

The recovery of youth development fund loans

Economics



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The study ended up by soliciting several YDF stakeholders' observations and views on the development of the program in order to improve youth's economic accomplishments in the study area. The respondents saw YDF as a significant and vital initiative to support youth development in Zambia. The most key proposals made by respondents in the direction of the enhancement of the retrieval of the youth Development fund involved: increasing the budget for YDF program, controlling the delays in YDF loan disbursement by halting bureaucracy, widening the scope and coverage of entrepreneurship training, enhance prosecution of loan defaulters by seriously enforcing the available legal frame-works. The study finally concluded that: youth repayment was low because the beneficiaries took these loans a gift from the government they put in power. As long as the YDF remains political, these problems will not go away.

Some factors influencing and limiting the performance of YDF beneficiaries' economic activities included insufficiency of available YDF loans, delays in loan disbursement and low scope and coverage of entrepreneurship skills training. Although respondents felt that YDF had met beneficiaries' expectations to a very little extent but they still considered YDF a better source of capital compared to loans from the private sector institutions because of its flexibility and relatively of low interest rate, and slack prosecution of loan defaulters. Stakeholders viewed YDF as an important initiative for youth development in Zambia. Improving the implementation of YDF programme in Zambia will substantially contribute to reduction of youth unemployment problem thereby promote youth and national economic development at large. This will be achieved by prioritizing youth

programmes in the national budgeting system especially to deal with the existing challenges informed by youth related research findings.

The study yielded some information from which the researcher was able to make recommendations to improve the recovery of Youth Development Fund loans. Hence, included the following recommendations:-

The government should increase the amount of fund allocated for YDF programme in order to improve access and utilization so as to ensure large impact is felt by YDF beneficiaries and the national at large. Besides motivating youths to apply for the soft loan, the adequacy of loan was also seen to have a profound positive impact on progress of development activities which in turn will contribute to improved loan repayment.

The Loan processing time should not be too long to affect business schedule of YDF clients. These will save them from the several years of being jobless in streets. It will also reduce the cost spent on frequent follow up visits to YDF coordination offices.

The scope and coverage of entrepreneurship training should be extended to ensure young entrepreneurs are thoroughly trained in running business especially in this era of globalized markets where competition is high. This can be achieved by scaling up YDF budgets and increasing the type and number of stakeholders involved in entrepreneurship training such as TEVETA.

There is a need to seriously enforce the available legal frameworks on YDF loan defaulters in order to improve loan repayments. Research findings

investigated that one of the reasons of low YDF loan repayment was weak prosecution of loan defaulters although the framework and guidelines are in place. Undoing political influence to allow the judicial system work, will improve the situation.

YDF beneficiaries should be encouraged to diversify their economic activities in order to positively respond to market fluctuations and changes brought about by seasonality and the effect of globalization.

To improve the performance of YDF beneficiaries development activities off course calls for creation of enabling environment for small and medium entrepreneurs such as improving access to market by improving transport and communications. Power supply and lack of modern technology was reported by some respondents to affect processing of agricultural commodities like cereals, fruits and affected some business such as soft drinks, welding and timber works.

Stakeholders also mentioned timely disbursement of YDF loans to address unnecessary delays which negatively affect YDF beneficiaries' development activities. The practice of good governance and reduction of bureaucracy in the Ministry of Youth and Sports management system will be effective in responding to the challenge. Currently, a series of government officials are involved in the YDF loan procedure including regional youth officers and District Commissioners, The loan approval procedure under this (big government) system automatically leads into delays in loan disbursement.