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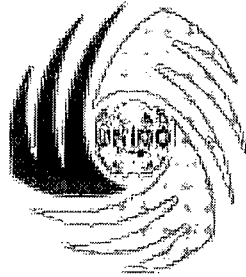
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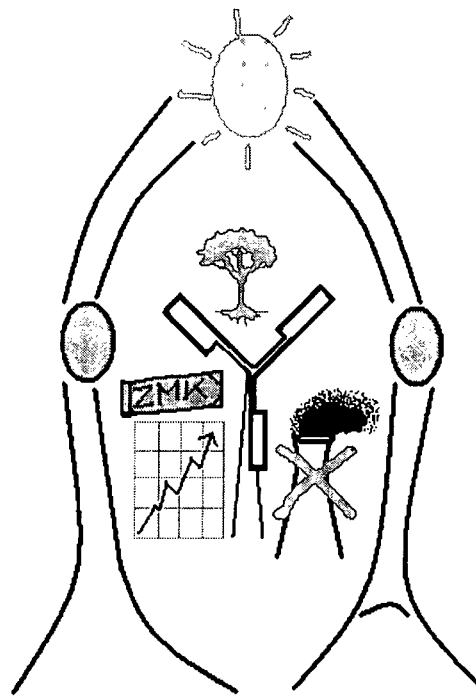
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# THE UNIDO/YES Project Evaluation Report



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December, 2004

# The Evaluation Report

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# **THE UNIDO/YES RENEWABLE ENERGY ENTREPRENEURSHIP TRAINING PROJECT AND EVALUATION REPORT**

## **1. Introduction**

In June, 2004, the Minister of Sport, Youth and Child Development, Hon. Rev. Gladys Nyirongo officially launched the United Nations Industrial Development Organisation (UNIDO)/Youth Employment Summit (YES) Project for Augmenting Youth Employment in Zambia. The project was initiated by the YES Campaign/EDC with support from UNIDO. It is intended to assist in harnessing the potential of renewable energy technologies in Zambia through youth entrepreneurship development, and contribute to the Zambian Government's objective of providing electricity and reliable energy services to rural areas, and improving rural standards of living through income generation activities.

## **2. Background to the Project**

Renewable energy technologies are gaining acceptance in Zambia but their contribution to the overall energy balance is still insignificant, and their potential to create new job opportunities, especially for youth, is largely untapped. Similarly, though it has been recognised as one of the key areas that could stimulate both – demand for renewable technologies and the opportunity for enhanced youth employment, renewable energy entrepreneurship development is still at infancy stage.

Recognising the key role that renewable energy technologies can play in promoting income generation activities and augmenting youth employment in rural areas, the YES Campaign/EDC, with support from UNIDO, will support national efforts in this direction, and assist in harnessing potential of renewable energy technologies through youth entrepreneurship development, and contribute to the Zambian Government's objective of providing electricity and reliable energy services to rural areas, and improving their standard of living through income generation activities.

## **3. Project Objectives**

### **3.1 Main Objective**

The overall objective of the UNIDO project is to harness the potential of renewable energy technologies through youth entrepreneurship development and contribute to the Zambian Government's objective of providing electricity and reliable energy services to rural areas, and improving their standard of living through income generation activities.

### 3.2 Specific Objectives

The following were the specific objectives of the project:

- a) Identify and recruit experts and resource persons at the national level to assist in organising the training courses and capacity building workshops, and impart training in entrepreneurship development programmes
- b) Prepare training materials and curriculum for organising Renewable Energy Enterprise Development and Youth Entrepreneurship Development training courses for enhancing employment opportunities in Zambia. The training courses would focus on different aspects of renewable energy enterprises and youth entrepreneurship development:
  - Renewable Energy Enterprise and Youth Entrepreneurship Development
  - Technical skills on how to manage, install, operate and maintain equipment.
  - Leadership skills
- c) YES Campaign/EDC would prepare a micro-financing plan for supporting youth led renewable energy enterprises in the country. The micro-financing plan would also look at establishing linkages with national financial institutions and ongoing developmental programmes to ensure synergies and avoid overlaps
- d) YES Campaign/EDC would prepare training materials and hold a training workshop at the Mutale Youth Skills Training Centre (YSTC) at Kasama.
- e) YES Campaign/EDC would initiate the development of a network of institutions and agencies involved in Renewable Energy Enterprise and Youth Entrepreneurship Development programmes in Zambia
- f) YES Campaign/EDC would closely monitor all activities and submit a brief status report on the progress to UNIDO on regular basis.
- g) At the end of project activities, the YES Campaign/EDC would submit a brief note on the process and accounts as per UNIDO rules and procedures which should be provided in advance to YES Campaign/EDC.

#### 4. Project Outcomes/Deliverables

Deliverables of specific activities undertaken by the YES Campaign/EDC would be as follows:

- (a) Training materials and curriculum developed to impart training in Renewable Energy Enterprise Development and Youth Entrepreneurship Development Program in Zambia

- (b) One national workshop held at Lusaka and four workshops at provincial level organised, and 50 master trainers and 250 youth trained in Renewable Energy Enterprise/Entrepreneurship Development program
- (c) A training workshop held at Elias Mutale Youth Skills Training Centre
- (d) A Micro-finance plan developed for promoting youth led Renewable Energy Enterprises in Zambia, and
- (e) A network of institutions, experts and private/non-governmental organizations created for exchange of information and enhancing synergy.

## **5. Project Strategy**

The project strategy would involve training 50 Master Trainers by the YES Campaign/EDC who would be drawn from the institutions and organizations in Zambia to ensure that they have the necessary institutional support to hold further training programs for youth in their communities. They would mostly be youth that work in, or are linked to NGOs, business, academic institutions etc. The selected youth would receive training in a renewable energy curriculum developed by the YES Campaign in collaboration with partners such as AREED, MSSRF and local experts.

Upon completion of their training, the trainees would be certified as 'Master Trainers' in youth enterprise development in renewable energy. They would each be tasked with training and supporting about five youth in their communities by hosting training workshops. It was anticipated that about 250 youth would be provided with training as a result of this project. These 250 trained youth, and the 50 Master Trainers would together become a part of the Zambia Renewable Energy Entrepreneurs Network.

The youth entrepreneur network would be a part of the YES Country Network in Zambia, which would bring together diverse stakeholders from business, civil society and government interested and committed to enhancing youth employment in the country.

## **6. Evaluation of Project Outcomes**

An evaluation of the project shows that it has been overwhelmingly successful in achieving its objectives. The training sessions were captured on audio and visual camera and put on VHS tapes for domestic use by youth in their community halls or organisation. This maximized the sharing of ideas, views and experiences in the renewable energy sector by youth and other stakeholders. YES Zambia has documented all the materials and information on the project in a most accessible way.

### **6.1 Selection of Local Resource Persons**

Ten experts and resource persons were identified and formally briefed on the objectives and expected outcomes of the Projects. The resource persons were drawn from different backgrounds ranging from energy, environment, agriculture, economics, marketing, business studies, development studies and entrepreneurship. They brought a wealth of experience and knowledge to the training programme and hence the participants benefited. Their brief profiles are given in Annex I.

### **6.2 Training Materials and Curriculum Development**

The recruited experts/resource persons assisted the Contracting Agency (YES Campaign/EDC) to develop the training materials and curriculum for renewable energy enterprise development and youth entrepreneurship development. A total of ten training modules were prepared by the team (Annex II). The YES Zambia Network decided that, in addition to technical information on the project, the training manuals would contain an overview of the changing socio-economic and political context within which the project is being promoted (i.e. economic liberalization, good governance and human rights, in particular gender equality). This was aimed at both broadening youth understanding of socio-economic issues, and inculcating a spirit of equal participation and access to various energy services as well as promote accountability and transparency in the management of income generation projects to enhance sustainability. It was felt essential to base this project on the fundamental principles of co-existence, consensus and compromise to ensure sustainable networking and effective overall execution of the project.

