence and leadership abilities, and now act as important role models for girls and their parents.

### **MENA MSME TECHNICAL ASSISTANCE FACILITY**

The MENA MSME Technical Assistance (TA) Facility is a joint programme of the World Bank and IFC that aims to improve the business environment by developing an enabling environment for MSMEs, to support policy and legal reforms, to provide capacity-building for regulators and government agencies, and to build financial infrastructure for the benefit of MSMEs. Furthermore, it offers advisory services and technical assistance to state and private banks, helping them to scale up MSME finance, train bank staff on best practice in MSME finance and focus more on young people and women. It also provides business development services and training to MSMEs, supports enterprises through entrepreneur networks and mentoring, and works to scale up business incubator operations.

Due to the support of the World Bank through the facility the Central Bank of Egypt contributes to these efforts by providing a credit guarantee facility for MSME financing. The Egyptian Financial Supervisory Authority (EFSA) drafted a new microfinance law, provided capacity-building and advisory services to the Social Fund for Development (SFD), and established key departments on gender, monitoring and evaluation, and governance. Additionally, the EFSA worked with the Principal Bank for Development and Agricultural Credit (PBDAC) on building their capacity for offering high-quality financial services to, in particular, rural poor farmers. At Egypt Post, alongside capacity-building, EFSA provided technical assistance to enable the institution to actively reach out to poor villages using an advanced IT system and effective outreach approaches. In partnership with the Islamic Financial Services Board and the Islamic Development Bank in Saudi Arabia, EFSA also provided technical assistance to banks and NGOs on Islamic finance matters. Training seminars were held to raise awareness about financial literacy and Islamic finance. The range of business development services was broadened, links with investors were fostered, access to new markets and technologies was opened up, and incubator operations were scaled up to reach a larger number of entrepreneurs. Furthermore, workshops for female entrepreneurs in underserved governorates were held to teach project planning, demonstrate feasibility studies and foster entrepreneurial skills. Toolkits and manuals promoting

financial literacy among women, especially in areas of high illiteracy, were launched and disseminated.

### **Ultimately, IFC enabled the Facility to:**

1. perform in-depth assessments of banks' SME operations and risk management and to provide detailed recommendations,
2. engage with three of the leading microfinance institutions (MFIs) in Egypt on the areas of risk management, product development and strategy, and
3. organise a five-day study tour to Canada for 15 bankers, in partnership with the Egyptian Banking Institute's SME Banking Certification Programme, to study best practices in SME banking in Canada.

Other projects of the IFC in Egypt include Pyramid SME-Bank Advisory Services, Egypt Microfinance, Islamic Microfinance and Microequity, Arab Credit Reporting Initiative Phase 2, MENA Captive Renewable Energy Project and the SME Toolkit. Furthermore, complementary operations of the World Bank to the technical assistance provided by the MSMEs Facility are Inclusive Regulations for Microfinance Project, Promoting Innovation for Inclusive Financial Access, and Enhancing Access to Finance for Micro and Small Enterprises.

### **MENA TRANSITION FUND**

The MENA Transition Fund works with EFSA to enhance accountability and governance, develop robust capacity within the microfinance industry for consumer protection, and promote financial literacy among target population groups including public awareness campaigns. The tasks related to consumer protection will be handled by EFSA's project management unit.<sup>55</sup>

More than 10 different workshops (with a total of 600 attendees) were held with NGOs in various governorates to increase their readiness to comply with basic consumer protection practices.

### **MERCYCORPS**

In Egypt, Mercy Corps has launched a social investment fund for tech start-ups financed by angel investors and capital raised from the Egyptian diaspora.<sup>56</sup>

55 Mena Transition Fund, Project Progress Report, 30 June 2015, available at <http://www.menatransitionfund.org>

56 MercyCorps, Financial Inclusion (CAPACITY STATEMENT), available at <http://www.mercycorps.org>

### **NATIONAL STRATEGY FOR FINANCIAL EDUCATION: SHAPING THE FUTURE**

In 2009 EBI developed and implemented the Shaping the Future national strategy for financial education with different stakeholders from the public and private sectors including, among others, Egyptian ministries and universities. It was disseminated through different channels such as schools, universities, employees, banks, and financial education providers. The goal of the national strategy for financial education is, through its activities, to create a platform for best practice.

#### **The platform aims at strengthening national decision-making processes by:**

1. introducing financial and banking products experiences,
2. developing market research approaches to test market awareness,
3. delivering awareness-raising campaigns that seek to connect children and young people with banks and financial institutions,
4. supporting the development of content that can be built into the national curriculum for children and young people,
5. providing banks and financial institutions with consultancy and training support to help them create adequate financial products,
6. supporting and encouraging the training of educators as niche financial education teachers,
7. delivering product design certificates for bankers, and
8. holding events that serve as forums and meeting spaces for decision-makers (such as government officials, CBE representatives) and implementers (such as banks and financial institutions).

#### **The financial education activities included in the strategy are:**

1. awareness-raising sessions in universities,
2. interactive financial education sessions for schools,
3. children and youth group visits to banks,
4. the development of financial education content,
5. consultative meetings with banks on developing products,
6. financial education days,
7. child and youth awareness-raising weeks/days, and
8. supporting banks with their existing or new products for children and young people.

#### **Since March 2012 Shaping the Future has achieved the following:**

1. Awareness sessions in universities
2. Interactive financial education sessions in schools
3. Children and youth group visits to banks
4. Publications: information sheets, financial fact sheets and financial education training materials
5. Bank Audi's child- and youth-friendly product
6. Financial education awareness and training
7. Financial literacy project in partnership with the American University in Cairo, Silatech, and Ministry of Local Development
8. Celebration of Global Money Week
9. Bank Audi's banking study tour
10. Egyptian Stock Exchange study tour and simulation game
11. Insurance union study tour
12. International partnerships (more than 20 partners were added to the initiative)
13. An entrepreneurship training programme in cooperation with Tyro Training (Craven College) and funded by the British Council. Four pilot groups were run, comprising around 80 participants in total (recent graduates as well as graduating university students) who presented business plans to a panel of experts. The best performers were subsequently invited on a study tour to England
14. Entrepreneurship master's programme for three banks' clients
15. Entrepreneurship awareness-raising sessions for public and private sector universities
16. Introduction to the concept of entrepreneurship
17. University student CIB cards were distributed
18. AAIB adopted the Equator Principles
19. Students and disadvantaged groups were supported
20. The Egypt National Committee for Drafting Financial Literacy Strategy was established

Overall, 1.9 million children and young people benefited (unfortunately no gender disaggregated data is available), all 27 governorates were covered, 4,500 trainers took part, 20,000 financial awareness sessions were delivered, 11 banks partnered, 13 stakeholders were involved, 10,000 schools and youth centres participated, the stock exchange bell was rung, 7 financial books were distributed in 100 schools, 6 capacity-building stakeholder workshops were held, 10 contests and competitions were held, and 2 financial sector university simulation models were sponsored.

It is important to note that the Shaping the Future programme required no public funding. Local institutions such as large public banks provided most of the funding as part of their corporate social responsibility efforts. Other funds also came from Visa and MasterCard and member fees for the training courses. Furthermore, partners such as Child and Youth Finance International supported the project with networking activities, Plan Egypt provided their trained staff as human resources, and Aflatoun provided some of the financial education training materials.

### **PROMOTING FINANCIAL AWARENESS FOR THE GOVERNMENT PAYROLL PROJECT<sup>57</sup>**

Launched in October 2015, this project is a public-private partnership between EBI and Visa. Its objective is to strengthen financial inclusion by integrating financially marginalised groups into the official financial sector.

The programme comprises direct communication and learning approaches such as discussions with government workers and training. Additionally, it pursues more indirect methods such as innovative ideas for creating a communications system for government payroll matters. Such a system could enable employees to easily access information and to interact on payroll-related issues.

The Egyptian Government is aiming to increase the uptake of and dependency on electronic payments as it keeps money in the banking system for the longest possible period and shrinks the size of the unofficial economy. Compared to cash, it is easier to manage, requiring less time and effort. It also increases the payment options open to citizens, which enhances their quality of life.

A study conducted by Moody's, on behalf of Visa, showed that electronic payments made with payment cards contributed about USD 1.1 trillion to the international economy in the period between 2003 and 2008.

### **SMALL AND MEDIUM-SIZED ENTERPRISE UNIT**

The EBI's Small and Medium-Sized Enterprise Unit was established in 2009 in collaboration with the Business Development Services Support Project (BDSSP/CIDA) and in accordance with the CBE's decree on improving access to finance. It works to build the capacities of SMEs and staff in all banks, and to make entrepreneurs more aware about access to finance through the

provision of training, technical assistance and diverse knowledge management solutions. The SME Unit also conducts awareness-raising events that inform entrepreneurs about banks' requirements and include the SME Guide for Dealing with Banks training programme. The technical assistance services on offer include short-term interventions to address specific problems within existing SME banking unit operations, and long-term interventions to assist banks in establishing SME banking units. Another activity offered is a comprehensive range of training programmes for both bankers and the owners of small and medium-sized businesses.

EBI has developed attractive training manuals and modules for training workshops that follow international best practices including simulation games and role playing. Furthermore, conferences, seminars and roundtable events are organised. The SME Unit frequently runs consultative roundtable events with different and promising SME-dominated sectors to build supportive linkages between banks and these sectors (such as the roundtable in 2010 with the Chamber of Food Industry, in 2011 with the Egyptian Furniture Export Council, in 2012 with olive processors and in 2013 with the health care sector). Finally, the SME Unit Heads Forum is a regular meeting between banks' SME section heads that aims to foster open dialogue and discussion on the bottleneck issues these bankers face. At the different forums, international best practices and up-to-date issues relating to SME banking are also presented, keeping participants informed and updated on trends in the field. Another objective of the Forum is to assess banks' training needs with regard to SME banking and to determine their training requirements accordingly.

### **SOCIAL FUND FOR DEVELOPMENT**

The Social Fund for Development (SFD) is a government institution in charge of alleviating poverty and supporting MSMEs, and was established as part of Egypt's Economic Reform and Structural Adjustment Programme (ERASP) to provide a social safety net. ERASP engages in direct lending to banks, NGO-run MFIs (at the retail level NGOs are the largest providers of microcredit in Egypt), community development associations (CDAs) and SMEs. It devotes 62% of its total budget to supporting the development of small enterprises (loans and technical support), 28% to financing community infrastructure and the remaining 9% to microcredit. ERASP is responsible for the SFD, the main public body and policy coordinator for the micro and small enterprises (MSEs) of the SME population. In parallel, the SFD has developed targeted policy tools to help MSEs to set up and grow their busi-

57 Hossam Mounir, 'EBI signs cooperation protocol with Visa to promote financial awareness', Daily News Egypt, accessible at <http://www.dailynewsegypt.com>

nesses. Its programmes include, among others, business support services, microfinance activities and a network of business incubators. SFD has a broad – and hence challenging – mandate focusing on poverty reduction and social and regional inequalities. Its approach is, however, not well suited to addressing the issues of high-growth and medium-sized enterprises that demand access to credit beyond microfinance and specific business support services.

### **SURVEY OF YOUNG PEOPLE IN EGYPT<sup>58</sup>**

In 2009 and 2014 the Population Council together with Egypt's Central Agency for Public Mobilization and Statistics (CAPMAS) and National Center for Examinations and Educational Evaluation (NCEEE) conducted surveys on entrepreneurship among young adults.

### **RESULTS**

1. Although 53.6% said that they would prefer to have their own business than to have a salaried job, only a very small proportion are actually self-employed or employers, corresponding to 1.2% of the total youth population and only 0.3% of the total female youth population.
2. Although entrepreneurship is viewed as an alternative to finding a job, few young people are self-employed, which may be explained by the resource constraints faced by entrepreneurs. Of the entrepreneurs who needed money to start their businesses, 62.5% of males and 46.0% of females used personal savings, indicating that they have little access to credit or that they prefer to start a business using their own savings. Indeed, none of the self-employed young people had a loan from a bank or the Social Fund for Development, and only 2.9% had a loan from a private moneylender.
3. Interestingly 3.5% of females had been able to take out a loan with an NGO-run MFI, which reflects the gender-based development activities of these organisations. In general, though, a major constraint to self-employment is without doubt young people's (of both sexes) lack of access to credit markets.
4. Aside from credit, the main problem respondents faced in setting up their own business was a lack of business information – a response given by 12.4% of self-employed males and 24.3% of females. These figures also indicate a gender gap in access to information about entrepreneurship, which may be one reason why the rate of self-employment among females is so very low.
5. Lack of marketing and financial services were the next most commonly mentioned problems in running a business among self-employed females and males. Marketing services were mentioned by 16.8% of males and 10.8% of females as their main problem. Financial services were mentioned by 30.6% of males and 22.0% of females.
6. 26.5% of young male employers and self-employed reported in 2014 that a lack of counselling and advice was the main problem they faced when starting up their establishment, compared to only 10.0% in 2009. The second most common challenge given by male entrepreneurs in 2014 was financial services (17.1%). This marked a change vis-à-vis the 2009 situation, when the lack of financial and credit services was the top challenge that young entrepreneurs faced (31.2%).
7. As for female entrepreneurs, their major constraint in both 2009 and 2014 was the lack of business information (reported by 24.7% and 19.9% respectively). The lack of financial services was the next most commonly mentioned constraint among young female entrepreneurs in 2014 (14.8%). Young people seeking to establish their own business reported in 2014 that, to fund their venture, they most often relied on savings – whether personal or family-based. More specifically, 47.8% of male entrepreneurs relied on personal savings and 50.5% on family-based savings to finance their business.
8. Fewer women than men used personal savings (40.0%), but they were as likely as men to rely on family savings (50.6%).
9. As for loans, young entrepreneurs had access to family loans (19.8%) in 2014, but they did not rely on other types of loans such as micro-loans or bank loans. The need to develop adequate and supportive financial services to encourage young people to start up their own business is a key untapped opportunity for addressing youth employability challenges in Egypt.

58 Population Council, Survey of Young People in Egypt – Final Report, January 2011, available at <http://www.popcouncil.org>

**Table 6: Survey of young people – Self-reported barriers to entrepreneurship**

Self-reported barriers to entrepreneurship, among those who started their own business, young people aged 15-29, 2009 and 2014 (%)

	Male		Female		Total	
	2009	2014	2009	2014	2009	2014
Business information	12.2	13.2	24.7	19.9	14.9	14.0
Marketing services	16.3	13.4	11.9	12.5	15.4	13.3
Financial services	31.2	17.1	21.0	14.8	29.0	16.9
Accounting	1.7	2.2	0.0	0.0	1.4	1.9
Legal services	5.7	0.5	0.0	5.0	4.5	1.0
Counseling/advice	10.0	26.5	9.2	10.2	9.8	24.6
Business training	1.9	0.6	5.7	9.8	2.7	1.7
Skills training	0.9	5.3	0.0	0.0	0.7	4.6
Access to technology	2.3	1.2	0.0	0.0	1.8	1.1
Product development	2.1	3.0	6.3	6.1	3.0	3.4
Access to utilities	3.7	2.3	0.0	0.0	2.9	2.0
Single ownership. Better to find a partner	8.1	–	8.7	–	8.2	–
Nothing	–	10.8	–	9.1	–	10.4
Other	1.1	6.6	12.1	13.0	3.5	7.4
(N)	(91)	(117)	(31)	(19)	(122)	(136)

– = Response option was not available in survey year

### REGIONAL YOUTH SAVINGS INITIATIVE<sup>59</sup>

The Regional Youth Savings Initiative (RYSI) is operated by GIZ and other partners (for details, see section III. Regional initiatives on financial education). In Egypt, it was delivered in collaboration with the University of Cairo. Under the Initiative, financial training was provided to students enrolled in the Department of Economics, with 32 gaining a financial education trainer qualification.

GIZ, Regional Youth Savings Initiative (RYSI), March 2014, available at <http://www.giz.de>.

59 GIZ, Regional Youth Savings Initiative (RYSI), March 2014, available at <http://www.giz.de>



## JORDAN



### General status of financial education

Prior to Jordan's adoption in May 2015 of the National Financial and Social Education Programme, most of the country's financial education (FE) efforts had been focused on financial inclusion (FI). The 2011 national policy framework for microfinance Towards Inclusive Finance also includes a number of Financial Education-components. When a consultative group met in March 2014 at the Central Bank of Jordan (CBJ), the CBJ highlighted the importance of financial consumer protection (FCP) and FI. On behalf of the CBJ, Injaz (a non-profit non-governmental organisation) presented a preliminary study on the current status of Financial Inclusion and Financial Education in Jordan and the results of a mapping exercise of Financial Education in all school curricula to identify existing gaps. On the back of this study, a learning framework and a proposed action plan to boost Financial Education were drawn up and submitted, along with a proposition for a follow-up action plan to boost Financial Education. The members committed to a combined effort to include Financial Education in national school curricula as the first step (which has been implemented from the academic year 2015/2016). Pursuant to the consultative meeting, two national committees were founded for planning and overseeing the project, the Financial Education Steering Committee (FESC) and the Financial Education Technical Committee (FETC). At a meeting in November 2014, the FESC made several important decisions, such as making Injaz the executing agency for the National Financial and Social Education Programme in Schools. This Programme includes a seven-year action plan, which is divided into three phases. The first phase runs from 2014 to 2017.

In line with GIZ's recommendations, the CBJ intends to participate in Global Money Week in 2017 – the first time it has done so. A formal launch of the National Financial and Social Education Programme took place in 2016, and a series of feedback meetings are planned between the CBJ and schools during 2017.

