

ChildFinance Strategy Working Group Meeting Outcomes and Key Conclusions

November 11th-12th, 2010

Amsterdam, The Netherlands



ChildFinance



YouthFinance

ChildFinance Strategy Working Group Meeting

What is ChildFinance

“The creation and strengthening of systems, structures and policies which provide children with choices, informs them of their rights, instills in them values, empowers them to make sound financial decisions, build their assets and invest in their own futures”

ChildFinance is a concept born from the experiences of organizations promoting financial education and financial access to children and youth across the world. ChildFinance stresses the importance of early financial education of a high standard supported by a financial system which promotes access to safe and fair financial products and services for children and youth.

ChildFinance Strategy Working Group Meeting

The ChildFinance working group met in Amsterdam on November 11th and 12th, 2010 in the offices of Houthoff Buruma, a leading law firm in the Netherlands which has been assisting ChildFinance in the development of its governance structure. The meeting was chaired by representatives from McKinsey & Co, Mr. Olivier van Riet-Paap on the first day and Mr. Koen Vermeltoort on the second. McKinsey & Co has been working with ChildFinance on the strategic planning for the organization.

The purpose of this meeting was to determine the mission and the vision of ChildFinance, how we can work together as a global movement and to set the next steps for moving the ChildFinance agenda forward in the coming years.

The following participants were in attendance at the meeting:

Maria Mendoza (BBVA), Fleur Hudig (ING), Michael Sherraden (Center for Social Development- Washington University), Margaret Sherraden (University of Missouri), Tjipke Bergsma (Plan Netherlands), Liza Barrie (UNICEF), Lew Mandell (University of Washington), Lara Storm (Making Cents), Paul Bloom (Duke University), Gary Rabbior (Canadian Foundation for Economic Education), Arnoud Vossen (Committee of European Banking Supervisors), Vimla Nadkarni (School of Social Work – Tata Institute), David Korsland (Global Alliance for Banking on Values), Lamia El-Moubayed Bissat (Institute of Finance – Lebanon), Sayida Vanenburg (KPMG), Jan Hein Aders (RaboBank), Simon Bailey (Aflatoun),

Martine Bijkerk (Houthoff Buruma), Olivier van Riet-Paap (McKinsey & Co), Koen Vermeltoort (McKinsey & Co), Jeroo Billamoria (ChildFinance), Lubna Shaban (ChildFinance), Bram van Eijk (ChildFinance), Jared Penner (ChildFinance).

The following participants were participating remotely via teleconference:

Beth Porter (UNCDF), Maria Perdomo (YouthStart), Margaret Miller (CGAP), Jennifer Thibeaux (Operation Hope)

Mission, Vision and Strategic Objectives of ChildFinance

The participants endorsed the theory of change model developed by the academics working group, but agreed that a priority should be given to comprehensive research to prove the linkages within this model in order to effectively allow ChildFinance to move forward. This model can be found in the diagram seen below. It was decided that research would underpin and inform each work stream of ChildFinance. Such research would serve to both validate the theory of change model and demonstrate that ChildFinance is a movement that is learning from experience as it develops.