### **6.3 Training Workshops**

Six training workshops were successfully conducted in all the project provinces. The workshops were well organised and attended.

### **6.4 Training of Master Trainers**

The training of Master Trainers was successfully launched in June, 2004, with a national workshop in Lusaka. According to the Terms of Reference (TOR), the project was supposed to train 50 Master Trainers. These were in turn expected to train another five youth each or 250 youth in total.

### **6.5 Number of Trainees**

The Project has trained more than the anticipated number of Master Trainers in six (6) provinces, that is, Lusaka, Central, Southern, Western, Eastern and Northern Provinces. In Lusaka 33 youth were trained as Master Trainers against an initial estimate of 15 youth. Training of a further 40 youth Master Trainers followed at provincial centers in Central, Southern, Western and Eastern Provinces. In total, about 40 Master Trainers

were trained in these provinces. The provincial workshops were followed by a training workshop at Elias Mutale Youth Skills Training Centre at Kasama where over 83 youth were trained. Thus, 156 youth were trained in all. Another 45 youth are yet to be trained at Elias Mutale sometime in January 2005 depending on the availability of resources. This has been attributed to the high publicity made about the project in the case of Northern Province. Each of the trained youth is expected to train five other youths and this will raise the total number of trained youth to 780 as against an initial estimate of 250. This gives 530 more trained youth than expected.

### **6.6 Selection of Trainees**

The selection of trainees was based on the following:

- Youth aged between 15 – 35 years
- Interest in renewable energy, and
- Gender.

It was emphasised to the selection committee in each project province that at least there was need to have a 30-50 percent female representation in the programme. This was based on the recognition that they are the major users and consumers of energy in rural Zambia.

### **6.7 Workshop Organisation**

The organisation of the training workshops in all the provinces was described as 'excellent' by the participants. The trainees were provided with all the training materials such as pens, files, plain papers. In addition, each trainee was given all the ten training modules. Lunch and tea were provided during training intervals. Where necessary, especially in rural provinces, trainees also were received a transport allowance to allow them to come quickly to the training centre

### **6.8 Workshop Facilitation**

As in the case of workshop organisation, workshop facilitation was described as either 'excellent' or 'very good' by the participants. The Project Co-ordinator, in consultation with MAPYE, made prior arrangements for transport, hire of conference hall, and provision of training materials and modules. This made it possible to conduct highly successful workshops.



## **6.9 Training Material Delivery**

The trainees were extremely happy with the delivery of training materials and presentations. Most of the trainees described the presentations as excellent. As previously noted, each trainee received a full collection of the training modules. This allowed them to follow what was discussed. Each training module was introduced with the module overview and the expected learning outcomes.

## **6.10 Competence of Resource Persons**

With the exception of one or two, the feedback on the competence of the resource persons was excellent. Most of the trainers, especially Dr. Francis Chigunta and, to some extent, Kafula Chisanga, were described as 'excellent' by the trainees. In one of this visits to Zambia, Dr. Pradeep Monga from UNIDO, had the opportunity to see the feedback on trainers from the trainees.

## **6.11 Level of Trainees Participation**

Overall, the level of participation among the trainees was high. However, this tended to vary from province to province. From the six provinces the Project Team visited, the level of participation can be categorised as follows: Lusaka excellent, Central fair, Southern excellent, Western excellent, Eastern fair and Northern fair.

The following, among others, account for the varying levels of participation in provinces:

- Lack of exposure to workshops
- The level of education
- Access to information
- Level of commitment, and
- Thirsty for knowledge.

## **6.12 Level of Trainees' Understanding of Teaching Modules**

In general, the level of understanding of training modules was excellent. This is reflected in the feedback on the modules from the trainees. Most of the trainees described the material in the modules as excellent.

The following, among others, account for the high level of understanding training modules among the trainees:

- Simplified material in the modules
- Excellent training delivery methodologies, and
- High level of interest among the trainees.

### 6.13 **Level of Trainee's Ability to Teach Others**

In our view, this ability varied from province to province. We rate the provinces as follows: Lusaka excellent, Central fair, Southern excellent, Western excellent, Eastern fair and Northern fair.

The following, among others, account for the differing ability to teach others among youth in different provinces:

- Level of education
- Commitment to learning
- Level of understanding, and
- Support from local institutions.

### 6.14 **Gender Composition of Trainees**

Overall, the proportion of female participation was very high. But this varied according to province. From the six provinces the Project Team visited, the level of female participation can be categorised as follows: Lusaka poor, Central excellent, Southern excellent, Western excellent, Eastern poor and Northern excellent.

The following, among others, account for the varying levels of participation in provinces:

- Nature of contact person
- Mode of communication
- Level of education, and
- Socio-cultural factors.

## **7. Micro-finance Workshop**

Following the successful conclusion of the training workshops, a workshop on financial mechanisms and micro-credit training for youth entrepreneurs was held on 22<sup>nd</sup> December, 2004, at the COMESA Centre, Lusaka, with diverse stakeholders, especially youth. The workshop was highly successful and resulted in the preparation of a micro-financing plan for youth energy entrepreneurs.

## **8. Establishment of the Renewable Energy Entrepreneurship Network**

Following the training of Master Trainers and preparation of a micro-financing plan, a network of resource persons and trained youth will have to be established. This is currently being done. The youth and resource persons are being organised into the Renewable Energy Entrepreneurship Network (REEN) which will be linked to the YES Zambia Youth Country Network.

## **9. Major Challenges**

During the course of the project, we identified the following as the key future challenges for the project.

### **9.1 Satisfying the Huge Thirsty for More Training**

The Project Team observed that there was a huge thirst for training and knowledge among young people. More youth wanted to attend the training workshop but we could not allow them to do so due to lack of sufficient resources.

### **9.2 Meeting the Demand for Credit among Youth**

Related to the unmet demand for training and knowledge, the Project Team observed that there was huge demand for credit among young people. Most of the youth talked to during the course of the training complained that lack of access to credit was the major problem that they faced.

### **9.3 Establishing and Coordinating the Youth Entrepreneurs Network**

According to the TOR, YES Zambia is supposed to establish a network of resource persons and trained youth. While YES Zambia is currently working on this, there is a real fear that the initiative will not be sustainable due to lack of financial resources.

### **9.4 Monitoring and Evaluating the Performance of Trainees**

The monitoring and evaluation of the performance of trainees is supposed to commence immediately, this is not likely to happen due to lack of financial resources.

### **9.5 Installation of Demonstration Equipment at Elias Mutale Youth Skills Training Centre**

According to the TOR, UNIDO was supposed to establish a pilot project – Renewable Energy Technology Park – to demonstrate the effectiveness of various renewable technologies to provide electricity and reliable energy services for income generation activities; and provide training and build capacity of youth, especially women, to act as entrepreneurs and energy providers in rural areas and augment opportunities for youth employment. At the time of the project no such park had been established. For this reason, some trainees had difficulties in understanding what renewable was.

## 10. Conclusion and Recommendations

The UNIDO/YES Renewable Energy Project for Augmenting Youth Employment in Zambia has revealed the widespread lack of information on renewable energy technologies and their potential for employment creation on the one hand and the huge thirst for knowledge and demand for credit among youth. Although renewable energy technologies are gaining acceptance in Zambia, their contribution to the overall energy balance is still insignificant, and their potential to create new job opportunities, especially for youth, is largely untapped. Significantly, renewable energy entrepreneurship development is still at infancy stage. Despite apparent demand for renewable energy, nothing much has been done to promote its widespread adoption, let alone promote energy entrepreneurship among youth.

In view of this situation, we recommend that:

- More awareness and training programmes be conducted for youth interested in pursuing a career as energy service providers
- UNIDO, YES Boston and other stakeholders mobilise resources, especially financial resources, to support the establishment of a youth micro-finance scheme.