The CBJ and INJAZ have agreed to participate in an OECD study on measuring financial literacy and financial inclusion in several countries including Jordan. The OECD report with results and data analysis will be available by the end of 2016.

### Financial education in the microfinance sector

Based on the microfinance regulation bylaw ratified in 2015, the CBJ has the mandate and authority to regulate and supervise the microfinance sector. The bylaw is consistent with international good practices and adopts light prudential rules with a stronger focus on consumer protection, fit and proper requirements, strong governance rules, risk management and internal controls.

The European Union and German cooperation are jointly supporting this far-reaching initiative. To take on the regulation and supervision of MFIs, the CBJ together with the Tanmeyah microfinance network and the Promotion of the Microfinance Sector in the MENA Region (MFMR) programme, undertook a knowledge-sharing visit to Morocco from 11 to 15 May 2015 to study the country's approach to microfinance regulation and supervision.<sup>60</sup>

The national microfinance association Tanmeyah has a key role to play in financial education, helping to build the capacities of poor and low-income clients and thus enabling them benefit from access to microfinance through the effective use of these services. Additionally, commercial banks like Bank al Etihad (Jordan's sixth largest commercial bank) are working to empower entrepreneurial women through providing them with financial freedom. Part of this work involves the provision of online education platforms and the recruitment of women into senior management positions within the bank.

Arab microfinance institutions have developed voluntary consumer protection and financial responsibility codes for the Arab region, including Jordan. MFI members of the regional microfinance network Sanabel signed a consumer protection and responsible finance document in 2008, which commits them to standards of practice. Jordanian MFIs developed and signed a voluntary code of ethics covering disclosure and transparency, service standards and ethical practices.

60 EU and GIZ, Financial Inclusion MENA Newsletter, available at <http://www.microfinance-mena.org>

### Women's role in Jordan's economy

UNESCO research found that

- 99 % of women in Jordan aged from 15 to 24 are literate, and
- 50 % of all students enrolled in Jordan's universities are women.

Global Findex found in 2014 that

- 16 % of women in Jordan had an account at a formal financial institution, and
- 10 % of women borrowed from a financial institution.

### National financial education initiatives

#### AFLATOUN

Aflatoun's local partner in Jordan is the Jordan River Foundation (JRF), an non-profit NGO established in 1995. Its vision is to empower society, especially women and children, and, in turn, improve people's quality of life and secure a better future for all Jordanians.

A best practice identified in JRF's approach is that they provide parents with guidance on the Aflatoun programme and its different activities. Some parents are even trained as coaches to support children in the Aflatoun clubs. Since the programme is mainly conducted in clubs in a non-formal way, there is room for children to lead group activities and set up small enterprises such as making t-shirts and organising clean-ups or sports events. JRF has plans to expand the programme in schools and to pilot Aflateen.

JRF is forming a partnership with the Madrasati initiative that will engage the Aflatoun Academy in training over 100 teachers on child social and financial education. Approximately 3,500 children will benefit from this initiative.

The end-line monitoring and evaluation carried out in Jordan looked at 49 schools. It found that 75 % of children in the Aflatoun clubs had started saving, of whom 53 % were saving at home, 20.5 % at school and 2 % at a bank. Teacher training initiatives that offer in-service training can help to disseminate financial education in other schools.

### CONSUMER PROTECTION BY THE CENTRAL BANK OF JORDAN<sup>61</sup>

This World Bank project is being implemented by the Central Bank of Jordan and has as its development objectives the enhancement of financial services and products, the strengthening of financial protection mechanisms for MSMEs and the enhancement of governance. The project comprises of three main components: (i) strengthening credit guarantees schemes, (ii) enhancing consumer protection mechanisms and (iii) developing the regulatory and institutional framework for microfinance institutions and non-bank financial institutions (NBFIs). The budget for component (ii) is about USD 1.2 million.

The CBJ is currently planning a number of study tours as well as the establishment of a new specialised department/unit. It is also in the process of hiring consultants to provide hands-on training and capacity-building that focus in particular on consumer protection and financial literacy. For component (i), a highly successful credit guarantee scheme was implemented by Jordan Loan Guarantee Corporation (JLGC) working in collaboration with the IFC.

Financial literacy was promoted through public awareness-raising campaigns and media programmes that focused on issues such as the legal rights of clients, understanding the different financial products on offer, and the complaint resolution mechanism. These complement the efforts of the National Financial and Social Education Programme's steering and technical committees, headed by the CBJ.

#### COMPANY START-UP PROGRAMME

The Company Start-up Programme was set up by Injaz and has been made available in all of Jordan's universities and most of its colleges. It is supported by the Jordan Ministry of Planning and International Cooperation and aims to build entrepreneurship skills through a hands-on practical programme for university and college students who are tasked with establishing real companies and are then offered technical support and incubation.

The Programme has supported the establishment of 100 start-ups by university and college students and 20 % of these are still sustaining and growing their business.

61 The World Bank, Strengthening the Regulatory and Institutional Framework for MSME Deve (P147875) – Implementation Status & Results Report, 22 June 2015, available at <http://documents.worldbank.org>

## ECONOMIC RECOVERY AND DEVELOPMENT PROGRAMME<sup>62</sup>

This programme from Making Cents International and the International Rescue Committee (IRC) targets Syrian and Jordanian women and girls living in and around the cities of Irbid, Mafraq and Ramtha.

The civil war in Syria, ongoing conflict in Iraq and bleak prospects in the Palestinian territories have led hundreds of thousands of refugees to seek a better life in Jordan. The result is overcrowded refugee camps, urban resources under stress, and environments that are often unsafe for women and girls. Against this backdrop, IRC technical staff worked with Jordanian and Syrian women to develop and deliver a training programme that addresses financial literacy and life skills.

## NATIONAL FINANCIAL AND SOCIAL EDUCATION PROGRAMME

The National Financial and Social Education Programme (NFSEP) was launched by the Central Bank of Jordan (CBJ) in May 2015 and will run until 2021.

### Targeted sectors

1. **Financial education in schools:** NFSEP aims at a closer collaboration with the Ministry of Education to introduce separate classes on Financial Education with a budget of JOD 7,000,000 (approx. EUR 9,000,000).
2. **Financial education in higher education institutions:** The NFSEP seeks collaboration with the Ministry of Higher Education and Scientific Research (MOHESR) to make Financial Education topics compulsory or elective requirements for every student.
3. **Using public media to promote financial awareness:** audio, video and printed material has been disseminated, and television and radio programmes broadcast.
4. **Financial literacy for business development:** NFSEP is coordinating the efforts to promote entrepreneurial skills that are being delivered by public and private institutions in Jordan, such as the Jordan Enterprise Development Corporation (JEDCO) and Injaz.
5. **Financial education in the workplace:** NFSEP is working with ministries and private companies to provide their employees with financial literacy training.

6. **Financial education for women and rural communities:** NFSEP is seeking to coordinate with other Jordanian bodies (e.g. the JRF) to empower women and rural communities. This will be achieved through specialised training and workshops designed to promote sustainable investment and improve the income resources of these communities and families.
7. **Electronic financial education:** an online Financial Education portal, mainly for young people and children, that links to social networks, lectures, videos, training material, interactive applications, sample forms for basic financial procedures and operations like feasibility studies, budgeting, procedures for accessing financial facilities and services, and procedures for managing small and medium-sized enterprises.

The programme's main stakeholders are the FESC and the FETC. The FESC is responsible for planning and monitoring the implementation of the NFSEP, while the FETC prepares and implements the Programme's activities.

With regard to funding, the CBJ has engaged with banks, financial institutions and civil society institutions that have previously expressed a willingness to contribute towards this pioneering project. Contributors include licensed commercial banks operating in Jordan, the Abdul Hameed Shoman Foundation, the Al Hussein Fund for Excellence and further external sources.

## MITIGATING THE IMPACT OF THE SYRIAN REFUGEE CRISIS ON JORDANIAN VULNERABLE HOST COMMUNITIES PROJECT<sup>63</sup>

Delivered through a partnership of the UNDP, Zain and the National Microfinance Bank, this project supports the stabilisation of livelihoods and local economic recovery through a voluntary cash-for-work scheme designed to rehabilitate socio-economic infrastructure and enhance basic service delivery. It also supports diversified livelihood opportunities, enterprise recovery and skills development for women and young people.

The National Microfinance Bank manages the wage payment process and also provides vocational training on how to access the finance services needed to establish and grow a microbusiness.

62 Making Cents International, 'Advancing the social and economic well-being of youth and adults around the world', accessible at <http://www.makingcents.com>

63 CGAP Microfinance Gateway, 'UNDP Signs a Tripartite Cooperation Agreement to Boost Youth Employment in Jordan', available at <http://www.microfinancegateway.org>

Zain Jordan supports this initiative by providing telecom and internet services free of charge to all project beneficiaries. It provides participants with a mobile handset, a Zain mobile connection with internet bundles and a 'Zain E-mal' mobile wallet account.

### RESPONSIBLE FINANCE ROUNDTABLE

In December 2013 SANAD and the Jordan Microfinance Network Tanmeyah (which represents seven MFIs that each have majority-female memberships) held a Responsible Finance Roundtable in Jordan. The roundtable brought together different government bodies, development agencies, microfinance practitioners and international senior experts to discuss the status of and trends in the Jordanian microfinance sector.

### SHOROUC

Shorouq is a programme of Bank al Etihad, Jordan's sixth-largest commercial bank in terms of assets out of the 21 non-Islamic commercial banks in the country. A number of senior managers at the bank are women, including its CEO and Deputy CEO. About 40% of its 725 employees are female. The bank's CEO, Nadia Al Saeed, has featured in Forbes Middle East's list of 'the 200 Most Powerful Arab Women' for two consecutive years (2014 and 2015).

The programme, which started in 2014, works to empower Jordanian women in all walks of life – e.g. women business owners, professional women, affluent women, housewives, and women looking to invest for their family's future or their retirement, by enabling them to achieve financial freedom and security. To do this, it provides women with a comprehensive set of banking solutions and non-financial services, including the e-Knowledge Portal, an online education and networking platform.<sup>64</sup>

### STUDY: ASSESSING THE DEMAND FOR NEW AND VARIED FINANCIAL PRODUCTS AMONG MICROFINANCE CLIENTS<sup>65</sup>

Jordan's Ministry of Planning and International Cooperation (MoPIC) conducted this study in May 2012 in order to update the country's 2005 National Microfinance Strategy.

This market survey assesses the potential for new product development to meet the needs of poor and low-income people in Jordan. It attempts to identify various tracks for product development with the help of MFIs themselves, and to submit these ideas to potential clients through a questionnaire that would validate the soundness of these tracks and shed light on client perception.

### Some of the study's findings

1. MFI managers have expressed the need to develop new savings products that will make credit less expensive.
2. They are unable to propose such products because of unclear legislation.
3. There is demand for new and varied credit products.
4. People would like to protect business in bad times and have access to loans and savings to improve living conditions, increase education and improve health coverage.

### YOUTH:WORK JORDAN<sup>66</sup>

Youth:Work Jordan (YWJ) is supported by USAID and is delivered in partnership with the Ministry of Social Development (MoSD) and local NGOs. Its goals are to improve employability and entrepreneurship for out-of-work, out-of-school Jordanian youth and to promote SMEs for economic growth.

YWJ is experiencing several serious and ongoing issues: it has missed certain project targets, some by a large margin; its relationships with partners have deteriorated; and community-based organisations, NGOs and the MoSD have heavily criticised its top-down and non-participatory management approach. These concerns have been raised in a mid-term review of the project's implementation, therefore YWJ has room for improvement.

64 Bank al Etihad, 'Shorouq', accessible at <http://shorouq.bankaletihad.com>

65 CGAP Microfinance Gateway, 'Jordan Microfinance Market Study', accessible at <http://www.microfinancegateway.org>

66 Hua, H. and Dous, N. Mid-term Evaluation of Youth:Work Jordan (YWJ) Project Report, World Education, Inc., 30 July 2011, available at <http://www.worlded.org>

## LEBANON



### General status of financial education

Lebanon is in the process of developing a national financial education strategy. This initiative has been jointly driven forward by the Ministry of Finance and the Ministry of Education and Higher Education, which are seeking to promote economic and financial education. In 2010 several Lebanese stakeholders (Banque Du Liban (BDL), Economic and Social Fund for Development (ESFD), Institute of Finance Basil Fuleihan (IOF), Ministry of Education and Higher Education (MEHE), Ministry of Economy and Trade (MOET), Le Centre de Recherche et de Développement Pédagogiques (CRDP), Special Investigation Commission (SIC)) joined the International Network on Financial Education. In Beirut in October 2010, the OECD and the Banque du Liban held an International Conference on Financial Education: Building Financially Empowered Individuals. In 2012 the Basil Fuleihan Institute of Finance, with the support of the World Bank, carried out an initial study (described in more detail below). Following this, in October 2015 a national conference on financial capabilities (covered in more detail below) was held in Lebanon that brought together 100 stakeholders from Lebanon's public and private sectors as well as from international organisations to discuss international good practices and initiatives. A key outcome of the conference was the commitment made by all stakeholders to work together on designing a draft National Strategy on Financial Capabilities. However, even though the stakeholders showed great willingness, this commitment faltered due to the fact that no single institution was tasked with leading the strategy. An institution therefore needs to be given the mandate to provide leadership and resources and to commit to the design and implementation of the strategy.

### Financial education in the microfinance sector

In Lebanon no comprehensive microfinance law is currently in place. However, quite a few initiatives are implemented by the private sector. Commercial banks, such as BLOM Bank and BLC Bank, provide access to tailored financial services, advisory services, training and business education, and networks and online portals (see below for more details). In addition, MFIs such as Al Majmoua are working to support female entrepreneurs and refugees to obtain financial education.

#### **General facts<sup>67</sup>**

1. Around 70 % of Lebanon's population is between 15 and 64.
2. 30% work in the informal sector.
3. The literacy rate is 90 %.
4. Female participation in the labour force is low at 24.5 %.
5. The banking sector is the backbone of economy: there are 105 commercial banks per 1,000 km<sup>2</sup>, making a total of 1,043 branches throughout the country.
6. Loan account penetration is high: 520 Lebanese in every 1,000 have a loan account.
7. Consumer protection for financial services in Lebanon ranks very low.<sup>68</sup>
8. In 2010 30% of children were attending a state school.
9. There are 1,393 state schools across Lebanon.
10. The dropout rate between primary and elementary levels is 30 %.
11. 15 % of teachers have received some training, but the impact has never been evaluated.
12. In 2011 the government allocated 1.6 % of GDP to public education.
13. In 2009 a capacity-building programme for economics teachers was rolled out in state secondary schools.

#### **The economic role of women in Lebanon<sup>69</sup>**

1. In 2014 24 % of the Lebanese labour force comprised women (World Bank data).
2. In 2009 34 % of firms had female participation in ownership (World Bank data).
3. In 2014 32 % of women in the country borrowed money (Findex data).

<sup>67</sup> Institut des Finances Basil Fuleihan, Measuring Economic and Financial Literacy and Capability Experience of Lebanon, January 2013, available at <http://www.institutdesfinances.gov>

<sup>68</sup> CGAP and World Bank, 'Middle East and North Africa: A Regional Snapshot', Financial Access Database, 7/14, 2010

<sup>69</sup> Global Banking Alliance for Women, 'BLC Bank', accessible at <http://www.gbaforwomen.org>

4. 3% of bank loans for businesses in Lebanon go to female entrepreneurs (GEM Women's Report 2010).
5. Lebanon's gender gap in financial literacy is the nineteenth widest in the world and the second largest among Arab countries (GFLS results).

## **National financial education initiatives**

### **AL MAJMOUA**

Al Majmoua is Lebanon's largest MFI. Its programmes help Syrian refugees, women and SMEs by providing them with financial education and vocational training.

### **BLOM SHABEB**

BLOM Shabeb is the name of BLOM Bank's youth empowerment programme, which started 2010. The programme provides a comprehensive online platform that helps Lebanese young people to plan their education and understand their career choices for a successful future (offering, for example, aptitude tests and a list of universities). It also organises diverse events, such as career and job fairs, and awards events. Both activities provide indispensable information that serves as the basis for beneficial discussions on academic decisions and future careers to be held between students, teachers and parents.

### **CAPACITY BUILDING FOR STATE SCHOOL ECONOMICS TEACHERS AND REVIEW OF SCHOOL CURRICULA<sup>70</sup>**

The Basil Fuleihan Institute of Finance, in partnership with the Lebanese Ministry of Finance and Saint Joseph University's Faculty of Economics, conducted this capacity-building programme with the goal of promoting financial and economic education for young people.

The programme promotes financial and economic education among adults, young people and children in Lebanon and the Arab region. It builds the capacity of state school teachers and thus improves the quality of secondary-level education on topics related to economics and public finance. It also increases the levels of financial literacy and awareness of state-school pupils at the elementary, intermediate and secondary levels. The programme's e-platform provides easy access to information, knowledge and expertise on economic and financial education and uses interactive learning

methods and tools (e.g. simulations, interactive games and tests) and user-friendly educational material. The platform is designed to raise young people's awareness in Lebanon and the Arab region about economic and financial matters.

One strand of the project targets 400 economics and civic education teachers who teach at the intermediate and secondary levels (economic and social sciences, and general sciences) in Lebanon's state schools, and also 100 social workers and librarians who work for NGOs and public libraries in the country.

Another strand also targets intermediate- and secondary-level students whose curricula include complicated economic concepts and principles. The statistics of the Lebanese Educational Center for Research and Development show that, in 2007, 144,395 students were enrolled in either intermediate- and secondary-level education in state schools.