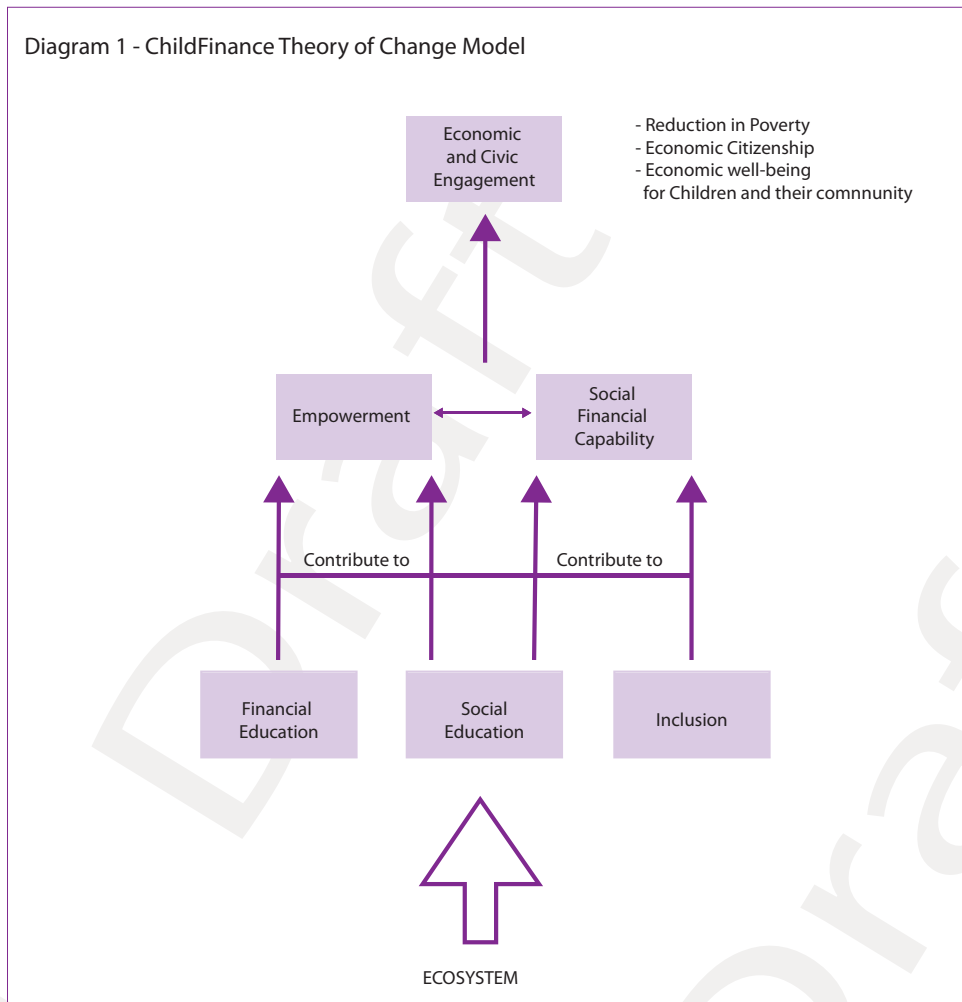
ChildFinance will continue to refine, within each of the working groups, what our main goals and objectives are and what our added value will be to the industry.

ChildFinance wants to empower children through financial access and social/financial education, we want to have this enshrined at the country level and we also want to put it on the global agenda for years to come.

- At the child level, this means that education and financial access will be the key strategic pillars for empowerment of the individual.
- At the country level, this means that countries will need to put systems into place that better facilitate learning and financial inclusion for young people. Regulatory and educational reform may be necessary.
- At the global level, we will require a global body to uphold the principles of financial education and financial inclusion for children and ChildFinance can be this body.

After discussing the content of the central vision, mission

Diagram 1 - ChildFinance Theory of Change Model



and strategic objectives for ChildFinance, the participants approached a consensus on the following:

Vision- That all children realize their full potential as responsible economic citizens

Mission- To empower all children, particularly those who are vulnerable and marginalized, by increasing their financial capability, enhancing their awareness of social and economic rights and improving their access to appropriate financial services.

Strategic Objectives

1. Education: To empower all children through the provision of social and financial education
2. Inclusion: To ensure that all children have access to fair and low cost financial products
3. Global Movement: To place children’s economic rights on national and local agendas through global advocacy

These strategic objectives are supported by the following work streams:

1. Education: Education, Research
2. Inclusion: Inclusion, Research

3. Global Movement: Country Programs, Advocacy

Review of country progress chart for ChildFinance .

The participants endorsed the country progress chart proposed for ChildFinance that will see ChildFinance perform a facilitative role in assisting partners improve their delivery of social and financial education. Members of the ChildFinance network will perform assessments of how social and financial education are currently being carried out by particular countries or educator, recommend areas for technical assistance and capacity building and provide linkages to resources for program development. ChildFinance can also be a leader in establishing research objectives and research priorities for the industry.

Country Programs

It was decided that ChildFinance needed to create a separate work stream in this area. This will guide the work of ChildFinance is assessing where countries can enhance their performance in child social and financial education based on their level of capacity and complexity. We will promote countries that are following good practice and

encourage others that are doing little work in this area.

We will also collaborate with the OECD national action plan on financial literacy, which currently does not look specifically at children, to explore how these programs could best reflect the interests of young people.