## **Annex I: List of Local Experts**

1. **Mr. Kafula Chisanga**, BSc (CBU), Forestry and Renewable Energy Expert. He was responsible for developing the module on renewable energy together with Dr. Francis Chigunta.
2. **Mr. Goodwell Lungu**, M.Phil (Cambridge), Deputy Director of Community Relations at the Anti-Corruption Commission. He is responsible for developing training materials on leadership skills.
3. **Mr. Mweelwa Muleya**, MA, Human Rights and Media Consultant. He will be responsible for developing our information and publicity plan and organising workshops.
4. **Mr. Agrippa Hamwendo**, Beng (UNZA), and an engineer and consultant. He is also a lecturer at Evelyn Hone College. He is responsible for developing training materials on the technical aspects of installing and maintaining solar systems.
5. **Mr. William C. Mayaka**, MPhil, Deputy Director, Central Statistical Office. He is an expert in youth employment responsible for developing training materials in basic business management based on the YES training tool kit.
6. **Francis Chigunta, DPhil (Oxford)**, is the YES Project Co-ordinator and responsible for developing training materials on youth entrepreneurship. (to be assisted by **Teddy Nyasulu** and other youth business counsellors).
7. **Ms. Mwaka Nambeye, BA in Gender Studies**, is a gender expert and lecturer at the University of Zambia. She is responsible for developing training materials on mainstreaming gender in renewable energy technologies).
8. **Mr. Derrick Elemu, MA**, is a lecturer at the University of Zambia and expert in micro-credit schemes. Together with Francis Chigunta, he is responsible for developing the micro-credit scheme.
9. **Prof. F.W. Akuffo, D.Phil (Oxford)**, is a lecturer in Development Studies at the University of Zambia. He will be responsible for giving presentations on the economic and political context of youth in the current socio-economic and political environment.

## **Annex II: List of Training Modules**

**Module 1:** The socio-economic context of renewable energy

**Module 2:** Renewable energy and opportunities for youth

**Module 3:** Youth Entrepreneurship and development

**Module 4:** How to start a successful small Business

**Module 5:** Leadership skills for youth

**Module 6:** Business communication skills for youth

**Module 7:** Mainstreaming gender into renewable energy youth

**Module 8:** Project monitoring

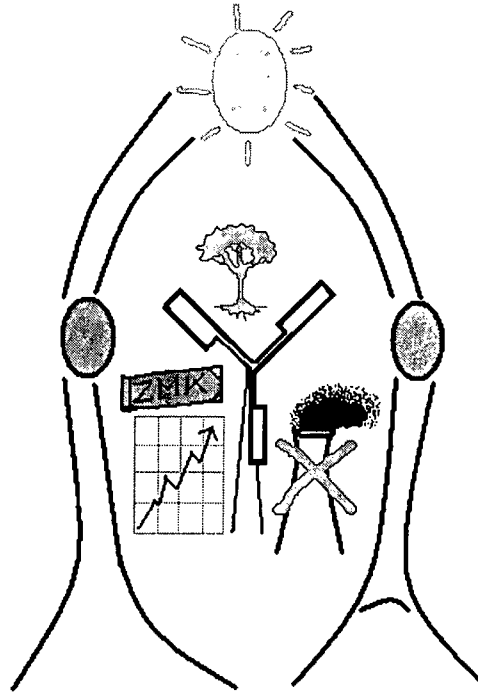
**Module 9:** Project Evaluation

**Module 10:** Youth, HIV/AIDS, and Business

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## THE UNIDO/YES Project Training Workshop



## Kasama Report

Prepared by:  
Francis Chigunta  
December, 2004



# THE UNIDO/YES PROJECT TRAINING ON RENEWABLE ENERGY AND ENTREPRENEURSHIP

## WORKSHOP TRAINING PROCEEDINGS

### 1.0 INTRODUCTION

The UNIDO/YES Project Training on Renewable Energy and Entrepreneurship, held its last training workshop at Kasama at the Elias Mutale Training Centre from 16-17<sup>th</sup> December 2004. The workshop was the largest to be conducted by the UNIDO/YES Project and was attended by over 80 young people. The present report highlights the workshop objectives and activities.

The appendices at the end of the report provide the workshop programme and list of participants.

### 2.0 WORKSHOP OBJECTIVES

The objectives of the training workshop were twofold:

- (a) to build the capacity of youth in Kasama in renewable energy technology issues
- (b) to build an entrepreneurial culture to promote youth employment using renewable energy technologies

### 3.0 WORKSHOP ACTIVITIES

The workshop was officially opened by Sister Mary, the Administrator of the Elias Mutale Training Centre. Sister Mary stressed the importance of training to the participants. She said that the training in renewable energy and entrepreneurship was aimed at equipping the participants with skills of entrepreneurship which they could later use to sustain their lives.

Following this, Dr Francis Chigunta who is the UNIDO/YES Project Coordinator in Zambia, on Renewable Energy and Entrepreneurship gave a brief background to the UNIDO/YES Project from its inception to date. Dr. Chigunta stated that the YES Project was born out of the September 2002 first Global Youth Employment Summit (YES) hosted by Egypt. The summit brought over 5000 delegates from over 60 countries.

Dr Francis Chigunta further explained to the participants the learning outcomes expected at the end of the training programme. He pointed out that the training was divided into ten (10) modules. Each module addressed a particular aspect of the training.

Dr Chigunta also stated that the UNIDO/YES Project would be holding a Micro-Financing Workshop in Lusaka on 22<sup>nd</sup> December 2004, where issues of how some youth with bankable business plans could be assisted in terms of finance and the modalities involved in accessing the funds would be discussed.

### **3.1 Presentations and Discussion**

#### *3.1.1 Module 1: The Social Economic Context of Renewable Energy – By Dr. Francis Chigunta*

In his presentation, Dr Francis Chigunta started by asking the participants what they understood by the word *youth*. This generated a range of responses. Some of the responses of the participants were as follows:

- A youth is somebody who is aged between 1-35 years old,
- 12-35 years old,
- 16-35 years old,
- and 15-35 years old.

Dr Francis Chigunta further asked the participants what they understood by the word *child* and *adult*. Some of the responses put forward by the participants were that; a *child* is a baby under five (5) years old, anybody under 18 years old, a person under 12 years old and a person who is still receiving parental care. For *adult*, the participants stated that anybody who is above 35 years old is considered an *adult*.

Dr. Chigunta told the young people that their responses represented the difficulties encountered in trying to understand who a youth is. He stated that the *youth* definition varies depending on a number of factors such as age, marriageability, cultural notions, and economic independence. He explained that, according to Government Policy, a child is somebody who is aged between 5-16 years old and that the Youth Policy states that any person aged between 15-25 years old is a youth.

But Dr Francis Chigunta stressed that, among young people nowadays, the definition of youth in Zambia was usually extended to 35 years old. He attributed this to a number of factors. Nowadays, young people in Zambia fail to attain economic independence even in their mid-thirties.

Dr. Chigunta also emphasized that the traditional transition process of youth from home to work has become problematic. The transition process of African youth in general and Zambian youth in particular has become unknown. The presenter reported that there was no systematic attempt to integrate the youth who drop out of school to be made into useful citizens.

As a result of this, most youth were turning to thieving, prostitution, drinking and other social vices. He concluded by stressing that the problem of the young people is related to the economy. The economic decline had created enormous livelihood difficulties for young people. He then gave a brief on the changing economic and institutional context within which renewable energy entrepreneurship for youth is being promoted and challenged the youth to become entrepreneurial in order to make a positive contribution to the country's economy.