Finally, the programme is also directed at trainers, experts, researchers and practitioners of economic and financial institutions and governmental and non-governmental organisations.

### **Tools and programmes (all available in Arabic)**

1. Capacity-building (training of trainer) and workshops for teachers on economics and financial topics.
2. Production of a multimedia teaching toolkit comprising a film (seven- to ten-minute mixed-media animation), two comic books (one for children aged 8 to 12 and the other for children aged 12 to 15), and activity booklets (based on the associated multimedia tools and emphasising the interactive and creative learning process that the teacher, NGO worker or librarian can use inside or outside classroom).
3. Gateway/e-platform<sup>71</sup> on economic and financial education for Lebanon and the Arab region), which contains relevant financial education information, publications, links, events and initiatives.

A performance monitoring and evaluation plan (PMP) was developed to ensure that the project's objectives and indicators were achieved. The PMP includes interviews with stakeholders, focus groups with beneficiaries, and progress and final reports.

70 OECD International Gateway for Financial Education, 'Lebanon: Promoting Financial and economic education among youth' accessible at <http://www.financial-education.org>

71 <http://www.institutdesfinances.gov>

### CITIZEN'S GUIDE<sup>72</sup>

Implemented by the Basil Fuleihan Institute of Finance (Lebanese Ministry of Finance), the Citizen's Guide supports the Lebanese public living both in Lebanon and abroad. The project aims to improve the skills of secondary-level economics teachers in state schools across Lebanon through a series of training programmes and awareness-raising sessions on public finance and economics.

#### The project aims to:

1. develop vehicles to provide citizens with a reliable source of information on the procedures involved and to encourage them to file their transactions without having to rely on intermediaries, bear additional unjustified costs or incur the risk of penalties from delays and/or non-compliance;
2. encourage citizens to perform their duties and also to take action by demanding greater transparency and accountability from administrations;
3. facilitate communication between the Ministry of Finance and the public at large, and promote transparency and accountability in the departments concerned.

The Guide comprises a user-friendly pamphlet in Arabic describing the different processes concerned and written in a service-oriented language. Citizen's Guides are available in hardcopy and electronic formats and have been widely distributed.

After the publication of each Guide, surveys were conducted at the Ministry of Finance to obtain feedback from relevant offices, from the Ministry's helpdesks in its main buildings and from selected syndicates and orders.

### ECONOMIC AND SOCIAL FUND FOR DEVELOPMENT<sup>73</sup>

The Economic and Social Fund for Development (ESFD) designs and implements the following financial inclusion strategies that increase access to financial services for SMEs:

1. Opening up access to credit through a risk-sharing scheme with selected commercial banks.
2. A business advice programme for SMEs.
3. Training for SMEs.
4. Market and feasibility studies.
5. Training for bank credit officers.

From 2003 to September 2015, 8,684 private projects were financed. LBP 148 billion were disbursed to finance SME projects and 6,436 new jobs were created. ESFD provided business advice to 3,080 enterprises and ESFD's loans have created over 3,000 new jobs.

### GLOBAL MONEY WEEK 2015 – LEBANON

In Lebanon the Ministry of Social Affairs, the Higher Council for Childhood, the Central Bank of Lebanon and a number of schools, universities and banks all participated in the 2015 Global Money Week.

#### Activities that reached 290 children

Financial education session:

1. Lebanese Central Bank specialists delivered lectures/presentations in the newly inaugurated Outreach and Leadership Academy (OLA), which is run by a partnership of the Outreach and Civic Engagement Department at the Lebanese American University (LAU) and the Hariri Foundation for Sustainable Human Development.
2. A Member of the Lebanese Parliament opened the event and LAU students reading different subjects and from different regions of Lebanon attended the presentations along with high-school students from the region of Saida.
3. The presentations focused on helping students to prepare better saving strategies and also discussed a range of different approaches that young people can take to develop their own successful business ventures. Attendees were encouraged to work up their creative and entrepreneurial ideas into successful projects. During the session, a finance specialist from Banque du Liban introduced the students to the various loans issued by the Central Bank. The students were invited to explore the role of the Central Bank and the importance of financial education at a young age.
4. The session ended with young graduates who had started their own businesses sharing their success stories with the students to provide inspiration.

72 OECD International Gateway for Financial Education, 'Lebanon: Citizens Guide', accessible at <http://www.financial-education.org>

73 Economic and Social Fund for Development's website: <http://www.esfd.cdr.gov.lb>

The Save Today, Safe Tomorrow! initiative:

1. Bank Audi was the first private Lebanese bank to organise an initiative targeted at high-school students. For the A Day at Bank Audi event, students from different Lebanese schools, who had been deliberately selected to reflect the diversity of Lebanon, were invited to Bank Audi. They attended presentations delivered by Bank Audi employees on basic banking concepts, e-payment solutions and card services, and compliance. They also visited the Bank's Bab Idriss Corporate Branch, as well as its e-Gallery and e-Branch.
2. This initiative sought to enhance financial literacy by communicating with specific stakeholders and raising future customers' awareness about financial planning and management, savings, and social inclusion. All participating students were awarded with certificates of participation. Bank Audi's Corporate Social Responsibility, Retail, Compliance, and e-Payment and Card Services teams joined forces to give future leaders a firm footing in finance.

#### KAFALAT

Kafalat helps SMEs to access funding from commercial banks by providing loan guarantees based on business plans and feasibility studies.

#### MASTERCARD SURVEY 2012 – RESULTS<sup>74</sup>

MasterCard's 2012 Financial Literacy Index revealed that consumers in Lebanon, with a score of 61 index points, are on a par with their peers in the Middle East when it comes to financial literacy.

Lebanese respondents increased their ranking in the financial planning component from third place in 2010 to second place in 2012. In the investment component they also moved up from fourth place in 2010 to third place in 2012. Respondents scored well on the financial planning component of the Index (66%) and were particularly well prepared when it came to saving regularly and investing in insurance. They scored 61% for basic money management and 55% for investment (up from 54% in 2010).

While slight disparities exist, men and women scored fairly equally in terms of financial literacy in the Middle East. In Lebanon women achieved higher scores than men (62% versus 60%), though only marginally so.

#### NATIONAL CONFERENCE ON FINANCIAL CAPABILITIES (21–22 OCT 2015)<sup>75</sup>

This conference was run by the Association of Banks in Lebanon (ABL) in partnership with the Basil Fuleihan Institute of Finance of the Ministry of Finance (MoF), the Ministry of Education and Higher Education (MEHE) and the OECD's International Network for Financial Education (INFE). 100 representatives from the public and private sectors and international organisations (Bank du Liban, academia/education sector, banking sector, financial institutions, insurance companies and incubators, civil society and the media) participated.

#### Topics covered

1. Plenary sessions: good international practices and trends in financial education, highlighting the OECD/INFE principles and guidelines on national strategy design, implementation and evaluation.
2. Roundtables themes: (1) financial education at school, (2) banking and consumer protection, (3) retirement and long-term saving strategies, (4) citizenship, accountability and good governance and (5) financial inclusion.
3. The closing ceremony was an occasion for key partners to review all recommendations and commit to further efforts towards the drafting of a National Strategy on Financial Capabilities, in cooperation with all concerned stakeholders.

#### Recommendations of the presentation on taxes Stages of education

1. School: my budget (political concepts still weak) plus the principle of accountability – e.g. citizenship through entertainment, games and digital natives; school governance, accountability and participatory culture; participation in university simulations.
2. University: national budget (higher capacity to conceptualise) – e.g. field visits and financial investigations.
3. Civil society organisation: learning by doing.

74 MasterCard, 'Financial planning amongst Lebanese consumers on the rise: MasterCard survey', accessible at <http://www.mastercard.com>; and MasterCard, 'Furthering Financial Inclusion in the Middle East through Entrepreneurship', accessible at <http://newsroom.mastercard.com>

75 Institut des Finances Basil Fuleihan, 'Lebanon is heading towards a National Strategy on Financial Capabilities', accessible at <http://www.institutdesfinances.gov>



## NATIONAL FINANCIAL LITERACY MEASUREMENT SURVEY 2012<sup>76</sup>

As part of the pilot for the World Bank, OECD and Russia Trust Fund's Financial Literacy Measurement, the World Bank supported the Lebanese National Financial Literacy Measurement Survey. This was implemented by the Basil Fuleihan Institute of Finance<sup>77</sup> in 2011 and 2012, and 1,214 households were surveyed.<sup>78</sup>

### The study's results<sup>79</sup>

1. 38 % of young adults do not know the concept of progressive taxes.
2. 15 % of young people do not know how to calculate interest rates.
3. Only 31 % of young people know the concept of compound interest rates.
4. 4 % of young people do not know how to calculate percentages correctly.
5. 95 % of the interviewees confirmed a need for more information about financial products and services.
6. 67 % of young adults are worried about their capacity for managing future unexpected expenses.
7. The Lebanese scored lowest in budget planning with a 40 (compared to Columbia with a score of 80).
8. Lebanon earned a score of 40 for saving (compared to 57 earned by Mexico).

### Money management

1. Women seem to be as likely as men to be in charge of decision making: 32 % of the male respondents and 31 % of the female respondents claimed to be responsible for short-term financial decisions.
2. 52.6 % of the respondents set a budget for managing their money.
3. 47 % do not save.
4. Only 45.2 % end up with a surplus of money after paying for their food and necessities, and 17.5 % claim to save these surpluses for expected expenses.
5. 37 % appear to lack sufficient money to cover the essentials, and 28 % of these respondents borrow to make up the shortfall.

### Money management – planning for old age

1. 71 % of respondents claim they have not taken any measures to cover for their future.
2. 20 % have not yet devised any strategies to plan for their old age.
3. 63 % are taking some steps to plan for the future of their children.
4. 53.4 % claim to save money for the future.
5. 16 % intend to work beyond retirement age.
6. 26 % of those surveyed above 60 are relying or will rely on family members.

### Young people

1. 69 % of young people are not able to calculate a compound interest rate correctly.
2. 42 % gave an incorrect answer on the time value of money.
3. 20 % failed to calculate without error a discount rate.

### Key recommendations

1. Governance and accountability: raise awareness; facilitate citizens' access to information – educational tools.
2. Education (MEHE): improve capacity development programmes for teachers; update existing curricula.
3. Financial inclusion: working with the private sector and NGOs, empower women with skills, knowledge, tools and networking; facilitate SME access to finance.
4. Banking and financial services: improve access to information and financial intermediation; improve the coordination of current initiatives; empower target groups.
5. Pensions: support evidence-based policy reform, especially social protection policy.
6. Consumer protection: improve access to information and financial intermediation; support the development of financial markets.
7. Long-term vision: evidence-based policy-making/ structural reforms; second survey.

## PROJECT FOR ENHANCING ECONOMIC AND FINANCIAL CAPABILITIES IN LEBANON

This project is being drawn up by the Banque du Liban (BDL) in collaboration with other local partners to improve financial inclusion through financial education and thus enhance the economic and financial (ECOFIN) capabilities of Lebanese citizens. The main goal of this project is to establish and disseminate a digital ECOFIN knowledge platform. The platform will target all segments of the Lebanese population, by providing them with tailored interactive resources on five main topics.

<sup>76</sup> Institut des Finances Basil Fuleihan, 'Lebanon', accessible at <http://www.institutdesfinances.gov> (in French).

<sup>77</sup> Legal status: public autonomous agency, reporting to the Minister of Finance.

<sup>78</sup> Household size: 4.01. Statistical unit: individual above 18 years.

<sup>79</sup> Institut des Finances Basil Fuleihan, 'Lebanon', accessible at <http://www.institutdesfinances.gov> (in French).

**TOPIC 1:****Familiarise Lebanese citizens with the Lebanese ECOFIN system and cultivate monetary patriotism**

This outcome involves enhancing citizens' trust in the Lebanese ECOFIN system by improving their knowledge of key actors and key concepts. It also involves explaining national monetary policy in an easy and simple way, and engaging Lebanese citizens in supporting BDL's effort to sustain a robust monetary and ECOFIN system.

**TOPIC 2:****Emphasise the role of Lebanese citizens in maintaining national financial stability by raising awareness about financial risks and challenges and stressing the importance of financial consumer protection**

The main challenges facing today's local financial and banking system are shadow banking and financial digitalisation. BDL circulars and announcements related to these financial risks and challenges will be shared in a simple and straightforward manner.

**TOPIC 3:****Improve the understanding and use of formal banking products and services for both individuals and businesses**

This outcome involves identifying the financial products and services provided to individuals and businesses by regulated financial service providers. The platform will explain how to use these products and how to calculate their cost using financial calculators. This outcome will also shed light on the advantages of using regulated digital banking services over unregulated financial platforms.

**TOPIC 4:****Encourage citizens to develop budgets, long-term savings and retirement plans and enhance the pension and social protection system**

For this outcome, citizens will be encouraged to develop personal money management and budgeting skills for use at different life stages. Also, the platform will help individuals to improve their long-term savings habits, will raise awareness about the importance of planning for retirement and will clarify the role of the pension and social protection system.

**TOPIC 5:****Cultivate a sense of citizenship by fostering confidence in public finance management and national fiscal policy**

This outcome involves explaining to citizens their role in maintaining a stable, transparent and sustained ECOFIN system by communicating the importance of establishing a national budget, the importance of tax collection, the mechanism for public procurement, the pros and cons of privatisation and nationalisation, etc.

A creative communication strategy will be drawn up to promote the digital platform involving media campaigns and events such as a National Currency Day. The aim is to encourage people to use the platform in schools, universities and financial institutions as a dynamic ECOFIN educational tool. Adapting the website's content for other uses – such as pamphlets, guides, comics, TV series, workshop presentations, etc. – will also help to promote the platform.

BDL operates throughout all of Lebanon. This comprehensive presence will ensure that the project is properly disseminated to the country's different urban and rural communities. Furthermore, at the same time as BDL has contributed to building a network of regional central banks, it has maintained relationships with leading international central banks. For this reason, BDL is able to help disseminate the project's experience across the Arab region.

This project is one of several longstanding efforts by BDL to raise awareness and disseminate user-friendly information on the workings of the financial system, the activities of different financial sector actors, stimulus packages, equity financing and other financial endeavours. BDL has also issued a series of booklets that, in simple terms, present its objectives and operations to the general public with the aim of promoting economic literacy. These publications are available in both Arabic and English in hardcopy from BDL or electronically through the bank's website.

The project also complements BDL's other initiatives aimed at raising economic and financial literacy such as youth training programmes, visits to the Money Museum, initiating and participating in various relevant workshops and capacity-building programmes, among others.

### TARA W KHEIT

Tara w Kheit is a Safadi Foundation project that works to enhance women's entrepreneurial skills at both the individual and collective levels by delivering relevant training and promoting women's entrepreneurial initiatives.

For the project, 10 to 12 women leaders are identified and the women's handicraft cooperative set up. Training sessions are delivered to women on cooperative management, marketing and team work; on setting the strategic plan for the cooperative; on establishing and implementing promotional campaigns for the cooperative; and on organising a public exhibition of handicrafts produced by the participating women. As a result, the women form their own community-based working unit.

### WE INITIATIVE <sup>80 81</sup>

The We Initiative is a women's empowerment programme for female entrepreneurship that was launched in 2012 by BLC Bank (the first bank in the MENA region to commit to the UN Women/UN Global Compact Women's Empowerment Principles) with the support of the International Finance Corporation (IFC).

The initiative aims to provide women with relevant and innovative products, services and capacity-building activities and to enhance their financial and networking opportunities. It supports women-owned SMEs by providing access to tailored financial services, advisory services, and training and business education and networks.

In only two years, BLC Bank's We Initiative began generating significant business returns, currently representing more than 18% of the bank's profits and with double-digit growth projected for the next three years. Through the We Initiative, the BLC Bank has positioned itself as the natural choice for women seeking banking services in Lebanon and as a global exemplar for women's market best practices. BLC Bank now serves more than 31,000 women customers with a loan portfolio of USD 180 million and deposits of USD 750 million. Women make up more than 50% of BLC Bank's total staff and 43% of its senior management – a number that is targeted to increase to 50% by 2020.

80 We Initiative, 'The We Initiative is you, it is about you and for you', accessible at <http://we-initiative.com>

81 Global Banking Alliance for Women, 'BLC Bank', accessible at <http://www.gbaforwomen.org>

## MOROCCO



### General status of financial education

Morocco has adopted a National Strategy on Financial Education that is currently in its implementation phase (for details see below). It was drawn up on the basis of an initial survey of financial capabilities undertaken by the World Bank and completed in 2014 (for details see below). The Moroccan Foundation for Financial Education (FMEF) was created in January 2013 as a financial sector initiative with 13 founder members: Bank Al-Maghrib (Morocco's central bank, which is leading the FMEF) and several ministries and professional associations. Recently, the Ministry of Handicrafts and Social Economy and the Ministry of Tourism also joined the Foundation, making a total of 15 members. The FMEF developed a three-year national strategy, which commenced in 2014.

### Financial education in the microfinance sector

In 2010 Bank Al-Maghrib created a credit bureau. In 2011 Morocco adopted microfinance legislation to allow the government to develop a basic framework for Islamic insurance (takaful), a cooperative scheme based on the principle of solidarity that is becoming increasingly popular in Africa. Morocco's National Microfinance Strategy was launched in 2012.