We will also consider how we can include informal education providers into our country outreach

Review of ChildFinance Workstreams

Education Workstream

We will establish ChildFinance as a standards center for child social and financial education around the world. We believe that we will be successful in this because we represent a global collective of stakeholders looking into a very new area of development for young people

The Education working group will determine the following as it relates to social and financial education for children:

1. What to teach (core curriculum content framework at different lifecycles)
2. Access to learning
3. How to teach
4. How to build capacity
5. How we evaluate success

The core curriculum content framework needs to be evidence based or else we might lack legitimacy in the eyes of donors or practitioners. We will attempt to validate the core content that we are proposing through some quick research studies that can test some specific content at certain ages. This can be built on to existing research being carried out in the field.

We decided that, while we should have faith in our experience with educational programming, we should be willing to “learn as we go” and place an emphasis on research while acting. Ideally we should have some evidence to announce at the launch as this will strengthen our causal model.

We also agreed not to permanently separate the Education subgroups (social/lifeskills education, financial education and sustainable livelihoods) because the whole point is to promote a holistic integrated education

curriculum framework.

Inclusion Workstream

The regulation and access group will from here forth merge into one group called inclusion. It was agreed that products to be offered to children should be savings accounts and secondly, under certain conditions, current accounts. It was decided that the group would not focus on other financial services for children until later.

The first priority for the group would be to ensure that children have a safe place to store their money. Secondly, that children are able to have greater access to their savings. Once these priorities have been achieved, the group will look into overdraft options.

The group agreed that we needed to update our list of FSPs that are already offering these types of services to children. We also need to perform basic functional cost analysis to determine whether the products that we want to endorse will be profitable for the banks. We will need to appeal to the “double bottom line” for banks.

The group also decided on a timeline for next steps:

- Define global template for licensing procedure- March 2011
- Identify partners so as not to do overlapping work – Jan 2011
- Define criteria for childfriendly savings product- June 2011
- Develop distribution methods-branches with tellers, shopkeepers – Jan 2011
- Model to develop product profitability- December 2010.

Research Workstream

The group agreed produce a summary of the research studies that have been done around the world and identify the areas where there are additional research needs.

We will explore additional sources of research funds and how they could mobilize interest amongst the academic community to focus on these areas.

We will make a point of aligning ourselves with the research priorities from the various countries involved

in the ChildFinance movement. This will allow us to establish the top 5 research questions that will drive the movement forward.

We will also explore the possibility of setting up a pool of funds, drawn from government and private sectors, that could be used to contribute to these major research initiatives.

Media/Advocacy workstream

The group agreed that ChildFinance day would be held annually on March 17th.

Participants were asked to brainstorm on the 100 key accelerators/stakeholders that were necessary for the movement to progress. The list of these stakeholders can be found in Annex C of the minutes to the ChildFinance Strategy Working Group.

ChildFinance Governance Structure

Martine Bijkerk of Houthoff Buruma presented the participants with a two-tiered Board governance structure the follows the Dutch legal requirement for a non-profit foundation (Stichting).

Under a Dutch stichting the board is legally responsible for the organization. The distinction between a one

tier board and two tier board is actually negligible but the reason for the day to day board is to streamline the decision making process arising from the normal operations of the organization and not have to bring them to the full board meetings.

It was agreed that these areas of expertise needed to be included in a way that was not seen as tokenistic:

- Communication and technology to be added to the corporate sector.
- Children and Youth
- Representatives from all global regions.

The ChildFinance Secretariat will discuss the next version of the Board Structure with the Strategy working group and put forth a list of the proposed board members for the group to decide. Childfinance will then follow the process of establishing a nomination committee that will be held within the General Assembly of Partners.

It was agreed that Martine Bijkerk (Houthoff), David Korsland (GABV), Jan Hein Aders (RaboBank) and Jeroo Billamoria would form a sub-group to finalize the ChildFinance governance structure. These proposed structures can be found below.