### ***3.1.2 Module 2: Renewable Energy and Opportunities for Youth – By Mr. Kafula Chisanga***

Mr. Kafula Chisanga, who is a Biomass Energy Expert, highlighted to the participants the importance of as well as various forms of renewable energy. He identified the various forms of renewable energy as wind, solar, hydropower and bio-energy. The presenter said there were many entrepreneurship opportunities available in renewable energy and stated that the opportunities for youth in renewable energy lay in installation and maintenance of renewable energy equipment such as solar home systems, design and planning, energy policy analysis and development, marketing among other opportunities

Kafula concluded by identifying the barriers to the adoption of renewable energy technologies, which among other factors is related to limited information, lack of technical skills and institutional capacity, prohibitive costs and inaccessibility to technology. He further gave a brief on the institutional context within which renewable energy entrepreneurship for youth is being promoted. The presenter then brought out issues which could be involved in harnessing renewable energy technologies to communities such as conducting information dissemination strategy and energy technology assessments.

### ***3.1.3 Module 3: Youth Entrepreneurship and Development – By Dr. Francis Chigunta***

Dr Francis Chigunta introduced the subject of entrepreneurship in a lively style. He stated that entrepreneurship was first and foremost a mindset. But he stressed that entrepreneurship had several definitions, depending on the situation. The presenter then discussed the different definitions of entrepreneurship and also discussed the concepts of self employment, informal and small scale businesses. Dr Francis Chigunta stated that entrepreneurship

had certain general traits, among creativity, innovation, risk taking, high organizational skills, resource mobilization, positive thinking, desire to be own boss, and need for achievement.

The presenter concluded by stressing that the youth needed to adopt the values, attitude and behaviour of entrepreneurs. This was particularly the case given the changing socio-economic context in Zambia and globally which demanded the values of entrepreneurship. He stated that recent evidence suggests that youth entrepreneurship has social and economic value. For this reason, entrepreneurship makes a lot of sense for the youth in Zambia.

#### ***3.1.4 Module 4: How to Start a Successful Small Business in Renewable Energy – By Dr. Francis Chigunta***

In this spirited presentation, Dr Francis Chigunta explained how one could set up and run its own businesses, especially in renewable energy. He stated that accepting to run a business required one to work hard. One also needed to be prepared to make sacrifices, take risks and be able to carry out research and prepare realistic plans.

Dr Francis Chigunta identified the three types of business as manufacturing, selling and providing a service. He followed up this with a discussion on how to generate business ideas. This challenged each participant to come up with their own business ideas based on their interests in life.

Dr Francis Chigunta concluded his presentation by discussing the practical steps that youth needed in order to set up a viable business. He emphasized that it was important to develop a comprehensive business plan.

#### ***3.1.5 Module 5: Leadership Skills for Youth Entrepreneurs – By Mr. Kafula Chisanga***

Mr. Kafula Chisanga started his presentation by asking the participants what they thought leadership means. Some responses were that leadership involves allowing people to follow what they were told. Other participants felt leadership involved guiding others.

The presenter told the participants that entrepreneurship involves leadership because the entrepreneur relies on people to accomplish his business purposes and objectives. Mr. Kafula Chisanga pointed out that an entrepreneur needs to possess leadership qualities which among them include communication, knowing how to use the resources, planning, controlling group performance, representing the group, evaluating and counseling. The presenter concluded by stressing that entrepreneurship leadership involves more than personal characteristics in terms

of being enthusiastic, patience, endurance, initiative, ability, optimism, willing to accept criticism, tolerance, and so on.

### **3.1.6 Module 6: Business Communication Skills for Youth Entrepreneurs – By Dr. Francis Chigunta**

Dr. Francis Chigunta explained to the youth what communication was, the role and importance of communication in business enterprises, the various channels of communication and their appropriate use in business, skills that should be used by an entrepreneur to enhance his or her business as well as the difficulties encountered in communication.

The presenter stated that communication was a process which involved sharing knowledge and ideas. He further pointed out that communication involved receiving, storing, retrieving, giving and interpreting information. Dr Francis Chigunta stated that information was received mainly through five senses by a human being and these are hearing, seeing, feeling, tasting and smelling.

The various skills which an entrepreneur needed to possess in order to communicate adequately involves use of suitable language, clarity, brevity in presentation, use of well defined media and appropriate time. The presenter ended by highlighting the various channels of communication which included oral communication (telephone, interview, radio and personal selling), written communication (letters, reports, memos) and visual communication (television, films, adverts). The difficulties identified in communication, which included motivation, conflict, experience, personal dislike, attitude, reliability and cost, were also discussed.

### **3.1.7 Module 7: Mainstreaming Gender into Renewable Energy Youth Entrepreneurship – By Dr. Francis Chigunta and Mr. Kafula Chisanga**

In this exciting presentation, Dr. Francis Chigunta started by asking the participants if there was a local equivalent of the term *gender* in Bemba-the language spoken by the people of northern Zambia. The participants responded by stating that there was no equivalent of the term *gender* in their local language.

Dr Francis Chigunta defined *gender* as the differences between men and women that are not biological but socially constructed by the community. He also identified the gender stereotypes about men and women. The presenter further identified the similarities and differences between men and women. The presenter also noted that gender needs were normally determined by the roles that both men and women were expected to play by society and that these needs were divided into *practical* and *strategic* needs.

Mr. Kafula Chisanga concluded the presentation by discussing the different roles of women and men in energy production and utilization, with emphasis on gender

in Biomass fuels and renewable energy. He stated that the roles of women and men in energy production and utilization were determined by what society expected them to do.

On the analysis of gender in Biomass fuels and renewable energy, the presenter stated that the main roles of men and women in Biomass fuels production and utilization included tree planting and protection of farmland. He noted that normally men dominated in designing and manufacturing of energy-related equipment such as energy efficient stoves.

Mr. Kafula Chisanga concluded by stressing why it was vital to mainstream gender in renewable energy projects. He stated that gender mainstreaming means that all projects of development should incorporate the participation of women so that the benefits filter to both men and women. This would help in poverty reduction and improve the welfare of women since they were the ones mostly affected by poverty.

### ***3.1.8 Module 8: Project Monitoring – By Mr. Kafula Chisanga***

Mr. Kafula Chisanga explained that project monitoring was an exercise that was concerned with the collection, management and data analysis. This allowed regular and systematic assessment of the project's performance, efficiency, impact and relevance in the context of the objective to be attained.

The presenter also explained how one could conduct monitoring of a project as this was a very important component in the management of any project. He concluded by stating that there are four main types of monitoring activities in use which includes institutional, objectives, context and effects and impact monitoring.

### ***3.1.9 Module 9: Project Evaluation - By Mr. Kafula Chisanga***

In this presentation, Kafula Chisanga explained that project evaluation was a periodic process of assessing the monitoring of data and information from within the project in order to establish whether the programme was performing according to the set standards and objectives. He said that all project evaluation systems were concerned with the collection, management and analysis of data to allow for the regular and periodic assessment of the project's performance, efficiency, impact and relevance in the context of its stated objectives.

The presenter also enlightened the participants on the tools that could be used in collecting, monitoring and evaluation of data and information such as questionnaires, observation guide, attitude scale, telephone, and mail surveys. He concluded by saying that project evaluation was vital in the management of any project / programme as it gave an on-going picture of the performance of the programme.

### **3.2.0 Module 10 Youth, HIV/AIDS and Business – Mr. Kafula Chisanga and Dr. Francis Chigunta**

Mr. Kafula Chisanga and Dr. Francis Chigunta explained the dangers of the HIV/AIDS pandemic, its transmission, prevention and possible impact on business to the participants. Mr. Kafula Chisanga began by asking the participants what they understood by HIV in order to assess their level of understanding. The participants gave various responses. Many said that HIV was a virus that attacked and damaged the body's immune system, causing the body to be weak and fail to fight off diseases. This reflects their high level of awareness about the dangers of HIV/AIDS. The presenters then discussed various ways through which the HIV virus was spread, prevention mechanisms and possible impact on business.

### **4.0 VOTE OF THANKS**

The vote of thanks was presented by one of the youth participants who thanked UNIDO/YES and the management of Elias Mutale Training Centre for making it possible for them to have attended the training. The youth stressed that the training in renewable energy and entrepreneurship had opened up their minds and that they had realised that entrepreneurship was not only beneficial to the youths but also played a critical role in national development. The youth also stressed that they had now known what factors led to success in business enterprises.