The country's professional associations, as representatives of the private sector, contribute to national financial education activities indirectly through their membership of the FMEF. Most MFIs provide their clients with training that focuses on entrepreneurial skills and general financial education (for details see below). Banks have launched the Low-Income Banking (LIB) initiative, which provides target groups of low income clients with adapted products using innovative technologies (e.g. prepaid cards, mobile banking, tailored packages, etc.). For this purpose, Moroccan banks have also established partnerships with MFI, money transfer companies and telecommunications providers (Bank Al-Maghrib Note 2012). Since 2009 the private postal bank Al Barid Bank

has sought to reach out to the geographically excluded rural population.

The Arab Monetary Fund organised a workshop on financial education policy for Bank Al-Maghrib in Morocco in October 2015.<sup>82</sup>

### **National financial education initiatives**

#### **AFLATOUN**

In Morocco Aflatoun partners with Bayti and the Moroccan Association for Education Policy Frameworks and Planning (AMCOPE). AMCOPE works in all domains related to education, including academic and career planning, and education systems. It has contributed significantly to the development of a national charter for education and training. Bayti is an NGO that works with children in difficult circumstances including street children, working children, abandoned children, juvenile delinquents and sexually exploited children.

For one of its programmes, Bayti created a space where street children were able to participate in Aflatoun sessions. The role of saving in this context is related to good deeds rather than to money, although money is taken into consideration. Bayti also enabled the participating children to promote their social enterprises through exhibitions mounted at trade fairs.

Aflatoun participants also had the opportunity to earn money through art and free expression. The children drew and painted 64 artworks and exhibited them at Casablanca Cathedral. In all, 20 of the artworks were sold, raising a combined total of MAD 4,000. To encourage this initiative, one of the Aflatoun partners offered to double these earnings to MAD 8,000 on condition that the monies be set aside for reinvestment. In this way, children were encouraged to seek out and develop new projects in which to reinvest their earnings and, in so doing, strengthened their understanding of entrepreneurship.<sup>83</sup>

#### **AFRICAN WOMEN IN BUSINESS<sup>84</sup>**

Together with the African Development Bank, Al Karama ran the African Women in Business financial education training session for 100 (mainly women) microfinance clients in Ojuda, Berkane and Casablanca.

#### **ALBAKARA<sup>85</sup>**

Albakara is a microcredit institution that targets women and young people and helps in the creation of micro-enterprises. Its activities include training on the creation of micro-enterprises and the management of micro-projects, technical assistance and advice for project initiators, and product marketing support and coaching for micro-entrepreneurs. Around 600 people have participated in Albakara's financial education activities.

#### **FINANCIAL INCLUSION AND CAPABILITY SURVEY – MOROCCO<sup>86</sup>**

In response to a request from Bank Al-Maghrib, the World Bank has conducted a Financial Capability and Inclusion Survey in Morocco. The survey covered four main areas: financial inclusion, financial capability, the relationship between financial inclusion and capability, and financial consumer protection.

### **RESULTS**

#### **Financial inclusion**

1. 41 % of Moroccan adults use a formal financial product or service compared to the MENA average of 18 %.
2. 53 % of adults living in urban areas report using a formal financial product, compared to 19 % of their rural counterparts.
3. Adults without a formal account report the main reasons for this as lack of money (37 %), lack of need (27 %) and accounts being expensive (24 %).
4. 53 % of Moroccan adults have used banking products, 41 % insurance products, 18 % Islamic finance products and 13 % products from MFIs.

82 The World Bank, 'Catalyzing Financial Education to Promote Financial Inclusion in MENA', accessible at <http://www.worldbank.org>

83 Aflatoun International, 'Achievements', accessible at <http://www.aflatoun.org>

84 Al Karama, 'Produits non-financiers', accessible at <http://www.alkarama-mc.org>

85 Al Karama, 'Produits non-financiers', accessible at <http://www.alkarama-mc.org>

86 World Bank, 'Enhancing Financial Capability and Inclusion in Morocco – A Demand-Side Assessment, December 2014', available at <http://responsiblefinance.worldbank.org>

### Relationship between financial inclusion and capability

1. On average, adults correctly answered three out of seven questions testing basic numerical skills and knowledge of financial concepts.
2. 90% were able to perform simple divisions and 51% understand the purpose of insurance. Only 19% are familiar with the concept of risk diversification.
3. On average, adults are familiar with 4.3 different financial products.
4. Respondents know about products offered by: banks (90%), savings and credit self-help groups (89%), MFIs (68%), insurers (45%) and brokerage firms (16%).
5. Respondents scored low with regard to long-term financial decision-making behaviours: living within one's means (57), monitoring expenses (54), not overspending (38), budgeting (38) and providing for old-age expenses (6).
6. Respondents showed strengths in other areas: choosing financial products (89), farsightedness (78) and coping with unexpected shocks (67).

### Financial consumer protection

1. 25% had experienced a conflict with a financial service provider and less than half of them (43%) took action to try to resolve it.
2. To resolve a dispute, regulators and litigation were hardly ever involved: 69% approached their provider through family and friends; 50% stopped using the services in question before the contract expired; and only 1% approached the government authorities or courts with the matter.
3. Three main causes for this inertia were identified: (1) the perception that financial providers are too powerful – 69%, (2) the perception that government authorities do not work properly – 62%, and (3) a lack of awareness about which authorities to approach – 52%.

### GLOBAL MONEY WEEK 2015 – MOROCCO<sup>87</sup>

Morocco is a regular participant in Global Money Week. In 2015 the Moroccan Foundation for Financial Education (FMEF), Ministry of Education, Professional Association of Moroccan Banks (GPBM), the Casablanca Stock Exchange, Moroccan Federation of Insurance and Reinsurance Companies (FMSAR) all took part in a diverse range of activities that reached 95,000 children.

87 Global Money Week Morocco: <http://www.globalmoneyweek.org/regions/mena/morocco.html>

### Activities included the following:

1. A Ring the Bell event to open trading was held at the Casablanca Stock Exchange.
2. FMEF organised a range of activities in various cities across the country.
3. Numerous financial awareness sessions for school pupils were organised by Bank Al-Maghrib staff, bankers, insurers, and Casablanca Stock Exchange managers.
4. FMEF produced two guides in both Arabic and French covering issues related to money, budgeting, savings, banking, the stock exchange, and insurance. 75,000 guides were distributed to high-school students and 25,000 to primary school pupils.

### STOCK EXCHANGE SCHOOL<sup>88</sup>

The Casablanca Stock Exchange launched this 'school' to familiarise bank staff and the wider public with financial products and the workings of the stock market. More than 50 training programmes are offered to interested parties each year. The training programmes mainly target students, financial journalists, investors and self-employed persons. Modern training methods are used and assistance is provided.<sup>89</sup>

### MOROCCAN FOUNDATION FOR FINANCIAL EDUCATION

The Moroccan Foundation for Financial Education (FMEF) was set up as a non-profit organisation in January 2013 and, at present, has 15 members.<sup>90</sup> Its actual budget is MAD 6,000,000 (roughly EUR 550,000). To date, most of its budget has been sourced from the financial sector, with only a small subsidy being required from international organisations. The question however remains: How can the FMEF become self-sustaining and autonomous in future?

The FMEF coordinates all its members' financial education activities, promotes the principles and best practices of financial education, champions financial education as a principle of financial inclusion, and runs national

88 Casablanca Stock Exchange, 'Services', accessible at <http://www.casablanca-bourse.com>

89 OECD INFE, Financial Education in Africa Draft Preliminary Report and Initial Guidance, available at <http://www.fsb.co>.

90 FMEF members: Bank Al-Maghrib, Ministry of the Economy and Finance, Ministry of National Education, Ministry of Higher Education, Ministry of Handicrafts and Social Economy, Ministry of Habous and Islamic Affairs, Ministry of Tourism, Moroccan Capital Markets Authority, Supervisory Authority for Insurance and Social Security, Management Company of the Casablanca Stock Exchange, General Confederation of Moroccan Enterprises, Professional Association of Moroccan Banks, Moroccan Federation of Insurance and Reinsurance Companies, Professional Association of Finance Companies, and National Federation of Microcredit Associations.

awareness campaigns to increase people's knowledge of financial risks and how to be protected against them. The FMEF is also responsible for the National Strategy on Financial Education and its associated Action Plan, which are revised and/or reproduced every three years and are covered in FMEF's annual reports.

The FMEF has discontinued its original role as national coordinator of financial education activities and has rationalised the number of small-scale individual initiatives delivered, as they were shown to have insufficient impact. Instead, its main duty has become the development of a national and sectorial strategy as well as the building of new partnerships with existing stakeholders such as working with CYFI to develop Aflatoun in the country. FMEF is seeking to grow its role in the Maghreb region by setting up partnerships with at least one partner institution in each country.

**Table 7: FMEF members and their contributions to the budget**

Membre	% proposé	Cotisation
<b>Bank Al Maghrib</b>	15 %	900 000
<b>L'Autorité de marchés de capitaux marocains</b>	15 %	900 000
<b>L'Autorité de contrôle des assurances et de la prévoyance sociale</b>	15 %	900 000
<b>La société gestionnaire de la bourse de Casablanca</b>	15 %	900 000
<b>Le Groupement professionnel des Banques du Maroc</b>	25 %-part APSF	1 380 000
<b>La Fédération Marocaine des Sociétés d'Assurances et de Réassurance</b>	15 %	900 000
<b>L'Association professionnelle des sociétés de financement</b>	2 %	120 000
<b>Total</b>		<b>6 000 000</b>

## NATIONAL STRATEGY ON FINANCIAL EDUCATION

Morocco's National Strategy on Financial Education (NSFE) was approved by FMEF's Board of Directors in 2013 and is currently being implemented. It focuses on three strategic areas:

1. Developing awareness and financial education programmes that enhance financial inclusion, tailored to different population segments.
2. Developing public financial skills and capacities.
3. Promoting cooperation in financial education.<sup>91</sup>

Its target groups are children and young people, the general public and entrepreneurs.

### The NSFE is being implemented in two different ways:

1. Awareness-raising programmes and financial education tailored to different segments of the Moroccan population are being implemented to promote these groups' financial inclusion. The awareness-raising activities include: financial education activities for young people, such as Global Money Week; a financial education portal for young people and teachers; and the integration of financial education into the academic curriculum. For the general public and entrepreneurs, financial education is being integrated into the economic and social development programmes provided by public and private actors. A range of partners are running regionalised and rurally focused awareness-raising activities for those without access to financial services.
2. Awareness and information campaigns were rolled out to develop people's financial skills and their capabilities for taking decisions and financial risks, and to increase their knowledge of financial products. These information campaigns included recommendations for financial institutions with regard to transparency, responsibility, information and customer advice. Various channels and media are used for these campaigns such as the internet, social networks and audio-visual media. There are also specially tailored awareness campaigns and financial education tools for SMEs.

The National Strategy emphasises the importance of collaboration between partners. It fosters cooperation on financial education, establishes a cooperation framework for universities and encourages partnerships with institutions involved in promoting financial education. Cooperation between national stakeholders working on

91 OECD INFE, National Strategies for Financial Education – Policy Handbook, available at <http://www.oecd.org>

financial education strengthens the impact of actions initiated by national associations and develops synergies between financial education efforts. Partnering with international institutions working on financial education helps to build a framework for the exchange of best practices and for fundraising.

## RESULTS OF THE NATIONAL STRATEGY ON FINANCIAL EDUCATION<sup>92</sup>

### Young people/children

1. Information and awareness-raising activities: Global Money Week and financial education days where banks, insurance companies and other financial sector actors visit schools and vice versa. In 2015 around 100 hours of activities were delivered and in the region of 200,000 children and young people benefited.
2. The FMEF promoted a strategy on how to introduce financial education into school curricula. In 2015 workshops were organised to prepare a cohort of trainers who then went on to train inspectors in the city of Rabat and the first target groups. Before the year had ended, 62 educational establishments in Rabat had been trained. The training is currently targeted at fifth grade pupils in primary schools in Rabat but, over time, it will gradually be rolled out to other parts of Morocco.
3. A play-based online financial education platform for young people and children was launched in January 2016.

### General public

1. The socially disadvantaged – i.e. women and children – are being targeted.
2. Financial literacy programme:
  - 2015: training of 30 trainers.
  - 2016: roll out of the main training programme with a goal of 92,000 people trained by 6,000 trainers by March 2016.
  - Training material has been developed in cooperation with Bureau International de Travail (BIT) for people who are either illiterate or have a low literacy level.
3. A public awareness campaign was run on the radio from February to September 2015. The FMEF together with Finance in Motion (SANAD) developed 30 radio programmes, which were written, recorded

and broadcast in Darija. Originally, the plan was to broadcast one programme a day over a six-week period. However, the co-sponsorship of the partner radio station, MFM Radio, enabled the project to be extended to six months and five broadcasts daily.

4. An online finance management platform for the general public covering credit, savings and budget planning was scheduled for launch in January 2016.

### Entrepreneurs

1. A sectorial approach will first engage with the ‘mono-artisan’ (craftspeople who work alone or with one or two assistants) sector, as this and agriculture are the most fragile sectors in Morocco. Ministries supported the initiative by making financial education training mandatory for apprentices. About 80 trainers were prepared and the BIT developed training material and a guide.
2. December 2015 was designated as a special month celebrating craftspeople, with regional trade fairs organised for this purpose. About 6,000 participants were expected to participate in an awareness-raising week and around 2,500 people took part in the three-to four-day training programme.
3. An online platform for micro-entrepreneurs has also been developed for the FMEF website.

### Partnership

1. The goal of finding a research centre or partner university has not yet been met. It remains to be determined whether a regional approach should be adopted, where one university in each region is tasked with the monitoring activities.
2. An impact evaluation is being planned and will be conducted every five years. Immediate impact evaluations have already been carried out for around 5% of the financial education training cohort. These show that 70% of attendees were very satisfied with the training and retained the content after one day. Also, between 95% and 100% of the attendees completed the full training programme of at least five days.
3. Through its partnership with international organisations, the FMEF is aiming to draw down expertise, technical knowledge and financial contributions. Since the contexts of MENA region countries are fairly similar, the FMEF favours the development of a regional solution and is prepared to expand its operations to the regional level.

92 Marzak, S., ‘Éducation financière, un projet d’envergure «nationale»’, LesEco.ma, accessible at <http://www.leseco.ma>

### PROMOTION OF MICRO, SMALL AND MEDIUM-SIZED ENTERPRISES

On behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH supported the Government of Morocco in developing a national strategy to promote micro-enterprises and stimulate sustainable growth and employment in MSMEs.<sup>93</sup>

Activities included consultancy and training services as part of the EntreElles programme for female entrepreneurs as well as financial literacy programmes. At the project's end in 2015, Morocco adopted a national strategy for promoting micro-enterprises.

At the end of 2012 GIZ and Absalis evaluated the impact of a series of two- to four-hour financial literacy training sessions for micro-entrepreneurs (mostly bank customers). The results show that 13% of the participants think the sessions had a strong and positive impact on the management of their enterprises, 27% a moderate impact, 20% a weak impact and 40% no impact at all. With regard to organisational and management matters, participants were more negative: 40% believe that the session has not helped them to structure their business accounting and 47% believe that it has had no positive impact on their cash management.

Participants did, however, perceive a moderate impact on financial institutions: 40% of the entrepreneurs think that the programme's biggest impact has been to clarify relations with the banks; 13% think it helped them to secure bank loans, while 53% think the opposite; and 40% believe that their enterprise is not better understood/known by their bank agent than before, while 33% think the opposite.

Participants also saw a positive impact on networking: 47% think that the session has helped them to broaden their personal network; 40% claim the session did not help them to network with public or private institutions (administrations, banks, Agence Nationale pour la Promotion des Petites et Moyennes Entreprises – MarocPME (ANPME), Agence Nationale de Promotion de l'Emploi et des Compétences (ANAPEC), etc.).

Overall, it was not possible to conclude whether participants' businesses had benefited from this strategy (seven/eight months after the programme's implementation).

### REGIONAL YOUTH SAVINGS INITIATIVE<sup>94</sup>

As a part of GIZ's Regional Youth Savings Initiative (RYSI), the Al Barid Bank (postal bank) and the Centre Mohammed VI de Soutien à la Microfinance Solidaire (CMS) developed a programme of activities targeted at Morocco's unbanked youth. These activities included the promotion of savings accounts in tandem with the delivery of financial education on topics including financial products, the management of a bank account, and how to save. In 2015 a total of 2,000 young women and men participated in Morocco's financial education training events.

## THE PALESTINIAN TERRITORIES



### General status of financial education

There is no national strategy on financial education in place for the Palestinian territories. However, several stakeholders have been very active in developing a National Strategy on Financial Inclusion (NSFI). While an initial concept paper for the NSFI was drawn up by the Palestine Monetary Authority (PMA) in 2013, the complete strategy and action plan is due to be completed in 2016, after two years of development. The strategy comprises financial consumer protection elements (fair lending instructions, responsible lending instructions and complaint handling instructions) and a section dedicated to financial education (with activities including Child and Youth Banking Week). It also defines a clear national authority for financial inclusion, which is the 'lead authority' of this NSFI and its implementation.

93 GIZ, 'Promotion of micro, small and medium-sized enterprises', accessible at <http://www.giz.de>

94 GIZ, Regional Youth Savings Initiative (RYSI), March 2014, available at <http://www.giz.de>



The strategy comprises two roll-out phases. The first, lasting five years, will target financial sectors supervised by the PMA and the Palestine Capital Markets Authority (PCMA). The second, implemented over three years, will target the remaining service sectors.<sup>95</sup>

The Steering Committee for the NSFI, consisting of public, private and international stakeholders (for details see below) held its second meeting at the end of 2015. Working groups were formed and tasked with developing the steps and actions required to implement the NSFI. However, challenges arose with regard to time management and finding a partner to conduct the planned household survey. Despite these initial issues, the survey is currently carried out in order to provide new data.