Diagram 2 ChildFinance Governance Structure

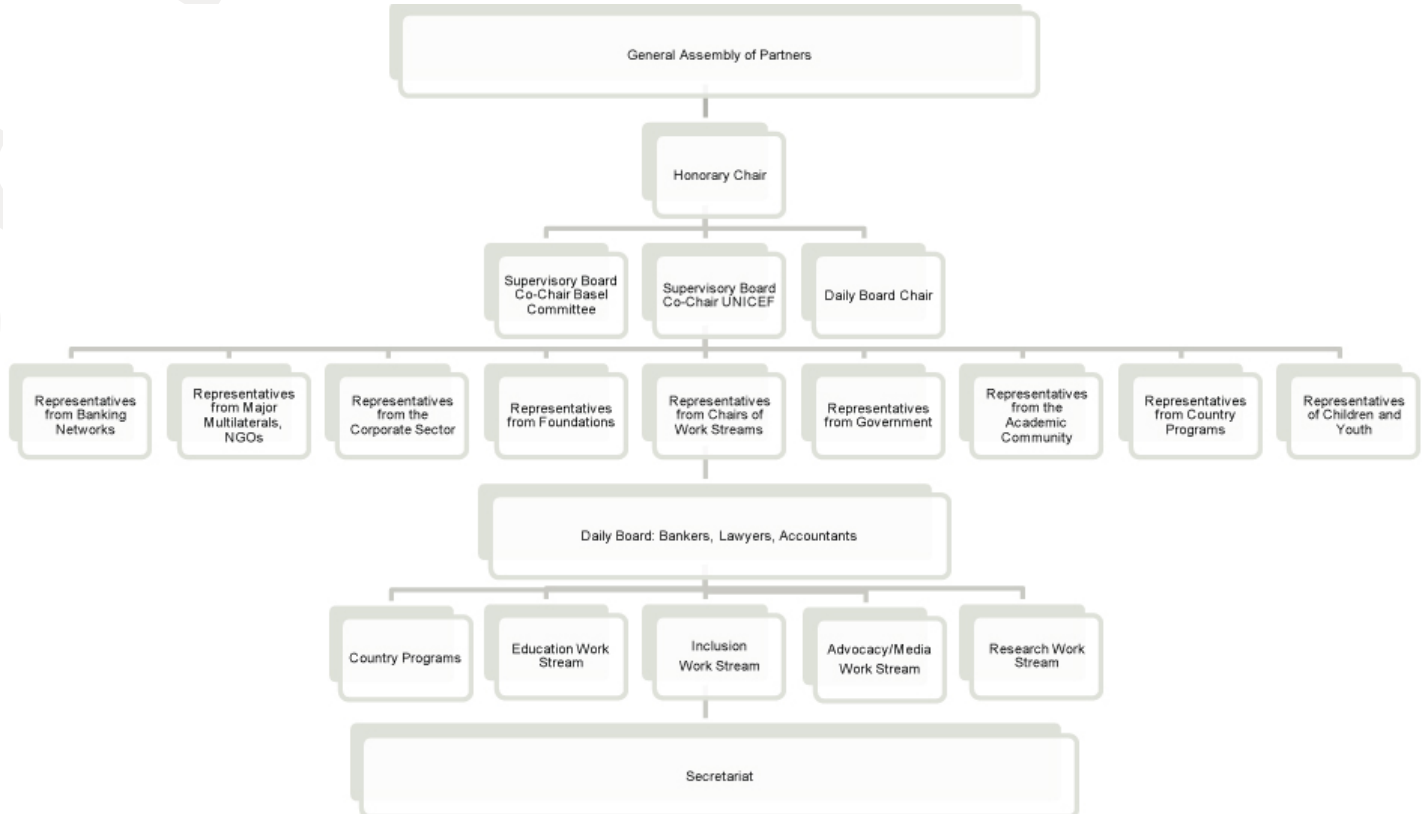
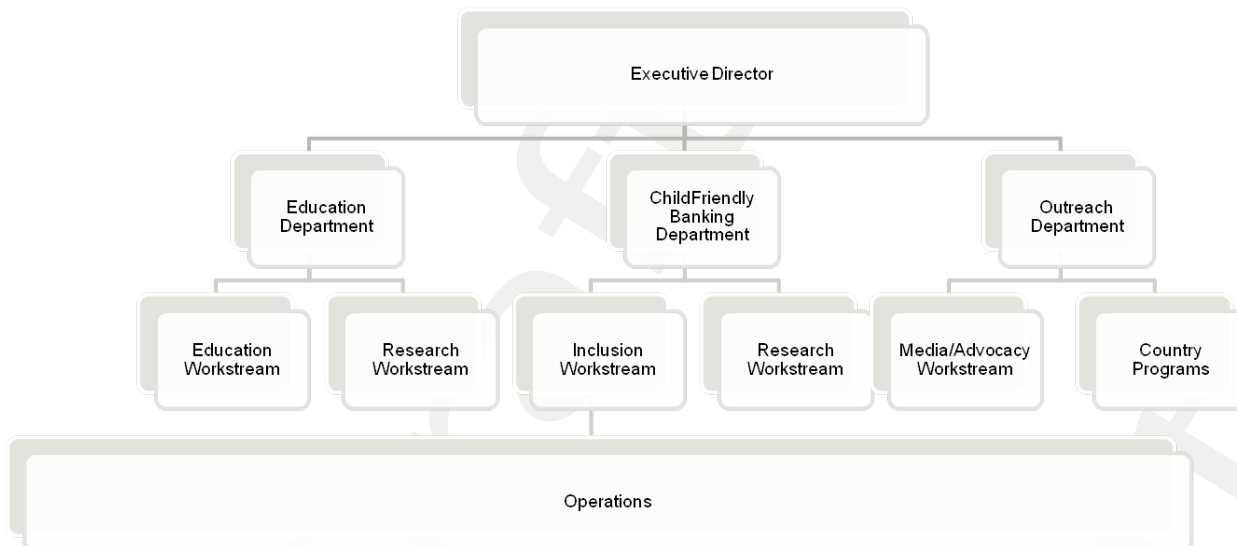