The youth concluded by thanking the facilitators, Dr. Chigunta and Mr. Kafula Chisanga for their presentations. Finally the youth thanked his fellow participants for responding positively in coming to attend the workshop and noted that the training period for the workshop was not enough. He concluded by saying that there expectations were now high and hoped UNIDO would address this, especially in the area of credit.

### **5.0 WORKSHOP REVIEW AND CLOSING REMARKS**

Dr Francis Chigunta thanked every one for attending the workshop and for their level of participation. He paid gratitude to the Elias Mutale Training Centre Management for mobilizing the large of youth who attended the workshop. He further extended his gratitude to Sister Mary, the administrator for the job well done on logistical support.

Father Nicholas Chileshe, the Director of the Elias Mutale Training Centre closed the workshop by thanking the facilitators for conducting the workshop professionally. He appreciated the presence of the participants from the surrounding communities. He stressed that the workshop was meant to benefit the youth in Kasama. He noted that today people were highly educated but the mind is not entrepreneurial. The father further stated that the training conducted

was aimed at changing the mindset of the youth at Elias Mutale Training Centre and surrounding communities so that they could engage in productive economic ventures.

Father Nicholas Chileshe concluded by thanking the Lord God Almighty for making it possible for participants to meet in the manner they did. He further thanked Dr Francis Chigunta and Mr. Kafula Chisanga for the sacrifice made to come and train the youth in Kasama and all the participants.



## 6.0 APPENDICES

### APPENDIX I: THE KASAMA WORKSHOP TRAINING PORGRAMME ON RENEWABLE ENERGY AND ENTREPRENEURSHIP

#### THURSDAY 16<sup>TH</sup> DECEMBER 2004

08:30 – 09:00	<b>Registration of Participants</b>
09:00 – 09:15	National Anthem and Prayer
09:15 – 09:35	Introductions and Welcome Remarks
09:35 – 09:40	Statement from Fr Chileshe
09:40 – 10:10	Module 1 (Dr F. Chigunta)
10:10 – 10:25	<b>Tea Break</b>
10:25 – 11:05	Module 2 (Kafula Chisanga)
11:05 – 12:05	Module 3 (Dr F. Chigunta)
12:05 – 13:05	Module 4 (Dr F. Chigunta)
13:05 – 14:00	Lunch Break
14:00 – 15:40	Module 4 cont'd (Dr F. Chigunta)
15:40 – 15:55	<b>Tea Break</b>
15:55 – 16:35	Module 5 (Kafula Chisanga)

#### *End of Day One*

#### FRIDAY 17<sup>TH</sup> DECEMBER 2004

08:30 – 08:35	Remarks by Dr F. Chigunta/Kafula Chisanga
08:35 – 09:20	Module 6 (Dr F. Chigunta)
09:20 – 10:10	Module 7 (Dr F. Chigunta and Kafula Chisanga)
10:10 – 10:35	Tea Break
10:35 – 11:25	Module 8 (Kafula Chisanga)
11:25 – 12:15	Module 9 (Kafula Chisanga)
12:15 – 13:15	Lunch Break
13:15 – 14:15	Module 10 (Dr F. Chigunta/Kafula Chisanga)
14:15 – 15:00	Workshop Review and Closing Remarks

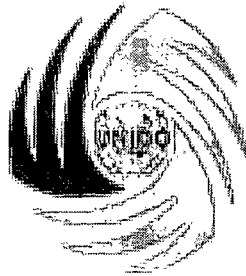
#### *End of Day Two*

## APPENDIX II: LIST OF PARTICIPANTS

NAME	PLACE/ORGANIZATION
EUNICE MULENGA	PIYALA
JOSEPHINE K. MULENGA	MAMBILA
CECELIA CHISHALA	MAMBILA
FINDERIA BWALYA	PIYALA
ELIZABETH CHIPIMO	KABOTA
HILDAH BWALYA	ST. JOHNS
RUTH MWAPE	ST. JOHNS
SIKAPUNDWA ALICK	ST. ANNIES
KELIN CHOLA	ST. ANNIES
SILVERIOUS MPINDAMWELA	MUNGWI
MOSES KAPUFI SIAME	HENRY KAPATA
KABWE LUKE	ELIAS MUTALE TRAINING CENTRE
BWALYA MEMORY	ST. ANNIES
SIAME CHOLA	ELIAS MUTALE TRAINING CENTRE
LESA MONICA	ST. JOHNS
MAKUMBA FREDRICK	KATONGO
MPANGE FELIX K	ST. JOHNS
KAMBOLE BONIFACE	ST. JOHNS
CHISANGA MUBANGA S	ST. JOHNS
FLAVIA MULENGA	ST. JOHNS
MULWANDA RODGERS	ELIAS MUTALE TRAINING CENTRE
MARTIN M. LUNDA	ST. JOHNS
CHRISTOPHER CHANDA	ST. JOHNS
JOHNH PENZA SIAME	ELIAS MUTALE TRAINING CENTRE
CHILESHE EVANS	ELIAS MUTALE TRAINING CENTRE
HENRY BWALYA	NDOKOTA
CHIPIMO OSWARD	SOMBE
KATONGO RASFORD	NDOKOTA
JOSEPH MULENGA	NDOKOTA
KAPEYA KENNEDY	ELIAS MUTALE TRAINING CENTRE
MUNYONSI PERCY	ELIAS MUTALE TRAINING CENTRE
MUSONDA HAGGAI	ELIAS MUTALE TRAINING CENTRE
KASONDE CHISEBA O	ELIAS MUTALE TRAINING CENTRE
ALLAN SIMUNGALA	ELIAS MUTALE TRAINING CENTRE
MICAH NANGOYI	ELIAS MUTALE TRAINING CENTRE
IREEN KABWE	ELIAS MUTALE TRAINING CENTRE
CHARLES CHISANGA	PIYALA
NGOSA EUJENIUS	KATONGO
KAFUSHA EVANS C	KATONGO

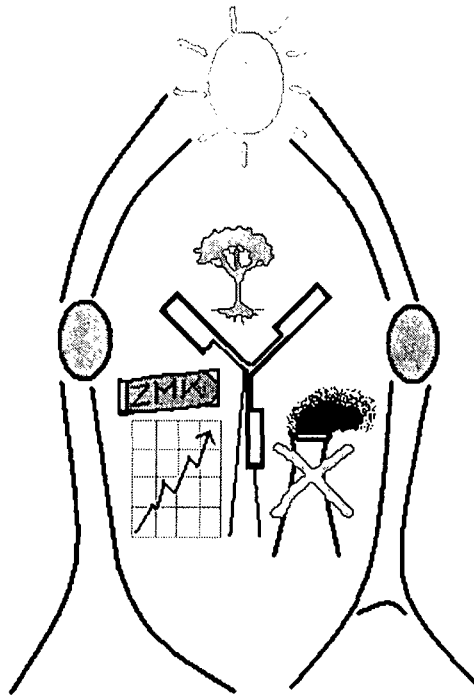
LAWRENCE CHANDA	MAMBILA
PAUL MUBANGA	MAMBILA
MULENGA DAVIE	CHIMBELE
MACHEMBA ANTHONY	CHIMBELE
OSWARD CHTI	ST. ANNIES
GIFT CHISANGA	ST. ANNIES
JOSEPH MWANSA	ST. ANNIES
JOHN ZGAMBO	ELIAS MUTALE TRAINING CENTRE
CHEWE L. MWINGI	ELIAS MUTALE TRAINING CENTRE
MULENGA FIDELIS	ELIAS MUTALE TRAINING CENTRE
CHISANGA SAMUEL	MULANSHI
SAKAMOYO PAUL	ELIAS MUTALE TRAINING CENTRE
SIMON M. CHILESHE	ELIAS MUTALE TRAINING CENTRE
JACQUELINE MUSELU	ST. ANNIES
GETRUDE BWALYA	ST. ANNIES
PATRICIA MUTALE	ST. JOHNS
MARY NAMUCHIMBA	ST. ANNIES
MATHEW SUZAH	ST. JOHNS
JUSTIN N. CHANDA	ELIAS MUTALE TRAINING CENTRE
NYAMBE M. EDWARD	ST. ANNIES
AGATHER MPINDAMWELA	MUNGWI
IREEN MUTALE	MUNGWI
BUDGET KASOMA KAFULA	ST. JOHNS
NKUMBULA DOROTHY	ST. JOHNS
BWALYA FREDRICK	KATONGO
BWALYA ROSE	ELIAS MUTALE TRAINING CENTRE
BWALYA BURTON	ELIAS MUTALE TRAINING CENTRE
CHOMBA JOSEPH	ELIAS MUTALE TRAINING CENTRE
CHANDA BRENDA	ST. ANNIES
KENNEDY CHISHIMBA	ST. ANNIES
STEVEN CHISHIMBA	ST. ANNIES
BWALYA PRISCILLA	ELIAS MUTALE TRAINING CENTRE
MUBANGA PATRICIA	ELIAS MUTALE TRAINING CENTRE
JOSEPHINE MUBANGA	ELIAS MUTALE TRAINING CENTRE
CHUNGU KASALWE	ELIAS MUTALE TRAINING CENTRE