Over recent years, Palestine's authorities have introduced regulations on further developing and improving the banking sector. In 2009 fair lending instructions were established. In 2010 a new banking law was passed and the Banking Association of Palestine (BAP) adopted a code of conduct. The PMA has introduced regulations on financial consumer protection (FCP) that cover areas including consumers' rights to obtain their credit reports and to challenge these reports, and limits on fees and commissions for banking service instructions. The Consumer Protection Association (CPA) manages general consumer protection.

In 2012 Palestine demonstrated its ambitions for ensuring financial inclusion nationwide by becoming the first MENA region country to submit a Maya Declaration commitment. The Maya Declaration, sponsored by the Alliance for Financial Inclusion (AFI), is a process through which member countries set measurable commitments for greater financial inclusion.

The PMA is focusing on its capabilities for delivering financial education rather than on coordinating existing initiatives. This represents a missed opportunity because there are many small initiatives already in place that need to be coordinated. There is no public or private postal network in the Palestinian territories. Agent banking and mobile banking is becoming more important.

## Financial education in the microfinance sector and other private sector initiatives

Another important topic is the framework for microfinance in the Palestinian territories. At the Symposium on Financial Literacy and Financial Inclusion, held on 28 and 29 April 2015 in Tunis, Ali Faroun, a director at the Palestine Monetary Authority, shared Palestine's experience of working with international policy-makers to set up a robust consumer protection framework for microfinance clients.

The private sector is better placed to intervene with these kinds of programmes and initiatives, because the governments of the Palestinian territories lack finance and are different from area to area. Furthermore, deliverers with more capital can wield a greater influence on the financial education content deployed. The Association of Banks in Palestine (ABP) is the biggest private sector actor in the country and works to serve its members' interests. The Palestinian Islamic Bank, despite its Islamic finance policy, is representative of the general banking sector in Palestine: Given these organisations' interests in maximising profits, their engagement in consumer services focuses rather on financial awareness about products and their use, and not on financial education as a means to enhance financial consumer protection. Injaz Palestine, part of the international NGO Junior Achievement Worldwide, is engaged in training entrepreneurs and is being sponsored by private banks in the Palestinian territories (for details see below).

From 1995 to 2008 the biggest obstacle to growth in the microfinance sector was customers' low repayment rate.

## National financial education initiatives

### **AFLATOUN**

In Palestine Aflatoun partners with the Community Development Society for Thought and Culture (CDSTC), which is working to create a generation of children and young people who believe in democratic practices and forgiveness, and who respect differences and reject domestic and school violence.

<sup>95</sup> Accion, 'Palestine to Develop a National Financial Inclusion Strategy', Centre for Financial Inclusion Blog, accessible at <http://cfi-blog.org>

Aflatoun is implemented in girls' schools and clubs, and incorporates other kinds of activities, which are delivered by the CDSTC. While girls currently save individually at home, negotiations are underway with Postbank to open accounts for Aflatoun clubs. Furthermore, CDSTC will pilot Aflateen in 2013 as a part of the different activities that NGOs offer young people.

### EXTENDED AND SUSTAINED ACCESS TO FINANCIAL SERVICES (ESAF) PROGRAMME

FHI 360, in partnership with CHF International, Development Innovations Group (DIG) and Making Cents International, implemented the ESAF programme in the West Bank and Gaza. USAID provided USD 36 million to fund the programme for three years.

ESAF's approach is, on the one hand, to support regulatory and industry bodies to set up new regulations and mechanisms for protecting consumers and, on the other, to educate the public about their rights and responsibilities as well as smart financial practices.

#### Key achievements<sup>96</sup>

1. Creation and launch of a central Consumer Relations and Market Conduct Department, with a strong mandate for consumer protection in the banking and microfinance sub-sectors.
2. Support for the Palestinian Insurance Federation's development and launch of an internal dispute resolution mechanism, including a hotline and website for handling consumer complaints.
3. Delivery of a national media campaign to promote financial consumer awareness over six months in 2010.
4. Introduction, in partnership with the Ministry of Education and Higher Education, of an interactive and practical financial literacy companion curriculum that has reached over 48,000 state school eleventh grade students annually.
5. Production and dissemination of a comprehensive Home Buyer's Education Manual – the first of its kind in the Arab World – tailored to the local market.

96 FHI 360, Field Brief, Facilitating Client Protection, Financial Literacy, and Consumer Awareness, No 16, December 2011, available at <http://www.fhi360.org>

### Highlights from ESAF's Baseline Financial Capability Survey, conducted by Development Innovations Group and Academy for Educational Development (AED) in Autumn 2009<sup>97</sup>

1. 56% of respondents had heard of the PMA and 25% knew of its basic functions as the banking sector regulator and emerging Palestinian central bank.
2. Only 38% had a bank account. Of these, 80% had checking accounts and 39% had savings accounts.
3. 49% preferred to keep their savings at home, rather than in the bank.
4. 50% said their families maintain a monthly budget.
5. 42% expressed a preference for Islamic banks over commercial banks, although only 18% reported doing business with an Islamic bank.
6. 18% had taken out a bank loan. Of these, 85% reported that the bank had provided an adequate explanation of the terms and fees.
7. 97% knew that a failure to repay loans could affect their ability to borrow in the future, and 70% knew it could affect their ability to borrow from another bank.
8. 39% used ATMs, 15% phone banking and less than 2% electronic banking.
9. 43% knew what fees banks charge for various services.
10. 80% felt confident in dealing with banks.

#### Consumer awareness campaign: Figure It Out and Improve Your Life<sup>98 99</sup>

To increase the public's level of financial education and awareness, in 2010 the Palestine Monetary Authority decided to launch a public awareness campaign in cooperation with the Palestine Capital Market Authority (PCMA), the Association of Banks in Palestine and the Palestinian Insurance Federation. The campaign was spearheaded by FHI 360.

97 Development Innovations Group, Review of the Current State of Practice of Consumer Protection and Financial Literacy for Financial Services in the West Bank, 27 August 2009, available at <http://www.microlinks.org>

98 FHI 360, Field Brief, Facilitating Client Protection, Financial Literacy, and Consumer Awareness, No 16, December 2011, available at <http://www.fhi360.org>

99 OECD, 'Palestine: Public awareness campaign', accessible at <http://www.financial-education.org>

The awareness campaign was delivered through a broad range of media<sup>100</sup> including billboards, radio slots, newspaper advertisements, popular TV and radio talk shows, a campaign website and informative brochures placed at financial institutions throughout the West Bank and Gaza.

A **midpoint assessment** (a random household survey) conducted in the West Bank in January 2011 showed that 40% of the public had been exposed to the campaign and over 70% viewed its messages positively. The assessment helped to identify the specific newspapers, radio stations and other channels achieving the greatest impact, which enabled ESAF to better target subsequent phases.

Following the campaign **two post-assessments** (nationally representative household surveys of consumers) were conducted using the same methodology as the Baseline Financial Capability Survey and repeating the same questions to ensure the comparability of results. The number of post-assessment respondents who stated that they had heard of the PCMA nearly tripled, rising from 10% to 27%, which equates to 680,000 people learning about the PCMA. The percentage of people who had heard of the PMA rose from 56% to 64%. Behavioural changes were also observed in a few areas, with bank customers' practices changing the most. The percentage using ATMs increased from 39% to 51%, while those using phone banking increased from 15% to 28%, and electronic banking from 1.6% to 6%. While the campaign is likely to have contributed to this change, the results also reflect broader technological and market shifts occurring during the same period.

The PMA in particular continues to play an active role in promoting consumer awareness by, for example, participating in call-in radio shows and delivering presentations in schools. The Palestine Investment Fund also has a well-established public relations function, which was enhanced through collaboration with ESAF.

Key lessons learned are that rigorous research is an absolute prerequisite for informing and shaping public awareness campaigns. Also, even though fully involving multiple partners in design and implementation is time consuming, it ultimately enhances the campaign's sustainability and impact.

### Financial literacy in state schools

Financial literacy content in the Palestinian state school curriculum is generally weak. In collaboration with the Ministry of Education and Higher Education (MoEHE) and FHI 360, and with technical support from experts at Making Cents International, the PMA introduced the first dedicated financial literacy content into the Palestinian state school curriculum. This comprised a highly participatory companion curriculum on financial literacy for the eleventh-grade management and economics course (a mandatory course). The material includes two complementary lessons and 10 supplementary activities on financial literacy topics (planning, decision making, information gathering, asking for help, savings, and credit).

The lessons are delivered using a highly interactive methodology that focuses on learning by doing. In 2010 the course materials were piloted and tested with 16 teachers and 2,000 students. In the subsequent evaluation, both teachers and students rated the materials highly.

ESAF worked with MoEHE to cascade training on how to use the materials to over 800 teachers from all schools in the Palestinian territories. The curriculum was rolled out to all state schools in the autumn of 2011, thus potentially reaching an estimated 48,000 students that year.

The lessons learned from this programme to promote financial literacy in state schools are that it is important to:

1. maintain sufficient flexibility so as to be responsive to interim needs and unexpected opportunities;
2. focus on the desired outcomes and ensure the intervention centres on areas where small changes are likely to yield the greatest impacts; and
3. start out small by piloting, then evaluate and adjust the intervention before scaling it up.

### Homebuyer Education Pilot

The Homebuyer Education Pilot focused on educating potential homebuyers about the requirements, responsibilities, risks and benefits of borrowing to buy a home or to improve one's home.

CHF developed a customised training package tailored to Palestinians' specific realities and practices, which included an Arabic-language homebuyer education manual – the first of its kind in the Arab world. CHF then tested and refined the materials through a series of homebuyer education workshops that reached 257 participants.

100 Ibid.

### Other activities

In Gaza the ESAF, through its partner CARE International, is providing 670 farmers with in-kind grants and training, which includes financial education tailored to their circumstances and referrals to financial institutions in Gaza where appropriate.

The MFI Asala represents only a small portion of the microfinance market. However, its sole focus on poor female entrepreneurs – clients often overlooked by other financial institutions – makes it an important institution. ESAF is working with Asala to identify and strengthen its strategies for commercialising its operations. Once these strategies are fully implemented, ESAF will assist Asala's management as they prepare the organisation for formal MFI registration. This will enable Asala to attract the capital investment it needs to fund further outreach. In the spring of 2010, Asala became the second MFI to receive a commercial loan.

Ryada is also being prepared as a professionally run, independent and incorporated MFI that is able to comply with PMA regulations and thus access commercial and quasi-commercial sources of funds. ESAF and Making Cents International are also supporting CHF Ryada to design, market, pilot and roll out a microfinance product specifically for young people seeking to be self-employed.

### GAZA WOMEN'S LOAN FUND<sup>101</sup> – A LOCAL BRANCH OF AN INTERNATIONAL PROGRAMME<sup>102</sup>

Since 1995 the Gaza Women's Loan Fund has provided over 18,000 loans to more than 12,000 individuals, half of whom are women. The Fund targets female entrepreneurs and their micro-businesses, such as kiosks selling clothing and household items, animal husbandry activities to raise pigeons, rabbits and chickens, and home-based food processing operations.

### GIZ AND PMA

A microfinance decree was issued in the Palestinian territories in late 2011, which set the stage for the PMA to become the regulator for all lending institutions in the territories. The PMA now has a clear mandate to regulate and supervise all lending activities as required and in an appropriate fashion.<sup>103</sup>

### GLOBAL MONEY WEEK 2015 – PALESTINE<sup>104</sup>

In March 2015 the Palestinian territories participated in Global Money Week (GMW). Children and young people were given the chance to participate in one of a number of activities put on by participating organisations, which included the Palestine Monetary Authority (PMA), the Ministry of Education, the Association of Banks in Palestine, the United Nations Relief and Work Agency (UNRWA), commercial banks, the Bank of Palestine, and Housing Bank. Around 80,000 Palestinian children and young people participated in GMW.

#### Activities included the following

1. A launch event at the Spanish School in Ramallah City with all stakeholders – i.e. the Palestine Monetary Authority, Ministry of Education, Association of Banks in Palestine, banks and UNRWA.
2. Around 1,000 employees from the Palestine Monetary Authority and the banks were formed into teams to undertake visits to 1,241 schools in and around the Palestinian territories and give lectures on financial terms and banking services.
3. 140,000 copies of a brochure providing basic banking and financial information were distributed to bank branches and schools.
4. A survey of 2,000 students was conducted to measure and assess knowledge and understanding before and after the sessions.
5. A Facebook contest was launched to encourage children and young people to 'like' and share the information they found most useful in the brochure, which was then captured in a Facebook album entitled Read and Learn. The contest targeted people between the ages of 12 and 17 and, alongside raising awareness, sought to encourage them to read and learn about financial matters. 15 winning photos were chosen from the album, with the winners each receiving a savings account containing USD 100.
6. 260 bank branches were decorated with flags, banners, posters and balloons.
7. For bank staff, one hour of each working day was allocated to welcoming children, young people and parents, and educating them about different banking operations and services.

### INJAZ PALESTINE

Injaz Palestine is part of the global organisation Junior Achievement Worldwide and has been operating since 2005. Its purpose is to create an empowered generation

101 ANERA, 'Gaza Women's Loan Fund', accessible at <http://www.anera.org>

102 Ibid.

103 GIZ, 'Palestinian Territories', available at <http://microfinance-mena.org>

104 Global Money Week, accessible at <http://www.globalmoneyweek.org>

of young entrepreneurs who will become the social and economic leaders of Palestine's future.

Injaz Palestine states that, between 2005 and 2015, with the help of more than 4,000 volunteers representing more than 500 private sector companies, it has influenced 150,000 young people across eleven governorates.<sup>105</sup>

Injaz arranges for private sector volunteers to visit schools and universities for 45 minutes each week to share their work experiences with young Palestinians. Volunteers share their achievements, knowledge and experience with students, educating them about the business environment and entrepreneurship and broadening their knowledge about what to expect in their future careers. By volunteering, Palestinian private sector business leaders and employees are investing their resources in preparing future generations so that they can enter the job market as professional employees, leaders and entrepreneurs.

Injaz has ongoing long-term relationships with 100 schools in the West Bank and Gaza Strip.<sup>106</sup> It operates a very large network that includes the education sector (schools, universities, the Ministry of Education and Higher Education, and UNRWA), the private sector (volunteers) and community-based organisations, and it offers programmes on entrepreneurship, financial literacy and work readiness.

### **NATIONAL STRATEGY ON FINANCIAL INCLUSION**

The Steering Committee for the establishment of a National Strategy on Financial Inclusion (NSFI) is formed of representatives from the PMA, PCMA, the Association of Banks in Palestine, the Ministry of Education and Higher Education, the Banking Services Consumer Society, the Palestinian Network for Small and Microfinance (Sharakeh), UNRWA, Palestine Exchange, the Palestine Union of Securities Trading Companies and the Palestinian Insurance Federation.<sup>107</sup>

The NSFI is mainly being supported by the Alliance for Financial Inclusion (AFI) with EUR 266,070 over 24 months starting from January 2014, but it is also receiving contributions from the private sector. Presently, the

PMA does not have the financial capacity to contribute to the strategy.

The NSFI's policies and guidelines will aim to facilitate greater access to and improve awareness of financial education as well as reinforce client protection. The strategy will build on the inclusion principles endorsed by the G20, World Bank and AFI as well as on the OECD Principles on National Strategies for Financial Education.

### **PALESTINE FOR CREDIT AND DEVELOPMENT**

Palestine for Credit and Development FATEN is a non-profit MFI that was established in 1999. It works to provide diversified, sustainable and high-quality financial services for pioneers, entrepreneurs of small and micro enterprises, and economically active low-income individuals especially women. By enhancing human resources and technical capabilities in the Palestinian territories, it aims to contribute to the empowerment of the Palestinian family in particular and the development of Palestinian society in general.

At present FATEN has 24,000 active borrowers, of whom 72% are women. FATEN mainly focuses on women, enabling them to become decision-makers in their families and, thus, to improve their families' welfare. FATEN has played an important role in the successes its women borrowers have achieved for themselves and their families. Accordingly, it has won many awards from organisations including PlaNet Finance International and the Palestinian network for lending Sharaka.

FATEN's unique approach involves designing credit products that include group, environmental, small investor and housing improvement loans. The institution has also launched a number of products targeted at young people in the Palestinian territories. Student and computer loans help young Palestinians to reach higher/further education levels and to obtain diplomas. This then qualifies them to access labour markets and to secure brighter futures for themselves and families. FATEN also delivers workshops for the purpose of gathering feedback from borrowers that can be used to shape the development of new loan products.

80% of those who have received loans from FATEN are women. More information on FATEN's successes, FATEN Beyond Numbers: How One Gaza MFI Emerged from the Rubble, is available at <http://www.cgap.org>.

105 INJAZ Palestine, 'Educational sector', accessible at <http://www.injaz-pa.org>

106 Ibid.

107 PMA, 'Steering Committee for the Establishment of the National Strategy on Financial Inclusion Holds its Second Meeting', accessible at <http://www.pma.ps>

**RESPONSIBLE FINANCE SUPPORT PROGRAMME<sup>108</sup>**

The SANAD fund for MSME provides medium- and long-term debt, guarantees, stand-by facilities and equity financing to commercial banks, microfinance institutions and other financial institutions in the region. In the Palestinian territories, SANAD supports the PMA through a three-fold advisory support approach comprising

1. a study tour on financial education/literacy,
2. an assessment of the establishment of a debt advice centre, and
3. an assessment of different credit reports produced by the credit registry.