Diagram 3 - ChildFinance Secretariat Structure



Branding Discussion

The group had a discussion on how we should progress with the branding questions. We want to focus on child finance but also include the needs of youth and incorporate social and financial education. Therefore, we need to continue to think about how we will name the movement.

Participants were led through a focused group brainstorming session where they were invited to think of alternative names for the ChildFinance movement, specific sub-titles for the movement or other variations on the themes of children, youth and finance.

Possible alternatives for the name of organization included: Y-Save, My account, U-save, Financial Futures, Finance-Ability

Possible subtitles to ChildFinance: making kids moneysmart, empowering futures

Different wording using child/youth/young: Junior Finance, Young Money, SEED, First Accounts, Youth FinanceAbility, FinanceAble

There were no overwhelming favourites among the potential names, but ChildFinance committed to testing out a few new possibilities with a local marketing agency.

Financial component/Funding Stream

It was estimated that ChildFinance will need approximately 1.5 to 2 Million Euro as an annual budget

We want to find a way to boost our core funding so we

are not responsible for fundraising 70-80% of our budget each year. We also want to create revenue streams that do not necessarily take funding away from partners in the field.

We also could look at a strategy that eventually would see CF incorporated into a larger multilateral that could just underwrite the costs of the movement, but still allow the movement to promote its strategic agenda.

Here is a list of potential Revenue Streams that the Strategy Group came up with:

- Membership fees from: banks, associations, governments, NGOs, bilaterals, multilaterals, foundations, children/young people (We should go slow on membership fees in the early stages until members have experienced the benefits of joining the ChildFinance Movement)
- Certification fees: banks, governments, NGOs
- Large Donors: strategic sponsors, meeting sponsors, program sponsors
- Corporate Sponsorship
- Networking conference with participant and exhibitor fees
- Establishing an endowment fund that could cover 25-30% of our annual operating budget for the next 10-15 years
- Contracted research

- Individual Fundraising

Next Steps

The Strategy Group discussed what actions needed to be taken before the launch of ChildFinance, hopefully within the second quarter of 2011.

1. Board and Secretariat in place
2. High profile figures lined up to endorse and promote ChildFinance
3. Branding finalized
4. 3-5 countries and institutions ready to implement ChildFinance policies
5. Funding model, revenue streams and operating budget determined.
6. Completed ChildFinance Strategy document, including defining performance indicators and systems, that can be circulated to a wide audience.
7. Generic promotional material / presentation that can be adapted to specific audiences.
8. Attractive, well functioning website to promote ChildFinance and act as an online resource for ChildFinance members and other stakeholders in the industry.
9. Translate the strategy into a quarterly operating plan by workstream.
10. ChildFinance working group members shall have a clear understanding of scope of work as the movement progresses.
11. Volunteer opportunities defined in different areas where ChildFinance is active.
12. Critical deals to announce eg) bank announce products, UNICEF for education working stream etc