



# **PARTNER MICROCREDIT FOUNDATION**

*Founded by Mercy Corps*

*September 2009*

# Partner Microcredit Foundation

*Partner is a non-profit, non-deposit, multhiethnic, inter-entity NGO*

Partner provides **financial services** to economically active people who do not otherwise have access to commercial sources of funding.

## End of 2nd quarter 2009

No. of active clients (market share)	19%
No. of active clients	63.583
Gross portfolio	\$ 122 mil
No. of employees	303
Case load per Loan Officer	374
Active portfolio / Loan Officer	\$716,622
Field Offices	55
Average loan	\$ 2170

# Youth project

To **increase self-employment opportunities** for young people in Bosnia and Herzegovina, by providing market-oriented business training and mentorship services for youth clients in addition to loans.

- To increase self-employment within P's clients
- To enable YC to obtain practical knowledge and skills
- To learn how to motivate YP



# Market research with youth clients - **CHALLENGES**

- **Passivnes of the youth in B&H**
- **YP are not focused on a survey**
- **YP are not very honest**
- **Declaratively ready to start-up own business**
- **Not realistic in planning (scales)**



# Market research with youth clients

- Do it with your own capacities
- Keep the questionnaire short
- Adjust the questionnaire along the road
- Quantitative + qualitative
- Do it with different market segments if possible



# Proposed experiment design

(Partner / The World Bank / The Seep Network)

- Added value: loan + business training + mentorship (when applicable)
- Four groups (including pure control group):
  - (1) Pure Control -- regular loan
  - (2) Regular Loan and Business Training
  - (3) Extended loan term
  - (4) Larger loan amount

# DRAFT YOUTH LOAN

- Name of the loan product: Youth loan
- Target group: young people age: 18 – 29
- Purpose: The loan is designed for financing business activities in the scope of agriculture, stock-breeding, trade, services and production.
- Loan amount: \$1890 – 7550
- Loan term: 12 - 48 month
- Grace period: up to 9 months, in accordance with the MCF Partner's policies.
- Interest rate: 19,43% effective, annual
- Collateral: In accordance with the existing Partner's policies

# Marketing and delivery

- Advertising (direct marketing at Universities, Schools, Youth NGOs and Networks, Employment Bureau)
- Motivating and informing Loan Officers



Partner  
MIKROKREDITNA FONDACIJA

NOVO U PARTNERU!!!  
**DUGOROČNI KREDIT  
ZA MLADE!!!**

**Besplatan biznis trening i mentorstvo!!!**

PROIZVOD JE NAMIJENJEN SVIM MLADIM OSOBAMA OD 18 DO 30 GODINA KOJE ŽELE DA SE BAVE TRGOVINOM, USLUGOM, PROIZVODNOM ILI POLJOPRIVREDOM.

Više o nama možete saznati na našoj web stranici:  
[www.partner.ba](http://www.partner.ba)

mikrokrediti  
sa makropovjerenjem !!!

VAŠ KREDITNI SLUŽBENIK:



# Monitoring & Evaluation

*This project will conduct a randomized experiment designed to assess **the impact** of increasing maturity and loan size on business investment and growth.*

The project will include about **400 young entrepreneurs** who will randomly be divided in the following four groups:

1. 100 youths who receive the youth loan product with a **maximum maturity** of 48 months and a **maximum loan amount** of \$ 5670
2. 100 youths who are offered to **extend their loan term** to 60 months
3. 100 youths who are offered to **extend their loan term** to 60 months AND **increase their loan size** to \$ 7560
4. 100 youths who receive the loan as specified in 1) and are offered **free business training**

# Monitoring & Evaluation

**Due to the lack of users of the Youth Loan, some modifications were made:**

1. Pure control group (loan and survey no training)
2. Clients using Youth Loan + business training
3. Client using business training + mentoring
4. Small groups of clients with extended loan term or increased loan size



# Challenges:

- Difficulties in motivating the clients to attend BT (small allowances)
- Very complex and time consuming organization of BT (external consultants)
- The financial crisis may affect the final IMPACT study