**STUDY: FINANCIAL LITERACY AND CONSUMER AWARENESS SURVEY IN THE WEST BANK AND GAZA (2011)<sup>109</sup>**

Conducted by World Bank and USAID in 2011, this study examines statistics on financial behaviour, financial literacy and the needs of financial education in the West Bank and Gaza.

**Financial behaviour**

1. 39.4% of the respondents who claim to be highly satisfied with their lives save money, whereas only 18.3% of those who claim to be dissatisfied with their lives save money.
2. Those living in camps find it most difficult to save.
3. Larger households save more than smaller ones.
4. 97.7% save to prepare themselves for unexpected expenses.
5. Of the respondents who do not save, 94.6% claim it is because of their low income level.
6. Few (11.7%) stated that they do not save because they do not trust financial service providers.
7. 59.6% of the respondents spend all their income and do not save anything.

**Financial literacy**

5.3% of those surveyed stated that they have excellent financial knowledge and skills, 38% professed to have satisfactory financial knowledge and skills, 27.6% good financial knowledge and skills, 15.4% unsatisfactory financial knowledge and skills, and 11.9% no financial knowledge or skills at all. 55.7% of those who claim to have excellent financial knowledge and skills plan their household finances by making budgets and/or record-

ing their expenses, compared to only 23% of those who admit to not having any financial knowledge.

**Financial education – needs**

The study shows that the need for financial education is high. 53.1% believe that mass media channels are the most appropriate way to provide people with financial literacy programmes, 28.3% believe commercial banks are the most suitable, and 17.9% that NGOs or public institutions are the most suitable. 74.8% of those surveyed indicated an interest in training courses that look at the kinds of information a consumer should pay attention to when signing a contract with a financial institution.

**TECHNICAL AND VOCATIONAL EDUCATION AND TRAINING PROGRAMME<sup>110</sup>**

USAID and Making Cents International (subcontractor to Save the Children) implemented the youth-targeted Technical and Vocational Education and Training (TVET) programme in 2010–11.

The programme worked with institutions to develop two 30-hour courses that focus on work readiness skills, financial literacy and life skills. A consultation session was held with representatives from TVET institutions, the TVET League, the Ministry of Education and Higher Education, project staff, and other invited guests, and their inputs and feedback were used to inform the curriculum design. The courses are designed to be tailored for use across the four TVET levels. Making Cents International's approach emphasised the building of local capacity, addressing critical gaps in offerings to young people, and drawing on internal and external research and curricula.

**THE ARAB ORGANIZATION FOR AGRICULTURAL DEVELOPMENT**

The Arab Organization for Agricultural Development (ACAD), an NGO-run MFI, has been active in the Palestinian territories since 1993. Working with its partners, International Solidarity for Development and Investment (SIDI) and the French Development Agency (AFD), ACAD provides a diverse range of financial products and business support services and also enables entrepreneurs wishing to start or expand their own businesses to save the required funds.

108 SANAD, 'Technical Assistance Facility Project Portfolio Palestinian Territories', accessible at <http://www.sanad.lu>

109 Riyada Consulting and Training, Comprehensive Report for the World Bank: 'Financial Literacy and Consumer Awareness Survey in the West Bank and Gaza', July 2011, available at <http://responsiblefinance.worldbank.org>

110 Making Cents International, 'Advancing the social and economic well-being of youth and adults around the world', accessible at <http://www.makingcents.com>

In response to the region's salary freeze in 2007, ACAD offers loans that enable women to supplement their salaries and take better care of their families. ACAD currently works with several agricultural cooperatives to provide members with extension services, training and technical support. ACAD's field staff make regular visits to these farmers, providing them with free information about market prices and agricultural best practices.

### THE PALESTINIAN NETWORK FOR SMALL AND MICROFINANCE – SHARAKEH

Active since 2004, Sharakeh<sup>111</sup> is the principal microfinance industry association in the Palestinian territories. It offers non-financial services like technical assistance and consultancy and advisory services; policy advocacy; benchmarking, transparency, data gathering and analysis; market research and analysis; information dissemination, annual/biannual conferences and industry events; business development services; capacity building and training; and peer learning and exchange.

As with other Palestinian financial associations, it has the potential to serve as a strong advocacy vehicle for and service provider to its members. However, it has been hindered by capacity and leadership weaknesses. ESAF conducted an institutional assessment of Sharakeh and, by providing small grants, is working with the association to implement assessment recommendations and conduct required activities. One of these activities involves ESAF supporting Sharakeh to deliver a series of training sessions on financial analysis tools for its members.

## TUNISIA



### General status of financial education

Tunisia's 2011 Shared Vision includes the ambition to develop a National Strategy on Financial Inclusion, one component of which was dedicated to financial education. At present, it is difficult to find a body willing to take on the responsibility of steering the collaborative effort of public and private stakeholders that is required. Even though the new Microfinance Supervisory Authority (ACM) has a certain role to play, its mandate is not broad enough to take on this commitment. Given the lack of a lead institution, national authorities and donors devised a national coordinating committee, but this has not yet been set up. According to the ACM, the strategy requires the involvement of the following stakeholders: the Central Bank of Tunisia, the National Institute of Statistics, the ACM, Tunisian Post, the Ministry of Finance, the General Insurance Committee (CGA) and the Ministry of Education. Its basic instruments could be financial awareness campaigns and the introduction of financial education in state school curricula.

### Financial education in the microfinance sector

Interest in financial education emerged only recently in Tunisia, prompted in particular by the Central Bank of Tunisia and Ministry of Finance. This interest may have increased in line with the development of the microfinance sector and since the approval of the new regulatory framework 'Décret-loi 2011-117' in October 2011. However, to date, no national strategy has been developed and no coordinating authority or mechanism has been put in place for financial education. That said, financial education is included in certain statutory texts about microcredits. The<sup>112</sup> Décret-loi 2011-117 encourages MFIs to apply measures and create initiatives aimed

111 ESAP Program, ESAF & the Microfinance Sector, available at <http://www.microlinks.org>

112 Décret-loi n° 2011-117 du 5 novembre

at the education and accompaniment of their clients.<sup>113</sup> To promote financial consumer protection, MFIs are also obliged to be fully transparent with regard to the costs and quality of the products and services they offer to clients.<sup>114</sup>

All three of Tunisia's MFIs (Enda, Taysir Microfinance and Microcred Tunisie), who respond to the new regulatory framework of 2011, view financial education as good way to reduce the risk of clients defaulting and to attract new customers, which can improve their portfolio and enable them to keep track of their social responsibility. They all adhere to the SMART campaign<sup>115</sup>. However, they often use classroom training approaches, which are costly and time consuming and can only reach a limited audience. A few other initiatives targeting women, entrepreneurs, migrants and unemployed young people have been developed that combine traditional approaches like classroom training with innovative tools like video clips, e-learning technology. An estimated 10,000 people have been reached through these initiatives; however, most of them already have access to MFI. In contrast, the underserved and underbanked population has yet to benefit from these initiatives. The most popular financial education tool remains classroom training. However, experience shows that using a diverse range of channels, such as courses, brochures, posters, text messages and internet portals, is more likely to change financial consumer behaviour.

Access to finance remains limited and most sources are too complex in terms of the administrative procedures and collateral required. The ACM estimates that the target groups of vulnerable young people, women, migrants and people on low-incomes together total around 2.5 million people.<sup>116</sup>

Tunisia has a general framework for consumer rights and a Consumer Protection Association but no specific law or organisation related to financial services.

113 Loose translation of 'Les institutions de micro finance accordent les microcrédits conformément aux conditions fixées par le présent décret – loi et par les textes pris pour son application. Elles effectuent, dans le cadre de l'activité d'octroi des microcrédits, toutes les opérations liées à l'encadrement des initiatives de la clientèle, à sa formation et à son accompagnement' (Article 6 of Décret-loi n° 2011-117 du 5 novembre 2011).

114 Loose translation of 'fournir des informations complètes sur le coût et la qualité des produits et des services proposés à la clientèle' (Article 35 of Décret-loi n° 2011-117 du 5 novembre 2011).

115 <http://www.smartcampaign.org>

116 Vision Concertée pour le Développement de la Microfinance en Tunisie 2011–2014, Ministry of Finance 2011.

With 1,051 branches (offices and mobile branches) in 2014, Tunisia's postal network is almost as extensive as that of the entire banking sector, but is far more evenly spread across the country. As such, it has the potential to be a useful instrument for reaching the rural populations that are most likely to be excluded from financial services. Tunisia Post may also be interested in delivering financial education activities, especially if they have the potential to promote savings. It is worth noting that, in 2014, Tunisia Post had six million financial services customers, of whom 3,647,000 had a savings account. (World Bank 2015, Snapshot)

Tunisians frequently make use of informal financial services: 16% of adults borrowed from family or friends in the last 12 months. Only 8% of adults borrowed from a formal financial institution (World Bank 2015, Snapshot).

## National financial education initiatives

### **BANKING SERVICES WATCH/FINANCIAL INCLUSION WATCH**

The establishment of a Banking Services Watch (OSB) was provided for in Law No 2006-26 of 15 May 2006. This law modified and completed Law No 58-90 of 19 September 1958 that provides for the creation and organisation of the Central Bank of Tunisia (BCT) for the purpose of raising the quality of Tunisian banking services up to international standards.

Decree No 2006-1879 of 10 July 2006 stipulates that the OSB be managed by a board chaired by the BCT Governor.

### **Key OSB activities**

1. Checking the quality of the services lending institutions provide to their customers.
2. Providing information on banking services and products and their costs.
3. Conducting studies on banking services and on the quality and organisation of sectorial consultancy related to banking services.
4. Establishing quantitative indicators to measure the cost of banking services and the degree of customer satisfaction they achieve.
5. Producing a reference guide on banking services to explain them in simple terms to the public and to disseminate banking sector best practices.
6. Issuing recommendations to lending institutions and mediators.
7. Examining mediators' reports and drawing up an annual report on banking mediation.



In 2016 the legislation governing the BCT's statutes was modified by Law No 2016-35 of 25 April 2016 – a law that also made provision for financial inclusion to be added to the OSB's remit. Accordingly, the body's name was changed to Financial Inclusion Watch (OIF), which then, on top of its original responsibilities, took on:

1. the collection, inputting into a database and use of data and information on access to financial services,
2. the establishment of indicators to measure the financial inclusion rate, and
3. guidance on and advocacy for government policies and programmes that promote financial inclusion.

The task ahead for Tunisia is therefore to increase the rate of financial inclusion and facilitate access to basic financial services for all sectors of society, which will mainly involve developing financial education at all levels and in collaboration with all national structures. This action falls within the framework of the National Strategy on Financial Inclusion. It will be necessary to provide financing that is aligned with the needs of Tunisia's regions to enable them to develop, fight poverty and tackle illicit parallel trade, terrorism and all types of trafficking.

### **ENDA (ENDA INTER ARABE)**

Enda is a leading MFI that began operating in 1995. By June 2014 Enda had 250,000 active clients<sup>117</sup> and it was also the first MFI in the MENA region to be certified by the SMART campaign.

#### **Since 2006 Enda has offered several non-financial services:**

1. Financial education (initially covering the five core financial education topics of budgeting, savings, debt management, bank services and financial negotiations, delivered in an eight-day programme and in Arabic dialects).
2. Business development services for micro entrepreneurs.
3. Awareness-raising activities and the provision of technical assistance to clients.

Since 2010 the Microfinance Centre (MFC) has delivered the Plan Your Future train the trainer programme. To date, 271 MFI credit agents (65 from Enda branches) have

received the training, which they have subsequently cascaded to 724 clients.<sup>118</sup>

However, participation in the training tends to be low because it is optional, entrepreneurs are often resistant to dedicating three and a half days to the training, and target beneficiaries are often unaware that they need to develop new practices and learn about finance. Enda also highlights that officers in rural areas lack incentives to promote financial education and that no strategy has been developed to this regard by the training department.

To tackle these issues a new strategy has been devised, making participation mandatory for all clients seeking a loan. Changes in participants' behaviour are monitored and evaluated before and after the training, and a range of approaches are used to make the learning accessible for target groups in rural areas – e.g. information communicated in cartoon formats, mobile text messages, and broadcasts on local and rural radio stations.

Working with Aflatoun, Enda developed a theatre production and songs about the value of money, children's rights and dreams, and community involvement, which reached 88 children. Working with the Swiss Agency for Development and Cooperation, Enda is developing radio broadcasts and short videos for in-branch display that target rural populations, and with ANETI it is targeting entrepreneurs.

### **GLOBAL MONEY WEEK 2015 – TUNISIA<sup>119</sup>**

Like many other countries in the Arab region, Tunisia participates in Global Money Week (GMW). The 2015 GMW was led by Mercy Corps Tunisia and involved the participation of primary and secondary schools, universities, regional associations and entrepreneurship clubs as well as regional and international development associations. Together, their efforts reached a total of 1,096 children in different regions across the country.

#### **Activities during GMW**

1. Intensive financial education awareness campaigns delivered through national radio channels and social networks.
2. Broadcast of a financial education video on budget management, savings and debt management.

<sup>117</sup> ENDA Arabe, 'Performance financières', accessible at <http://www.endarabe.org> (in French).

<sup>118</sup> ENDA Arabe, 'Plan your future', accessible at <http://www.endarabe.org>

<sup>119</sup> Child and Youth Finance International, Global Money Week – Report 2015, available at <http://www.childfinanceinternational.org>

3. Delivery of financial education training sessions on savings for young people and children in Tunisia's southern regions.
4. A number of field visits to local banks.
5. The official inauguration of two entrepreneurship clubs.
6. Mercy Corps Tunisia's launch of two innovative financial products in Tunisia, which it is supporting financially and technically: (1) Crowd Investing and (2) Mobile Micro Savings.
7. An open day at the Tunisian Stock Exchange for students from Tunisia Business School, during which students saw first-hand how the stock market operates and attended a lecture on its activities.
8. The broadcast of a radio talk show on the importance of financial education for young people.
9. The delivery of an entertaining role-play activity in primary schools and kindergartens to teach pupils good savings practices at an early stage.
10. Numerous workshops were organised in primary and secondary schools in the Tunisian cities of Medenine, Gafsa and Kasserine on topics including the concept of savings. The programme included powerful case studies and interesting activities such as making piggybanks and producing paintings on financial themes.
11. Universities in Medenine conducted financial training sessions that made participants more aware of the importance of savings, so much so that they subsequently expressed an interest in learning more about the topic.
12. Financial Literacy Training was provided to 16 women entrepreneurs living in rural areas.
13. In Kasserine, Club Entreprenre 'Leaders' (CFA) organised a training session on how to start a business.
14. Panel discussions were held on the theme of young entrepreneurs' success stories alongside financial education training on the theme of savings.
15. The Voice of the Rural Child Association, in collaboration with its local partners, celebrated GMW with an array of activities including discussions and debates on financial matters, workshops on financial education, song writing, and financial awareness campaigns. A number of outstanding young people were also given awards to support their education, which helped to further promote financial education in the national curriculum. The Voice of the Rural Child Association is an active member of the Anna Lindh Foundation Tunisia Network (FALTN) and the Euro Mediterranean Network for Education and Culture Association (REMECT).

### STATE SECRETARIAT FOR MIGRATION AND TUNISIANS ABROAD

The State Secretariat for Migration and Tunisians Abroad produced the country's National Strategy on Migration, which has as one of its objectives the enhancement of migrants' contribution to the national economy. To deliver this, an online platform was developed to provide financial advice and information services. Partners of the National Strategy are the Central Bank, Financial Inclusion Watch, the Professional Association of Banks and the Migrant Resource Centres.

### MICROCRED TUNISIE

Microcred is in the process of planning a financial education strategy, which is being developed internally with technical assistance from PlaNet Finance.

To promote close and fruitful agent-customer relationships, Microcred trains its MFI agents to identify the precise needs, behaviours and capacities of their clients. Following this, the clients participate in 'mini' training sessions (reflecting the small numbers of customers per agent), which are thoroughly monitored. In future, classroom training could be organised around selected topics for a target group.

### NAJJA7NI: MOBIWORKS AND MOBISOUK<sup>120</sup>

Silatech partners with Ooredoo and Tunisia's Ministry of Vocational Training and Employment to promote youth employment and entrepreneurship using unstructured supplementary service data (USSD). Using this technology, target groups without an internet connection can access information about situations vacant (ANETI network), financial education quizzes and support modules on employability, or access the Mobisouk mobile-based business market where they can meet other vendors and conduct B2B and B2C activities. The technology is provided free of charge and is available to large parts of the population via a mobile phone, which makes it a very attractive option for financial inclusion.

So far, 300,000 young people have benefited from these services, of whom 10% participated in the financial education training (World Bank 2014). The programme is part of Ooredoo's mobile banking and financial inclusion strategy. Under this strategy MobiFlouss was launched in 2012 and mobile banking services were set up on behalf.

### **PUBLICATION: EVIDENCE ON THE IMPACT OF CLASSROOM-BASED ENTREPRENEURSHIP TRAINING<sup>121</sup>**

In 2012 Patrick Premand, Stefanie Brodmann, Rita Almeida, Rebekka Grun and Mahdi Barouni produced and published the study *Entrepreneurship training and self-employment among university graduates: evidence from a randomized trial in Tunisia*.