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# THE UNIDO/YES MICRO-FINANCING PLAN FOR YOUTH ENERGY ENTREPRENEURSHIP

WORKSHOP REPORT



Compiled by:  
Francis Chigunta  
December, 2004

## **THE MICRO-FINANCE WORKSHOP**

### **1.0 INTRODUCTION**

The micro-finance workshop is a component of the Renewable Energy Training Programme Augmenting Youth Employment in Zambia Project. The workshop was held on 22<sup>nd</sup> December, 2004, at the COMESA Centre, Lusaka, Zambia. The holding of the workshop has come at an appropriate time when the United Nations has declared 2005 as the Year for Rural Micro finance as a Key Driver to Rural Development.

### **2.0 WORKSHOP OBJECTIVE**

The overall objective of the workshop was to come up with a micro-financing plan for potential youth energy entrepreneurs which could help them set up micro-enterprises in renewable energy.

### **3.0 WORKSHOP ACTIVITIES**

The present reports highlights the workshop activities. The activities can be divided into morning and afternoon sessions. Annexes I and II at the end of this report give the workshop programme and list of participants.

#### **3.1 MORNING SESSION**

##### **3.1.1 Arrival and Registration of the Participants**

The workshop activities started at 08:30 hours in the morning. The registration of workshop participants was done by Jacob Makambwe, the Publicity Officer for MAPYE (Management Assistance Programme for Youth Empowerment) - a local youth organisation that currently hosts the Zambia YES Country Network. Most of the workshop participants were youth that were trained under the UNIDO/YES Project for Augmenting Youth Employment in Zambia. In all, a total of 40 youth attended the workshop (Annex II).

### **3.1.2 Welcome Remarks by the Zambia YES Country Co-ordinator**

Lubunda Mambwe, the Zambia YES Country Co-ordinator, welcomed the participants to the workshop. In his remarks, Lubunda emphasised the important role of micro-finance in the promotion of small businesses. He stated that access to credit was critical to business or entrepreneurship development among young people, especially in the area of renewable energy where the initial cost of equipment was relatively high. Mambwe urged the participants to take the workshop seriously and come up with a good micro-financing plan.

### **3.1.3 Introductory Remarks by UNIDO/YES Project Co-ordinator**

Dr. Francis Chigunta, the UNIDO/YES Project Co-ordinator, outlined the objective of the workshop. Stressing the need for the active participation of the assembled young people in the workshop deliberations, he said that the workshop was expected to come up with a micro-financing plan. Dr. Chigunta observed that there was a huge outcry for credit among the youth that had been trained as Master Trainers (MTs).

Dr. Chigunta revealed that the project had in total trained over 156 youth as MTs against an initial estimate of 50 provided for in the terms of reference (TOR). Some of these young had expressed great need to start their own businesses. For this reason, it was important to come up with a micro-financing plan that would address the credit needs of youth. Dr. Chigunta urged the workshop participants to come up with a realistic plan that would hopefully provide the basis for the establishment of a youth micro-finance scheme.

### **3.1.4 Presentations**

#### **1. Overview of the Micro-finance sector in Zambia**

Dr. F. Chigunta, the Project Co-ordinator, gave a brief overview of the micro-finance sector in Zambia. He observed that there had been a significant increase in micro-credit scheme in Zambia in recent years. The major micro-credit schemes operating in Zambia are CARE Pulse, Pride Zambia and CETZAM.

Most of the micro-credit schemes, such as CARE Pulse, CETZAM and Pride Zambia, are funded by donors and fall under the umbrella of the Association of Micro-Finance Institutions in Zambia (AMIZ). Only very few micro-credit institutions were privately run.

A review of evaluation studies indicate that micro-credit scheme clients in Zambia had experienced significantly higher growth in their profits and household incomes as compared with otherwise similar operators. However, Dr. Chigunta noted that, despite producing some impressive results, usually measured in terms of outreach and repayment rates, micro-finance institutions in Zambia currently reached only about 20,000 out of an estimated one million potential clients. The majority of these clients were adults. This means that most young people in Zambia lack access to credit.

Worryingly, a number of micro-credit institutions in Zambia have collapsed. The following, among other reasons, account for the collapse of micro-credit institutions in Zambia:

- Poor programme design and implementation
- Poor client definition, poor credit policies
- Poor loan repayment rates
- Lack of effective monitoring systems, and
- Lack of strong internal financial management systems.

There is also the problem of what clients see as 'harsh' lending conditions. Many people in Zambia complain about rigid group enforcement of fixed loan repayment schedules without regard to income fluctuations arising from ill-health, theft, job losses and fluctuating demand. This seems to contribute to the low outreach of micro-credit in Zambia.

In conclusion, Dr. Chigunta said that the problems that faced the micro-finance sector in Zambia posed a challenge to the gathered young people to come up with a viable micro-financing plan that would stand the test of time.



## 2. **The Renewable Energy Sector and Opportunities for Youth in Zambia**

This presentation was intended to spread information and awareness among youth on the available opportunities in renewable energy. In his presentation, Kafula Chisanga, a biomass energy expert, identified the various forms and importance of renewable energies. He cited solar, wind, hydro-power and bio-energy as the dominant forms of renewable energy found in Zambia. The presentation then focused on the opportunities for youth employment in renewable energy and mostly saw these as lying in the following:

- **Installing and maintaining** renewable energy equipment such as solar home systems
- **Biomass plantations and energy farms** which require less fertiliser than crops like soya beans. They can also use marginal land which is not suitable for crop production.
- **Promoting eco-jobs**

A term commonly used to signify employment that is environmentally friendly and ecologically sounds is **eco-jobs**. Promoting alternative sources of energy would create eco-jobs for young people.

Kafula noted that other job opportunities in renewable energy lie in the following areas

- Design and planning
- Energy policy analysis and development
- Energy economics and energy management
- Energy efficiency consulting

- Assessment of social and environmental Impacts of energy systems
- Research and Development (R & D)
- Maintenance and installation of equipment

The organizations that could offer such employment opportunities are:

- Renewable energy manufacturing and installation companies
- International aid organizations
- Energy efficiency and environmental consultancies
- Universities and private industry research organizations
- Energy companies exploring possibilities of alternative forms of energy
- Non - government organizations.

**The viability of job opportunities in rural areas would prevent rural youth from migrating to the cities to seek employment.** This would not only ease pressure on urban centers, but would ensure that rural youth did not leave their villages, ensuring the presence of the valuable asset needed for development- dynamic and hardworking youth.

Kafula expressed hope that, with the preparation of the micro-finance plan, youth would now be able to exploit opportunities in renewable energy.

