

## **Kenya's billion shillings investment**

Eric Ombok

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Kenyans between the ages of 18 and 35 must be grateful for the dissolution of the country's cabinet on 23 November 2005 and the appointment of a new one on 7 December 2005. For the first time in the country's history, the cabinet appointed on 7 December 2005 had a Ministry of Youth Affairs.

For four decades politicians have only paid lip service and made rhetoric of the fact that the youth are the leaders of tomorrow. For the first time since independence, the government proved that it is committed to empowering the youth.

In June 2006 — six months after the establishment of the Ministry of Youth Affairs — the Finance Minister announced the creation of the Youth Enterprise Development Fund (YEDF) and allocated \$14,29mn (Ksh1bn) in his budget to be disbursed as loans to the youth to set up enterprises at concessionary rates and without collateral.

Come September 2006 and the nascent Ministry of Youth Affairs hosted the Youth Employment Summit (YES) in Nairobi to seek ways and means of empowering the youth economically. On 8 December 2006, the Finance Minister gazetted the rules on how the Youth Enterprise Fund would operate and on 1 February 2007, President Mwai Kibaki officially launched the initiative to pave the way for the disbursement of funds.

But prior to the recent developments, not many people are aware that the then Ministry of Home Affairs, Heritage and Sports first drafted the Kenya National Youth Policy (KNYP) in December 2002. The goal of the policy is to promote youth participation in community and civic affairs and to ensure that government programmes are youth-centred and engaged the youth.

The policy has put emphasis on certain strategic areas starting with employment creation. The priority groups are youth with disability, street youth, youth infected with Aids, female youth, unemployed youth, in-and-out-of-school youth. However, the jury is still out to determine how much the policy has achieved so far.

The policy also created the Kenya National Youth Council (KNYC), whose mandate includes co-ordination of youth organisations, designing and intermittently reviewing the KNYP and developing an integrated National Youth Development Plan in consultation with the government and other partners.

Under the KNYP, the KNYC will act as an advisory, research, advocacy and policy institution on youth affairs in the country and to promote and popularise the KNYP and other policies that affect the youth.

But it is the activation of the Youth Enterprise Development Fund that has stirred the country over the last month.

Under the rules of the fund, 50 percent of the \$14,29mn (Ksh1bn) will be disbursed to newly formed youth groups in Kenya's 210 constituencies.

New groups, which should be registered and must have been in operation for at least three months, are required to send business proposals to the divisional social development committees by the last day of February. The groups will be required to have a minimum of 12 members and can draw a maximum of \$726 (Ksh 50 000), which should be repaid within 12 months.

The other half of the fund will be disbursed through 15 Micro Finance Institutions for onward lending to established youth groups that can draw up to \$7 262 (Ksh 500 000). The government has extended the funds to the MFIs as loans payable over three years. In turn, youth who will benefit from the fund, through MFIs, will be charged an interest rate determined by individual lending institutions, but on a reducing balance basis.

Looking at the rules of the Fund, one can deduce that it is now official that the definition of youth is persons in the 18 to 35 years age bracket. The population age bracket of 30 years and below constitutes about 75 percent of the Kenyan population and 67 percent of the unemployed are youth.

If plans to inject fresh capital into the fund in subsequent years are followed through and we don't play politics with the initiative, we have an opportunity to economically empower Kenya's largest marginalized group.

**Source of Information: - <http://www.businessinafrica.net/>**