The study examines classroom-based entrepreneurship training that includes financial literacy components, such as budgeting and business planning, for university undergraduates in various universities in Tunisia. A total of 1,702 students participated in this randomised control trial study by completing pre and post surveys. The primary outcomes related to a range of indicators including labour market outcomes and access and willingness to access credit. Observations suggested that the intervention was effective in promoting knowledge and skills gains across a range of measures including communication. Those in the intervention group did not, however, go on to set up more businesses than those in the control group.

### **TAYSIR MICROFINANCE**

Taysir Microfinance was founded by Adie International (a French microfinance association) and offers non-financial services through the NGO Taysir Conseil. Two modules on microfinance opportunities were adapted to the needs and time requirements of the target groups. Taysir Conseil's trainers (who were themselves trained by Mercy Corps) then rolled out these modules to their clients and also distributed pamphlets. According to Taysir Conseil, an estimated 30% to 40% of their clients had already participated in these sessions by the end of 2014.

### **TOUNES TEKHDEM!**

From 2012 to 2015, Mercy Corps rolled out the Tounes Tekhdem! project to unemployed young people in Gafsa, Kasserine, Médenine and Tataouine. Its activities included a survey on the perceptions of young people and employers about employment, entrepreneurship and financial inclusion in the Gafsa, Kasserine and Tataouine governorates (277 businesses and 178 young people

interviewed), and a financial education programme with modules on microfinance opportunities adapted to the largest group.

A network of 16 consultants were also trained (ToT) to deliver training sessions at Taysir, Enda, ANETI, local associations, the Higher Institute of Technological Studies (ISET) and the Tunisian Agency for Professional Training (ATFP). In so doing they reached 1,434 young people. Mercy Corps is still financing the consultants' training. However, as the project's reputation grows, it will be able to charge fees to participating institutions that will make the initiative self-sustaining.

During implementation of Tounes Tekhdem!, two videos were produced.<sup>122</sup> In 2014 the ToT modules prepared 16 trainers who went on to train 1,434 participants. Also, 13 Club Entrepreneur enterprise clubs were set up comprising 102 members, various events, entrepreneur training and other activities.

### **Impacts on participants identified in the mid-term evaluation of the programme (April 2014)**

1. 80% of participants believe they have improved their financial practices with regard to creating a budget and prioritising spending.
2. 75% of the participating entrepreneurs declared that their entrepreneurial capabilities had improved due to the training.
3. 70% of Club Entrepreneur members stated that they feel more self-confident and have gained a better understanding of entrepreneurship.
4. 82% of them have created a budget and started to prioritise their spending.
5. 62% have planned to undertake a project in the near future or medium term.
6. 13% of the interviewees are currently repaying one or more credits to at least one agency.
7. 56% manage to repay their debts.
8. 65% declared to have put money aside for the past three months.
9. 93% of the participants were wholly or very satisfied with the programme.

121 The World Bank, 'Entrepreneurship training and self-employment among university graduates: evidence from a randomized trial in Tunisia (English)', accessible at <http://documents.worldbank.org>

122 Videos from Mercy Corps: Les Clubs Entreprendre, des tremplins pour la carrière - <http://www.youtube.com> (in French); Programme d'éducation financière pour les jeunes en Tunisie - <http://www.youtube.com>

## YEMEN



### General status of financial education

The financial literacy of the Yemeni population is in general very low. In 2015, with GIZ's help, the Central Bank of Yemen (CBY) began developing a National Strategy on Financial Education. Also, as there is no nationwide programme in place for financial education, this strategy served to group together existing relevant initiatives in Yemen. However, in light of the tough economic and political conditions prevailing in the country, no policy or official documentation has so far been developed, and the planned initiatives and activities are on hold. The Yemen Microfinance Network (YMN) looks set to implement most of the activities (in partnership with more than 20 institutions), which reflects the Network's 2015–17 business strategy commitment (developed with GIZ) to promote financial literacy.

Financial education in the microfinance sector was issued in 2009 with the adoption of Yemen's Microfinance Law. Financial education activities in the country are almost all closely linked to the microfinance institutions, which is likely due to Yemen Microfinance Network's collaboration with a number of international donors such as GIZ and the RYSI programme. The most important active MFIs are Alkuraimi Islamic Microfinance Bank and Al-Amal Microfinance Bank. The latter is now the largest MFI in Yemen and was created through a joint effort between the Yemeni Government (represented by the Social Fund for Development) and the Arab Gulf Program for Development (AGFUND). In addition, during Global Money Week the CBY representative highlighted the importance of the country's microfinance institutions and the CEO of Al-Amal Bank presented the bank's outstanding work in financial education to date.

### National financial education initiatives

#### **AFLATOUN**

AFLATOUN was first piloted in Yemen in 2011. Together with local partners, NGOs and councils it has since been implemented in 10 schools and reached around 700 students in the two governorates in Sana'a and Ebb.

#### **BUSINESS EDGE MANAGEMENT TRAINING**

Business Edge Management Training is part of an IFC business edge module that focuses on entrepreneurship. It is delivered by the Yemen Education for Employment Foundation (YEFE), the IFC's regional project partner. The training works to develop the business skills of women and educated young people through management training.

More than 300 young people from rural areas have participated in training on Business Edge and other subjects including English and computing. More than 760 recent college graduates were trained in Business Edge, of whom 440 (including 190 women) found employment with sponsor companies in oil, tourism, construction and other industries in Yemen. More than 2,000 women took part in the Business Edge programme, many of whom have already started their own businesses in handicrafts, dentistry or pharmaceuticals, or have expanded an existing business into these niche markets.

#### **GLOBAL MONEY WEEK 2015 – YEMEN<sup>123</sup>**

Like in many other countries in the Arab region, Yemen participated in the 2015 Global Money Week (GMW). Participating institutions were the Central Bank of Yemen, the Ministry of Education, various Islamic and commercial banks, universities and schools. Yemen's GMW activities reached 4,154 children in the country.

#### **Activities during GMW 2015**

1. The CBY sub-governor focused on the importance of financial education for young people and the significant role it plays in increasing financial access in Yemen. He also highlighted that Yemen's financial institutions and microfinance institutions can build long-term relationships with their customers.
2. In his speech, the CEO of Al-Amal Bank highlighted his bank's outstanding work to provide financial education to Yemeni people and the benefits of the

123 Child Finance International, Global Money Week Report 2015, available at <http://www.childfinanceinternational.org>

bank's programmes conducted in many of the country's cities.

3. A short film was shown explaining the importance of saving throughout our lives, especially from childhood. The film follows a Yemeni boy who dreams of owning a laptop. For many months the child saves all the money that his father and brothers give him. Finally, the child succeeds in saving enough to buy the laptop and achieve his dream.
4. Competitions were held and plays performed that explained basic financial and banking terminology and how to open bank accounts.
5. Representatives for the participating banks visited universities to teach students about the importance of financial literacy and how to start developing a relationship with banks by opening saving accounts. Two CBY representatives supervised the teams. In addition, the banks also visited a large number of primary and secondary schools in other cities such as Ibb, Taiz, Aden and Haja.
6. Other financial institutions, in cooperation with the CBY and the Office of Education in Sana'a, also organised events in schools and universities in Sana'a. The largest event, held at Arwa School for Girls, saw representatives from all the participating banks giving speeches to the students about financial services and the importance of financial education, which were also broadcast on special school radio shows.
7. Civil society participation: During Aflatoun Day the For All Foundation organised a visit to a state school in Aden where experts spoke to students about the importance of saving and its role in ensuring a brighter future. Working with fourth-grade pupils, the For All team ran role-play sessions, sang songs and held Q&A sessions that focused on the theme of saving. The team distributed yellow badges to all the students supporting saving ideas.

#### **KHADIJA INITIATIVE<sup>124</sup>**

Silatech started the Khadija Initiative in 2010 with its partners Youth Leadership Development Foundation, Small and Micro Enterprise Promotion Service and Making Cents International. The initiative aims to support women starting up their own businesses and to provide trainees with the skills demanded by the labour market through enterprise training, incubation, business devel-

opment training, shadow internships, support from role models in business, and access to small grants and other forms of sustainable financing. Videos capturing stories about the initiative's impact are available at: <https://www.youtube.com>

#### **REGIONAL YOUTH SAVINGS INITIATIVE**

The Regional Youth Savings Initiative (RYSI) is a joint effort of GIZ, Silatech and Sanabel. The RYSI's partners in Yemen are Alkuraimi Islamic Microfinance Bank, Al-Amal Microfinance Bank and the Yemen Microfinance Network, with the latter two responsible for the RYSI's social marketing campaign in the country.

In April 2013 financial literacy training was provided in seven cities (Sana'a, Aden, Taiz, Al Hudaydah, Ibb, Dhamar and Al Mukalla) to 910 young people, more than half of whom were women. The training covered budgeting, the importance of saving, debt management and other financial services. The RYSI-associated savings product became available in June 2013, with the result that 500,000 new savings accounts were opened – a number far exceeding the original target of 200,000.

Other GIZ support in Yemen includes projects to strengthen supervision/regulation at the Central Bank of Yemen and the Yemen Microfinance Network. Another GIZ project works with educational training in rural parts of Yemen.<sup>125</sup>

#### **SUPPORTING RESPONSIBLE FINANCE ADVOCACY<sup>126</sup>**

The responsible finance advocacy work is implemented by the SANAD Technical Assistance Facility, which is funded by the SANAD Fund for MSME. Yemeni partner institutions are the Microfinance Network and various microfinance institutions. The programme aims to support the microfinance network and microfinance institutions in promoting and implementing responsible finance practices and financial literacy in the Yemeni microfinance sector. The project is expected to enhance the financial education skills of the microfinance institutions and the network. In January 2015 SANAD signed a USD 3 million loan agreement with Al-Amal Bank dedicated to supporting micro and small enterprises (MSEs).

124 2011 Taqueem Community of Practice Monitoring, evaluation and impact evaluation for the youth employment community.

125 GIZ, 'Private sector development', accessible at <http://www.giz.de>

126 SANAD, 'Technical Assistance Facility Project Portfolio Yemen', accessible at <http://www.sanad.lu>

However, due to the crisis the money was returned to SANAD.<sup>127</sup>

### VOCATIONAL LITERACY PROGRAMME<sup>128</sup>

The Vocational Literacy Programme (VOLIP) is run by the Yemen Microfinance Network (YMN) with funding from the Social Fund for Development (SFD). It targets (a) working women between the ages of 31 and 50 and (b) unemployed young people. VOLIP aims to train 8,000 people, providing them with the skills and knowledge required to set up their own small or micro enterprises.

#### VOLIP's objectives

1. Enhance access to non-state-school education.
2. Offer vocational training to young people in target areas.
3. Facilitate training for working mothers.
4. Grant microfinance to targeted groups.
5. Build the capacity of VOLIP beneficiaries.

### YOUTH EMPLOYMENT FOR SUSTAINED LIVELIHOODS<sup>129</sup>

Launched in 2013 by the UNDP and ILO, this project is based around Yemen's National Action Plan on Youth Employment, which aims to generate jobs for unemployed young people. In practice the initiative provides quick interventions through cash-for-work schemes that enable young participants to earn a living and save part of their salary in a bank account. After this first phase, participants receive support on establishing their own micro-business using the savings they have accumulated and further financial support. They also receive technical assistance in the form of skills training, business plan preparation and access to business development services. During the first months of the pilot, the scheme provided 32,120 work days to disadvantaged young people.

### AL-AMAL MICROFINANCE BANK'S YOUTH PROGRAMME

In 2010 the Al-Amal Bank (AMB) partnered with Silatech and Making Cents International's Youth-Inclusive Financial Services Linkage Programme (YFS-Link) to launch a programme that offers loans, savings and financial education to children and young people aged up to 30 years. In its first two years the programme reached 16,018 loan clients (aged 18 to 30) and provided 6,955 current accounts (to people aged 18 to 30) and 8,925 savings accounts (to under 18s). The total volume of savings accumulated by participating young people (aged up to 18) amounts to USD 121,284 (EUR 92,000). Their accounts make up 40% of the programme's deposit accounts and 20% of its deposit volume. The total volume of loans issued to participants aged from 18 to 30 years amounts to USD 3.47 million (EUR 2.66 million), constituting 25% of loans disbursed and 22% of the loan portfolio volume.

127 CGAP Microfinance Gateway, 'SANAD Provides USD 3 Million Loan to Al Amal Microfinance Bank in Yemen', accessible at <http://www.microfinancegateway.org>

128 Yemen Microfinance Network, '(VOLIP) Vocational Literacy Program', available at <http://yemennetwork.org>

129 UN, United Nations System-wide Action Plan on Youth Report, available at <http://www.unyouthswap.org>



## VII. Conclusion

### STATISTICAL RESULTS

To sum up, this document lists more than 100 regional and national financial education initiatives that have been delivered over the last couple of decades in the eight Arab countries under review. While more than 15 initiatives had a regional focus, the number of national activities ranged from country to country from 5 to almost 20. To date, the most active countries in financial education are Egypt, Lebanon, Morocco, and the Palestinian territories whereas Algeria is the least active. In terms of numbers of target beneficiaries, Egypt with more than two million, the Palestinian territories with more than 1.2 million and Yemen with more than 0.5 million beneficiaries have achieved the largest scale. About 26% of the initiatives overall have focused on targeting children, 51% on young people, 27% on women, 49% on SME and MSME, 38% on microfinance clients, and 6% on refugees or migrants. The largest international funders have been USAID, the World Bank, the United Nations, GIZ, the European Union, the Citi Foundation and the MasterCard Foundation. Other important stakeholders are Injaz (part of Junior Achievement Worldwide), Making Cents International, Child and Youth Finance International, Microfinance Opportunities, Freedom for Hunger, the ILO, the IFC and SECO.

### LIMITATIONS OF THE RESEARCH AND STATISTICAL RESULTS

The information contained herein has been drawn from existing literature, available online data, studies, surveys, databases, and interviews with stakeholders. As such, this report should be understood as a working document that only contains data and statistics that have been made public. It therefore does not cover other – and especially smaller – initiatives that have yet to be documented.

Many of the initiatives and activities listed above have not been monitored or had their impacts evaluated. One must therefore be cautious when considering the numbers of beneficiaries provided herein, as the actual numbers are likely to be much higher. In addition, these numbers often reflect all kinds of beneficiaries – from financial education training participants and financial awareness radio campaign recipients to children visiting a bank during GMW. This being the case, the number does not provide information about the intensity, design or effectiveness of the financial education content.

Lastly, while information on the initiators, partners, time frames and activities was easy to find, accessing details of the precise costs of these initiatives has been less straightforward. Despite the above-mentioned limitations regarding the statistical evidence about the impacts achieved by initiatives, the following conclusions can be drawn from the research with regard to financial education needs assessment, the development of top-down versus bottom-up approaches, and the most effective design of an initiative including the most common target groups.

### NEEDS ASSESSMENT: UPFRONT RESEARCH TO PROVIDE REGIONAL AND NATIONAL EMPIRICAL EVIDENCE

As with all interventions, before launching a financial education programme, a demand-side analysis is necessary. At a regional level the Global Findex database, the MasterCard Worldwide Index of Financial Literacy and, more recently, the 2015 Global Financial Literacy Survey all shed light on regional disparities by making it possible to perform cross-country comparisons of financial capabilities and knowledge gaps. The scores show that, on average, 30% of the combined adult population of Algeria, Egypt, Jordan, Lebanon, the Palestinian territo-

ries, Tunisia and Yemen are financially literate compared to 31 % in the whole Arab region and 33 % worldwide. The gender gap in these countries is 8 points compared to 7 points in the whole Arab region and 5 points worldwide. Hence, women are less literate, and they are also aware that they know less than men when it comes to financial knowledge. As such, the most marked behavioural changes and impacts from financial education can expect to be achieved among female participants. Gaps in financial knowledge were also observed among young people and those with lower levels of education.

In general, the lack of useful country-to-country comparable data, including gender-disaggregated data, for the whole Arab region is an ongoing problem. The need to develop an Arab-wide platform where common indicators are defined, tracked and evaluated is now urgent. This role could be allocated to a neutral body that is provided with the information in question by the national authorities in charge of the national coordination of financial education. Alternatively, research centres and universities could accompany this monitoring process while serving as a sort of think tank for developing innovative approaches.

At the national level Lebanon, Morocco and the Palestinian territories have conducted initial surveys of their citizen's financial capabilities, which are a prerequisite for the development of national financial education policy. The results of these surveys make it possible to identify the country-specific needs of special target groups such as women, young people and entrepreneurs, as well as the employment and migrant situation, all of which informs the formulation and adaptation of the action plan for a potential national survey on financial education (NSFE). In addition, the initial survey's results make measuring the impact of initiatives later on more effective. By regularly repeating a survey using the same indicators as in the initial one, the chosen approaches can be immediately adapted and altered where required. In this regard, more Arab countries should consider employing the World Bank's nationally tailored household surveys on financial literacy or the OECD/INFE toolkit for measuring financial literacy and inclusion, or participating in PISA financial literacy exercises. If the same tools are used more frequently in Arab countries, the comparable data collected will be of increasing benefit for the development of a more region-wide approach.