### 3. **Micro-finance and Energy Entrepreneurship**

Using an interactive approach, Hastings Phiri, a youth entrepreneur, examined the role of micro-finance in promoting entrepreneurship in renewable energy. He stated by asking the workshop participants to define entrepreneurship. Their responses revolved around the following:

- Creativity
- Innovation
- Risk-taking
- Resource mobilisation, and
- Starting a business.

Hastings used these responses as the basis for his discussion. He argued that entrepreneurship required a good understanding of what the business needs, especially in renewable energy. An entrepreneur ought to know how much he or she needs, why they need it and, if it is a loan, how it would be paid back. Hastings stressed that applying for a loan when one was not prepared was a recipe for disaster.

In addressing the question of how much capital was needed to start a business in renewable energy, Hastings observed that it was difficult to generalise given the different types of business even in renewable energy. He reminded the workshop participants that different types of business required different levels of capital. Nonetheless, using the business plan that he developed as part of the UNIDO/YES training, Hastings said that a capital outlay of US\$5000 was adequate to start a viable business in renewable energy. For trading activities like selling solar lanterns this could even be lower than US\$1000.

#### 4. **Micro-finance, Loan Culture and Business Management Skills in Zambia**

Lubunda Mambwe, the MAPYE Executive Director, focused on the importance of business management skills and financial discipline in loan management at individual or group level. Mambwe observed that there was a high level of loan default among young people. He attributed this to lack of business skills and lack of a positive attitude towards loans.

Most youth regarded a loan as a form of 'gift'. For this reason, they tended to avoid making loan repayments. This situation had not only resulted in the establishment of very few youth credit schemes but also the collapse of youth credit schemes.

To address the problem of a poor loan culture among young people, Mambwe stressed that there was need to provide them with business management skills and financial discipline. He particularly saw the following as critical:

- Developing a monthly operating budget for the business
- Estimating the returns on investment
- Determining the breakeven point, and
- Separating personal and business budgets.

Mambwe pointed out that young people could only run viable and successful businesses if they not only demanded credit but also paid attention to what the business needs. He stressed that running a successful business calls for multiple talents and attitudes which potential and existing young entrepreneurs typically lack. Although the lacked of credit could prevent many young people from starting their own businesses or growing them,

this is only part of the problem. This suggests that credit in and of itself is insufficient to promote business success.

## 5. **Micro-finance and Collateral: Equipment Vs Cash**

In his presentation, Edwin Zulu, the Executive Director of an organisation called 'Step Out Media Communications and Business Development Constancy Services', focused on the need for innovative approaches to the question of youth and collateral in micro-finance. Edwin also addressed the question of whether youth should be given equipment or cash.

Describing renewable entrepreneurship as one of the major interventions in promoting youth employment in modern times, Edwin said that access to credit for youth was the catalyst in the attainment of this goal. He said that micro-credit was a key tool for the development of micro, small and medium enterprises because it provided and created options to access credit without tangible security or collateral.

Under micro-credit, security comes in many forms, especially the following:

- Group security
- Community Identification Security, and
- Loan Equipment Security.

Edwin stressed that this kind of security was important in developing countries like Zambia where the commercial lending terms were beyond the reach of the majority of citizens, especially women and youth. Most young people do not have tangible personal assets to guarantee their credit worthiness.

On collateral, Edwin stated that this was critical in the loan/credit application processes although it does not necessarily guarantee the credit worthiness of the loan applicant. He suggested that micro-finance assessment and approval schemes should be designed in such a way as to consider the following:

- Project viability, feasibility and realism
- Seriousness of project promoters
- Project promoters' proof of fixed abode, community identification and other specific minimum requirements.

In addressing the question of whether renewable energy youth entrepreneurs should be given equipment or cash, Edwin observed that in Zambia, as in other developing countries, projects have failed because of financial indiscipline and other adverse socio-economic factors. The later include currency devaluation, inconsistent equipment pricing, emergencies like funerals and sicknesses, and general household poverty. Youth and women were more vulnerable to these factors than adult males.

Edwin suggested that youth energy entrepreneurs should not be given only equipment or cash. There was need for a delicate balance between the value of the equipment and the amount of money that youth entrepreneurs should receive. In his view, at least between 70 - 80 percent of the loan should be in the form of equipment and 20-30 percent in form of cash. Edwin stated that equipment without working capital may render the project a failure and unsustainable.

In conclusion, Edwin reiterated the view that micro-finance was a key catalyst to micro, small and even medium enterprise development. Collateral provision, though important in the loan approval processes, did not guarantee the credit worthiness of the client.

Neither did it guarantee the success of a project or business. Hence, some of the key criteria for loan approval should focus on the following:

- Group security
- Community identification (fixed abode personality)
- Loan equipment security, and
- Project viability.

Edwin urged the workshop participants to seriously consider these issues as they deliberated on the establishment of a youth micro-financing scheme for renewable energy entrepreneurs.

#### **6. Formal Financial Institutions and Youth as a Risk Group: Identifying the Main Constraints**

This presentation addressed the question of why formal financial institutions, especially commercial banks, viewed youth as a high risk group. In the presentation, Dr. Chigunta said that Zambia had a total of 14 operating registered commercial banks. The major ones were: Barclays Bank (Zambia) Limited, Standard Chartered Bank (Zambia) Limited, StanBic (Z) Limited, the Zambia National Commercial Bank (ZNCB), Indo-Zambia Bank and Finance Bank Limited. Others were Citi Bank, New Capital Bank and Cavmont Merchant Bank.

Dr. Chigunta noted that most banks what they described as 'broad' credit policies, targeted largely at lending for what they described as 'productive' purposes. However, some banks were highly selective in their lending policies. In all cases, 'eligible' borrowers were described as clients who could meet the minimum criteria set by the bank regardless of age. The bank managers stressed that age was not a major consideration in

accessing a bank loan as long as one met the minimum age requirement (of 16 years in the case of Zambia). The key considerations in obtaining a loan were the 'viability' and 'profitability' of the business venture. In addition, a potential borrower had to have an account with the bank or another bank for a minimum period of six months.

However, a review of the loan portfolios of the banks revealed that banks were deliberately indifferent, unwilling or unable to provide credit to small enterprises, especially those operating in the informal sector. This indicates that formal commercial banks were not meeting the credit needs of informal sector operators (ISOs), who include young people. The banks were mainly involved in what they call 'corporate' banking.

The bank managers cited the following as the major reasons why they were unwilling or unable to extend their support to small enterprises, in particular those operating in the informal sector:

- Poor record keeping by Informal Sector Operators (ISOs)
- Failure by ISOs to prepare 'bankable' proposals
- High transaction costs
- Lack of management acumen
- Lack of business specialization
- Lack of acceptable form of security
- Lack of an adequate Understanding of the Environment in which ISO worked



- Perpetuation of Myths about ISO

Given this situation, Dr. Chigunta suggested that there was need to explore other means of meeting the credit needs of youth.

#### **7. Youth Credit Schemes: Outlining the key Challenges for Young People**

In this presentation, Dr. Chigunta focused on youth credit schemes, both state and NGO-sponsored. He observed that, in the past, the Zambian Government had attempted to establish credit schemes that were targeted exclusively at youth. Some non-governmental organisations had also attempted to introduce micro-credit schemes for young people. A review of the performance of youth credit schemes, especially state-sponsored ones, indicates that it has generally been poor.

Dr. Chigunta identified the government youth credit schemes as:

### **1. The Youth Enterprise Promotion Fund**

The Youth Enterprise Promotion Fund was a government initiative established in 1994 to enable young people become more aware of self - employment as a potential and viable career option. Its main aim was to provide loans to various youth groups and individuals who did not have capital of their own and could not access loans from commercial lending institutions due to lack collateral security. However, the capacity to monitor the loanees was quite low. There were also leakages of funds and materials in many places. There is a high possibility that 'cartels' could have formed to siphon the monies out of the Fund in such a manner. There was also lack of demonstrable entrepreneurial skills among the beneficiaries. As a result, most of them failed to pay back the loans. However, reports suggest that in some provinces, particularly Luapula, the monies as at December 1998 were genuinely revolving. Over time, the loan funds meant for onward disbursement to other youth proprietors got tied up in uncollected debts. Eventually, this credit scheme was suspended.

