

**THE COMMONWEALTH YOUTH CREDIT
INITIATIVE TOOLKIT**

MODULE 4

Training Resources

Overview of CYCI Training Needs

The CYCI takes an integrated, holistic approach to micro-enterprise development, including the provision of training, business counselling and credit facilities. The CYCI is normally initiated by a lead agency (such as a government department or international development agency) and implemented in partnership with an implementing agency, usually a non-governmental organisation (NGO) with experience in micro-credit, enterprise development and/or youth development work. The implementing agency works in partnership not only with the lead agency but also with commercial banks and other institutions which provide basic financial services.

The training needs of the CYCI are therefore fourfold: some degree of training will be required by:

- staff of the lead agency
- staff of the implementing agency
- beneficiaries; and
- banks and financial institutions.

Staff of the Lead Agency

The lead agency is in charge of overseeing the implementation of the CYCI. It may be a government department, for example, the Ministry of Youth Affairs, or an international development agency or NGO. In the first instance, training of lead agency staff takes the form of an orientation programme that familiarises them with the CYCI philosophy and methodology.

There may be a number of government departments that would benefit from such an orientation. The CYCI depends for its success on an enabling environment. The principal elements

of this enabling environment are:

- peace, democracy and political stability
- political will
- adequate financial and human resources
- supportive policy, legal and administrative frameworks
- culture of entrepreneurship and co-operation
- supportive infrastructure.

Policy, legal and administrative frameworks may need to be adjusted in order to ensure that there are no legal or administrative barriers to micro-enterprise development. Macro-economic policies, interest rates and banking and trading regulations need to be conducive to the creation of a climate in which micro-enterprises can flourish. It is advisable therefore that a wide range of government policy-makers and decision-makers be aware of the CYCI. The lead agency should consider involving many of these key stakeholders in the CYCI orientation programme.

The major topics covered in the orientation training programme for lead agency staff are:

- CYCI philosophy and methodology
- implementation
- monitoring and evaluation.

Implementing Agency

Once the lead agency has initiated the CYCI and selected a partner NGO as its implementing agency, the staff of that agency also require the basic orientation programme. In addition, the partner NGO will require additional training in various aspects of implementing the CYCI,

including management of the loan fund and provision of ongoing business counselling and support.

Most important of all, the implementing agency provides training to the programme beneficiaries. Therefore, training staff may themselves require training in order to prepare them for this role.

Staff who require training include those who will administer the programme, as well as those who provide beneficiary training and ongoing business counselling to the beneficiaries. These include the programme manager, the loan supervisor, field officers and trainers.

Topics covered in training for the staff of the implementing agency should include:

- CYCI methodology and implementation
- the CYCI project cycle
- micro-enterprise development
- business counselling
- management of the loan fund
- providing training to beneficiaries.

Beneficiaries

Providing training to the young entrepreneurs who are the target beneficiaries of the programme is the largest single training requirement of the CYCI. Once potential beneficiaries have been identified and passed through the CYCI selection process to be accepted into the programme, their next challenge is to pass through the CYCI training process.

In the CYCI model, successful completion of the training programme is a prerequisite for receiving a loan. One of the activities in the training programme is the preparation of a comprehensive business plan. This helps ensure that those who receive loans are well prepared to make optimum use of them. Also, beneficiary training provides an opportunity

for trainees to get to know each other, share their business ideas and ultimately form themselves into credit groups for the purposes of preparing loan applications, receiving loans, starting group savings, and providing peer support. If necessary, peer pressure is applied through these groups to ensure that loan repayments are made on time.

Topics which should be covered in the beneficiary training include:

- CYCI methodology
- group formation and functioning
- group and individual savings
- financial management of businesses, loans and savings
- entrepreneurship and marketing
- personal development.

Banks/Financial Institutions

The implementing agency works in partnership not only with the lead agency but also with commercial banks and financial institutions from which it obtains the financial services necessary for the administration of the loan fund. Services include disbursement of loans, deposit of loan repayment and the operational banking needs for its day-to-day functioning (revenues, expenses, staff salaries, etc.).

It is important that the relationship between the implementing agency and its local provider of financial services be a positive and mutually supportive one. Micro-credit is based on a philosophy and methodology that, while not incompatible with those of commercial banks, may differ from them in a number of ways. In order for commercial financial institutions to fully understand and appreciate the CYCI, it is advisable for representatives of these institutions to attend a basic orientation programme. It may also be useful for these institutions to gain an understanding of the CYCI approach to the financial management of

the loan fund, by attending a training session on this topic.

Training topics that may be of interest to banks and other commercial financial institutions therefore include:

- CYCI philosophy and methodology
- implementation
- financial management of loans and savings.

Who Provides Training?

When a lead agency decides to implement a CYCI, initial orientation training is normally provided by a technical expert familiar with the CYCI approach and experienced in micro-credit and enterprise development. Such expertise may be available from within the human resources of the lead agency, or may be provided externally in the form of technical assistance from an international donor agency. The same basic orientation is provided to the implementing agency, once it has been selected.

However, the resources available for such technical assistance may be limited. In any case, the CYCI is designed to be a sustainable programme which can be replicated on an ongoing basis by a lead agency such as a national government. Therefore, from the outset, the CYCI emphasises the training of trainers so that increasing numbers of people – government staff, NGO staff and trainers – can be made aware of how to implement a micro-credit programme based on the CYCI model. The training of trainers is particularly important to ensure that increasing numbers of young women and men can benefit from the full range of services – credit, training and business support – offered by the programme.

CYCI Training Programmes

The training requirements for the CYCI can be broken down into the following three courses:

- Orientation Course (lead agency, government

ministries, financial institutions)

- Implementation Course (lead agency, implementing agency and financial institutions)
- Beneficiary Training Course (programme beneficiaries).

Each of these courses is dealt with in a separate section of this module. It should be noted that these courses are offered as suggestions. Users will need to tailor the models provided to suit specific national circumstances. Guidelines on designing appropriate training courses are provided in *Designing and Implementing Training Courses* in this module.

The orientation course and the implementation course consist of a series of units, each of which includes the main topics to be covered, some suggested activities, and review questions. The suggested activities are only suggestions, and should be adapted to suit local needs and priorities. Activities include:

- trainer-led activities (e.g. lectures with visual aids);
- class activities (involving the whole class); and
- group activities (in which the class divides into groups of two to five persons).

The review questions can be used to stimulate discussion in executing the suggested activities, or can be provided as hand-outs or used in a general class discussion at the end of each unit.

Each unit makes use of overhead transparencies and hand-outs, which can be adapted to specific needs. Templates for overheads and hand-outs are included in the appendices to this module. Where it is not possible to use an overhead projector, overheads can be copied onto a flip chart or chalkboard, or simply photocopied and used as hand-outs.