## TOP-DOWN APPROACHES

One way of addressing the region's financial education needs and gaps is to use top-down approaches like the development of an NSFE. The unified and coordinated approach required for an NSFE has the potential to foster sustainable cooperation between stakeholders, avoid the duplication of activities and promote the development of joined-up and tailored activities for target groups by setting measurable and realistic objectives based on the national needs assessment. Experience shows that issues can arise when drawing up strategies of this nature, including a lack of resources (Egypt), identifying a lead institution (Lebanon, Tunisia), getting all stakeholders to commit to a common set of objectives for drafting an action plan (Egypt, Lebanon, the Palestinian territories), maintaining stakeholders' long-term commitment, and moving effectively into the operational phase. Morocco and Jordan have each adopted an NSFE. Morocco has already implemented a number of initiatives including running awareness-raising radio campaigns, introducing financial education into school curricula and delivering financial education training and online platforms for several different target groups. Jordan's first action since adopting its NSFE has been to include financial education in school curricula. At present, there is no information to show that Algeria is planning to adopt an NSFE and Yemen's activities to this regard are on hold due to the crisis unfolding in the country.

All the Arab countries considered in this study employ multi-stakeholder approaches. However, there are differences regarding the extent to which their respective national strategies also involve private stakeholders. Jordan's strategy only includes public stakeholders whereas Egypt's strategy has both public and private stakeholders, the Palestinian territories' strategy also has both but also includes international stakeholders such as UNRWA, and Morocco's strategy provides for indirect private sector representation through professional associations.

Morocco has created an independent body, the Moroccan Foundation for Financial Education (FMFE) to implement its action plan, while Jordan has opted to make the non-profit organisation Injaz its executing agency. The budget dedicated to Morocco's NSFE amounted to EUR 550,000 for the period 2013–15, sourced mainly from the private sector, but also from international subsidies. The budget for Jordan's NSFE is roughly EUR 9,000,000 for the period 2014–21 and is to be sourced from commercial banks, financial institutions and civil society institutions. The budget for the Palestinian territories' NSFI amounts to



roughly EUR 266,000 for the period 2014–16, which is mainly being provided by the Alliance for Financial Inclusion and, to a certain extent, also by the private sector. None of the above strategies receives government funding, which raises questions about long-term commitments and puts the sustainability of these strategies at risk.

### **BOTTOM-UP APPROACHES**

An alternative way to boost financial education is through bottom-up approaches, such as initiatives undertaken by commercial banks, microfinance institutions, financial industry associations, NGOs and civil society. Private sector involvement brings with it certain advantages such as financial contributions, the development of a commercial market in the country, and not having to rely on donor agencies. In addition, they can bring in expertise and up-to-date knowledge on financial issues. Often, the broad geographical reach of private sector businesses allows them to communicate with a much wider audience that includes rural areas. They are also better placed to exploit teachable moments when their clients are about to make key financial decisions. However, it is important to ensure that, when private financial institutions directly deliver education initiatives that are not part of a coordinated national strategy, conflicts of interest do not arise.

Arab microfinance institutions have developed consumer protection and financial responsibility codes on a voluntary basis at the regional level. MFI members of the regional microfinance network, Sanabel, signed a consumer protection and responsible finance document in 2008, committing themselves to certain standards of practice.

The involvement of financial service providers, such as commercial banks and microfinance institutions, varies greatly from country to country. For example, some of Lebanon's commercial banks (e.g. BLOM Bank and BLC Bank) are actively engaged in financial education activities. The BLC Bank began generating significant business returns from its We Initiative, which works to empower female entrepreneurs. Indeed, We Initiative currently generates 18% of the bank's overall profits and is projected to achieve double-digit growth over the next three years.

As for Yemen, Tunisia and the Palestinian territories, the major MFIs are broadly engaged and have developed very specific entrepreneurship programmes. All three of Tunisia's MFIs view financial education as good way to

reduce the risk of clients defaulting and to attract new customers, which can improve their portfolio and enable them to keep track of their social responsibility. They also all adhered to the SMART campaign. However, they tend to use classroom training, which is costly, time consuming and can only reach a limited audience.

Very often microfinance associations, such as Tanmeyah in Jordan, the Yemen Microfinance Network or Sharakeh MFI network in the Palestinian territories, have a key role to play. They create important linkages between international donor-funded programmes and are in a position to represent the diversity and interests of local MFIs. However, it remains critical to create incentives that encourage private sector actors to downscale their operations and identify the advantages offered by potential new markets. After all, the private sector is better placed to reach more customers in more locations and it has the funds to do so.

That said, it is sometimes the case that, when large-scale financial support is provided, the focus can shift from long-term educational programmes aimed at promoting customer protection to short-term awareness-raising campaigns that overly benefit the funder. The Palestine Islamic Bank, despite its Islamic finance policy, is representative of the general banking sector in Palestine in this regard: In order to maximise profits, its engagement in consumer services focuses on financial awareness about the Bank's products and how to use them, rather than on financial education or reaching the most vulnerable target groups.

In Algeria the private financial sector is relatively underdeveloped as the government controls most of the sector and heavily subsidises three public programmes that are officially tasked with advising and assisting the customers of financial institutions. In Egypt smaller MFIs have experimented with providing non-financial services, such as literacy training targeting women and youth enterprises, but this area remains largely untapped.

Financial institutions aside, NGOs and civil society have been shown to reach larger scales. For example, Child and Youth Finance International and Aflatoun represent dynamic, bottom-up networks of partner organisations that work together to deliver the best possible educational programme. Stakeholders such as corporations, financial institutions and private and academic institutions also support and complement these networks.

In the context of joint public and private financial education initiatives, the OECD/INFE guidelines recommend that private and not-for-profit stakeholders' initiatives be: coordinated and integrated in line with codes of conduct and monitoring requirements; fair, equitable and responsive to the needs of vulnerable target groups; evaluated and sustainable, with feedback mechanisms included as standard.

### ARAB POSTAL SERVICES

The great potential of engaging the postal services of Arab countries in delivering financial education to young people and encouraging them to save remains largely untapped. National postal services are trusted institutions with extensive branch and delivery networks that reach into the most disadvantaged rural areas. For example, Egypt Post has 3,700 branches whereas the country's largest agricultural bank, PBDAC, has only 1,200 branches. While Yemen's postal network is smaller, its Post and Postal Savings Corporation still operates 310 branches – more than the total number of commercial banks in that country. In Algeria, for every commercial bank branch there are more than two post office branches. Tunisia's MFIs and postal service together operate 20 times more branches in rural areas than banks do.

In Egypt, Egypt Post is the only provider of saving products for entrepreneurs as NGOs are prohibited from doing so in that country. In 2014 Tunisian Post had six million financial services customers, of whom 3,647,000 had savings accounts and thus could be interested in increasing their savings through financial education. Morocco Post provides basic financial services such as savings passbooks and checking accounts to 2.5 million people. From 2005 to 2008 it successfully leveraged its large postal network, increasing the number of Moroccans holding a postal account by 40%. In 2009 a new private postal bank, Al Barid Bank, was created in Morocco. However, because Al Barid is a private entity, the FMEF is averse to substantially integrating the bank into national financial education efforts because of the conflicts of interest that could arise and the subsequent loss of credibility this could engender. The Palestinian territories do not have a public or private postal network.

Transforming Arab postal services into fully fledged, financially inclusive service providers will require the governments of these countries committing to provide a clear financial inclusion mandate, to work with donors to build capacity, and to upgrade management information systems.

### THE DESIGN OF AN EFFECTIVE INITIATIVE

To deliver high-impact, sustainable and effective financial education initiatives, they need to be tailored to the local context. It is therefore essential to carry out upfront research on beneficiaries' specific traditions, languages, dialects, social norms, gender roles and religions, and to identify their perceptions of the future, intergenerational learning behaviours within families, and mentors or role models.

Lesson learned in the Palestinian territories when working to incorporate financial education in school curricula were to maintain sufficient flexibility so as to be responsive to interim needs and unexpected opportunities, to focus on the desired outcomes and ensure the intervention centres on areas where small changes are likely to yield the greatest impacts, and to start out small by piloting, then evaluate and adjust the intervention before scaling it up. This is similar to Morocco's approach where the training of inspectors was first tested in schools in Rabat and then rolled out to other areas. Also, experiences from the launch of a public awareness campaign in Morocco show that, while fully involving multiple partners in design and implementation is time consuming, it ultimately enhances the campaign's sustainability and impact.

Morocco has benefited from a range of different financial education initiatives, from large-scale interventions like public radio campaigns and the introduction of financial education into school curricula, to more specialised activities such as financial education training targeted at apprentices in specific professions such as artisans. MFI classroom training and cash-for-work schemes linked to savings and entrepreneurial skills have also been delivered, and during Global Money Week schools visited banks and vice versa. There is no one-size-fits-all activity. Instead, a multichannel approach is usually the most effective way to build knowledge and influence behaviours.

An array of innovative approaches based on internet, print, smartphone and social media technologies are now being deployed, such as online learning and bank accounts, mobile banking apps, mobile wallets, simulations, DVDs, comics (which are cheaper to produce and are better for illiterate people), savings reminders by text message, and technology-based training concepts. The important point here is that, whatever experimental approach is used, it will need to be adapted to the age, target group and technology access of the target group. When combined with more traditional channels (such as

classroom mentors, guides, brochures, posters, television, video, music, drama, meetings held with village savings and loan associations, modules and courses), the use of such innovative approaches has been shown to increase impacts on financial consumer behaviour.

In collaboration with MFIs, money transfer companies and telecommunications providers, Morocco's banks set up the Low-Income Banking initiative, which offers customers innovative technologies such as prepaid cards, mobile banking and tailored packages. However, traditional channels such as word-of-mouth communication from parents to children or among peer groups and social circles should not be underestimated, as it is more trusted by recipients and carries an emotional charge. Messages conveyed in psychologically and emotionally attractive contexts are better understood and retained. Edutainment is a prime example of this and could be a successful approach in countries like Tunisia where television is very popular. However, it is more difficult to assess the attitudinal and behavioural impacts of such approaches because attitudes and behaviours change over time and thus cannot be measured immediately. For example, as a result of a radio campaign run in the Palestinian territories, public awareness about the country's industry regulator PMA tripled, with 680,000 people coming to know the institution for the first time. Customers use of ATMs rose from 39% to 51%, phone banking from 15% to 28% and electronic banking from 1.6% to 6%. Few effects were observed, however, with regard to behavioural change, because the impact assessment was conducted immediately following the campaign.

Whatever the initiative, it is important to monitor progress using pre-determined indicators, check whether it is meeting its objectives, capture success stories and identify challenges. This will help to facilitate the replication and adaptation of initiatives in other regions and countries with similar settings.

### TARGET BENEFICIARIES

Choosing the right beneficiaries to target is key. Around 51% of the more than 100 initiatives presented herein, focus on young people, which underlines the importance policy-makers now attach to improving young people's financial awareness, skills and behaviours. Most of these initiatives combine financial education with some form of entrepreneurial training or content. International donor agencies and national private stakeholders (the major promoters of these schemes) are working to bring on young entrepreneurs in order to generate new economic opportunities and jobs, which, as stated above,

can be particularly beneficial for private financial institutions.

The social movement Child and Youth Finance International launched the first Global Money Week (GMW) in the MENA region in 2013. In 2015 GMW reached approximately 1,700,000 children and young people. The delivery of other programmes such as Aflatoun, Aflateen and SchoolBank is also ongoing in the countries under review. The NGO Injaz Al Arab, part of Junior Achievement Worldwide, operates in several Arab countries and works with business volunteers and ministries of education to promote work readiness, financial literacy and entrepreneurship in schools. The 2015 Arab Youth Survey found that 40% of young Arabs aim to start their own business within the next five years, with technology and retail being the main sectors of interest. According to the respondents, affordable loans and better access to education and training are the most effective ways governments can encourage entrepreneurship among Arab youth. Social media has also become a major source of information with 90% of young Arabs using it regularly. 83% of young Arabs use the internet daily and more than 75% own a smartphone, which makes these ideal technologies for communicating financial education messages. Providing young people with financial education can also be a powerful way of getting them to start saving, which is important as young people benefit from signing up for and using financial services early on in life (examples include Edusave accounts or savings passbooks for school fees). National postal services also have an important role to play in this regard.

Around 49% of the more than 100 initiatives presented herein target micro, small and medium entrepreneurs in general. While initiatives for young people under 18 tend to focus on savings and financial education, interventions designed for young people over 18 tend to focus on the employability of urban and educated young adults. In Tunisia 70% of young people reported that access to credit is the major constraint they face with regard to becoming self-employed. In Egypt 62.5% of males and 46.0% of females used personal savings to start their business. Hence, Financial service solutions to enhance employment vary greatly.

According to CGAP's research on young people and financial inclusion, vocational training and access to finance increases the probability that a young person will be engaged in some form of income-generating activity by 35%. However, business and financial literacy training was shown to have no influence over business survival

rates or the number of newly created start-ups. The study also found that it is easier to change knowledge and behaviour than labour market outcomes such as employment and income. In general, the impact of labour market and business outcomes is significantly higher among young people and educated people. For all programmes, young people are associated with the highest success rates.

About 27% of the more than 100 initiatives presented herein target women. Given the huge gender gap in terms of financial literacy in the Arab region, it is safe to say that the biggest change would be achieved by securing women's participation in the formal labour market. Bridging the gender gap in the Arab region would add an additional 47% to its annual GDP in 2025 (McKinsey Global Institute September 2015, Goldman Sachs Global Investment Research 2014). However, it is usually the case that the financial sector in Arab countries does not systematically collect gender-disaggregated portfolio information, which means it lacks a good understanding of women SME owners as potential customers. In addition, less than a third of bank staff are female (World Bank and Union of Arab Banks survey, 2010) and following these estimates, on average women account for only 10% to 25% of bank clientele. According to the World Bank's Global Findex database, women are 15% less likely than men to have a bank account at a formal financial institution. However, this does not mean that they do not save in informal circles: women are 16% more likely than men to save for future expenses.

In the Arab region women typically have less collateral and fewer land rights; are less visible in employment and particularly in management positions; carry the triple burden of the household, children and usually unpaid work; and for employment must resort to the informal sector or self-employment, which leaves them with little or no social security safety net. These are the obvious issues; however, less evident gender disparities rooted in societal gender roles also influence women's behaviour. As such, specially tailored financial education initiatives are required.

A study on financial education needs and financial behaviour has shown that women want more information than men do and need more time to reach decisions. Women whose financial advisors provide them with some form of financial education are 49% more likely to be satisfied, trusting and loyal to their advisors.<sup>130</sup> Women strike a more conservative balance between risk and reward and apply different financial strategies, in particular to make ends meet.

The Global Financial Literacy Survey and others have indicated that women's lack of knowledge and experience is often due to a lack of confidence in the first place. Therefore, policies and programmes need to go beyond providing access or removing legal constraints to financial education content and female empowerment. In addition, they must attack the main drivers of these socially and culturally constructed gender roles. To do this, initiatives could be designed to include female role models for young girls and students, highlight women peer groups and female leadership, foreground female entrepreneurs and their work, promote female networking that generates business opportunities, and include major social media campaigns on relevant themes.

One successful scheme that tackles these more deeply rooted societal roles and the unconscious biases they engender in both girls and boys is the Ishraq program in Egypt. In order to empower out-of-school girls in rural Upper Egypt, Ishraq offers financial education and establishes girl-friendly 'safe spaces' where girls can gather, make friends and learn from female high-school graduates from the local community. As the initiative expanded, a companion programme was developed to provide boys with training on gender equity, on civil and human rights, and on the responsibilities they have to themselves, their family and community. The impact assessment conducted on the Ishraq programme provided quantitative evidence of positive improvements in participants' financial behaviours. In addition, community leaders provided anecdotal evidence that the girls' self-confidence had increased. Therefore, by increasing the visibility, productivity and independence of girls in that society, the Ishraq team managed to modify the traditional or restrictive gender norms held by parents and community members.

130 Global Banking Alliance for Women, 'The Approach', accessible at <http://www.gbaforwomen.org>

In conclusion, over recent years a wide range of initiatives have been delivered in the eight Arab countries considered in this study. Many were conducted individually and were initiated by public, private and/or international donor institutions. Although a few countries are developing national strategies on financial education, as of yet no coordinated regional approach or collection of regional comparable data exist. Morocco's FMEF is interested in becoming a regional centre of expertise and, with regional and international funding, could work to fill this gap. Looking ahead, practitioners in Arab countries should seek to: identify similarities and challenges; share and pool resources; expand financial education programmes and develop an analytical work to measure and map initial needs; address their target beneficiaries; and implement activities and monitor their impact, scale and cost.

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## IX. Appendix

### List of interviews

Date	Institution	Interviewee	Country or region of expertise
02 Nov 2015	<b>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH</b>	<b>Simone Iltgen</b> Advisor, Financial Systems Development	<b>MENA</b>
02 Nov 2015	<b>Consultative Group to Assist the Poor (CGAP), World Bank Group</b>	<b>Nadine Chehade</b> MENA Regional Representative	<b>MENA</b>
02 Nov 2015	<b>World Bank Group</b>	<b>Peter McConaghy</b> Financial Sector Specialist	<b>MENA</b>
04 Nov 2015	<b>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH</b>	<b>Mehrechane Nayel</b> Microfinance Advisor	<b>Egypt</b>
09 Nov 2015	<b>Yemen Microfinance Network (YMN)</b>	<b>Ali Abutaleb</b> Managing Director	<b>Yemen</b>
09 Nov 2015	<b>Organization for Economic Co-operation and Development (OECD)</b>	<b>Flore-Anne Messy</b> Deputy Head, Financial Affairs Division	<b>MENA</b>
25 Nov 2015	<b>Moroccan Foundation for Financial Education (FMEF)</b>	<b>Nezha Saadani</b> Executive Director	<b>Morocco</b>
25 Nov 2015	<b>Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH</b>	<b>Julia Erdelmann</b> Research Consultant	<b>Palestinian territories</b>

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