### **b) Constituency Youth Fund Scheme (CYFS)**

The Constituency Youth Fund Scheme was introduced by the Office of the President in 1996. It was felt that the distribution of funds at the constituency level would ensure balanced and universal availability of funding opportunities for youth enterprises. This Fund was for non re payable grants. Learning from past experiences in youth credit schemes, the Government, through Ministry of Sport, Youth and Child Development, revised the guidelines on the disbursement of funds under the CYFS. But, as in the case of the Youth Enterprise Promotion Fund, the Constituency Youth Fund Scheme has proven to be vulnerable in terms of abuse. While the scheme has huge potential in terms of reaching the youth countrywide, reports indicate that in some constituencies, MPs and Ministers have used their influence to withdraw the money from banks and pass it over to their electorate as a token of appreciation, for electing them into office. Not surprisingly, the CYFS has become highly politicised, with allegations that the main beneficiaries are members of the ruling political party. In other cases, cash – strapped local authorities

have diverted funds meant for youth projects under the scheme to pay workers' salaries. Even among those who have benefited, a culture of dependence was fostered which has given rise to expectations of government handouts without the need to repay.

c) **The Commonwealth Youth Credit Initiative (CYCI)**

Although the CYCI is being directly implemented by the Commonwealth Youth Programme Africa Centre (CYP), it is included here as one of the current Government schemes for promoting youth enterprise development in Zambia. This is because the memorandum of understanding between the Government of Zambia and CYP designates the scheme as 'belonging' to the Ministry of Youth. In Zambia, the main objective of the scheme is to empower young men and women between aged 15-29 years to undertake income generating activities. This is ultimately aimed at helping to reduce unemployment and poverty among the youth. The CYCI initiative was launched in June 1996 and the first loans were given in 1997. However, the CYCI, like other youth credit schemes in Zambia, has met with limited success. In particular, loan recovery continues to be a major problem.

Dr. Chigunta also cited the following as examples of NGO-funded youth credit schemes:

**Non-Governmental Organizations Programmes for Promoting Youth Enterprise Development**

The study findings suggest that there are currently very few organizations that have initiated programmes targeted at the youth. The major ones among these organizations are the Young Women's Christian Association and Human Settlements of Zambia.

a) **The Young Women's Christian Association Youth Project**

The Young Women's Christian Association, an NGO that supports women and youth programmes, runs a business training programme for young people. Within the training programme, a small credit scheme has been introduced. While seemingly successful, information on how the graduates of the YWCA training programme perform in their

enterprise activities after receiving training was not available. It is therefore difficult to assess the performance of the training programme.

b) **The Human Settlements of Zambia (HUZA) Youth Projects**

The Human Settlements of Zambia is another NGO that supports youth enterprise activities alongside its core mandate. HUZA has generally been successful in offering training to unemployed youth. This success largely derives from a combination of factors which, among others, include working with local communities, and equity and consistency in client selection. However, the HUZA youth project suffers from three weaknesses. The first one is that the training coverage is very limited. Very few young people are taken in by the centers for training. Thirdly, the training centers are dependent on funds from HUZA's overseas partners, mainly NGOs in the Netherlands, Norway and Germany. Efforts to make the centers self-sustaining have generally been unsuccessful. Principally, this is because of the youth who undergo training cannot even afford modest fees to just make the programme break even. In this regard, any withdraw of funding by overseas NGOs is likely to lead to the closure of the training centers.

Based on the discussion of various youth credit schemes, Dr. Chigunta identified the following as their major problems:

- **Poor Programme Design and Implementation**

This problem was characterised mostly by poorly designed micro-credit institutions which affected their operational effectiveness.

- **Poor Selection Process and Decision-making**

This problem was, among others, characterised by a poorly defined lending policy, poor client definition, poor management of selection panels.

- **Bad debtor management**

A number of issues characterise this problem, especially poor disbursement of loans, poor monitoring of clients, low repayment rates, and weak internal financial systems.

- **Poor Post-Selection Support**

Young people receive inadequate support or nothing at all once they have been given loans. The result is failure by youth to run viable businesses which can ensure timely loan repayments.

- **Non-payment Culture and Youth as a Risk Group**

This problem was, among others, characterised by the relocation of youth, poor youth attitudes towards loan repayment, non-payment culture, mis-use of business finances, and credit unworthiness of youth.

Dr. Chigunta informed the workshop participants that these were the issues that they should seriously consider as they went into plenary to discuss the proposed micro-finance scheme for youth energy entrepreneurs.

#### 4. **PLENARY SESSIONS**

Following the presentations, the workshop participants were divided into two groups and given some key themes on micro-finance to discuss.

##### 4.1 **PLENARY TOPICS**

###### **GROUP A**

Topics:

This group addressed the following:

- 1) Programme Design and Implementation
- 2) Selection Process and Decision-making

## **GROUP B**

Topics:

Group B dealt with the following:

- 1) Debtor Management
- 2) Training and Post-Selection Support
- 3) Non-payment Culture and Youth as a Risk Group

### **AFTERNOON SESSION: PRESENTATIONS OF PLENARY DISCUSSIONS**

#### **4.2 PRESENTATION BY GROUP A**

The Secretary for each group made a presentation.

##### **4.2.1 PROGRAMME DESIGN AND IMPLEMENTATION**

###### **1. Type of Credit Scheme**

The group resolved that they needed a scheme or programme that targeted both potential and existing youth entrepreneurs in renewable energy.

###### **2. Organisational and Operational Structure**

The group recommended that the organisational or operational structure should comprise the following key players: UNIDO/YES and other funders at the apex; YES Zambia; local community; and credit groups (youth).

###### **3. Project Management**

The Project Co-ordinator or the Zambia YES Co-ordinator would be responsible for daily operations of the scheme in consultation with committees at the provincial, district and

community levels. At the apex, UNIDO and YES Boston would be responsible for overall policy guidance, while the National Steering Committee would oversee the operations of the Project Co-ordinator.

#### **4. Role of Clients in Project Management**

It was recommended that project clients should be given a role in monitoring the implementation of the project through giving feedback on the performance of their enterprises.

#### **5. Collaboration with other Institutions**

The group suggested that there was need to promote institutional linkages with other organisations, especially those that offered support and training. In particular, it was recommended that the programme should collaborate with the following:

- The Government
- The UN System
- Local and international NGOs
- Multilateral and bilateral institutions
- Financial institutions, and
- The private sector

The collaboration should be formalised and focus on such issues as resource mobilisation, technical and financial support, capacity building and training.

#### 4.2.2 SELECTION PROCESS AND DECISION-MAKING

The group made the following suggestions:

##### 1. Client Definition

The target group should be:

- a young person aged between 15 - 35 years
- one who has undergone some training in renewable energy and entrepreneurship,
- one who meets the criteria set out below.

##### 2. Selection Process and Panels

This should be done by carefully constituted selection committees or panels at the national, provincial, and district levels. Members of the panels should be chosen from prominent members of the community who should also serve as role models to young people.

##### 3. Selection Criteria

The group suggested that the criteria for choosing eligible youth should be based on the following:

- Project viability, feasibility and realism
- Seriousness of project promoters
- Project promoters' proof of fixed abode, community identification and other specific minimum requirements.

##### 4. Community Identification



Given the difficulties of locating youth, some of whom tend to be mobile or without proper fixed abode, the community has a critical role to play in identifying youth eligible to receive loans. Members of the local community such as Area Development Chair persons, religious leaders, school teachers, and so on, will be expected to play an important role in referring eligible youth to the micro-finance scheme. The referred names will then be sent to the selection panel at YES Zambia.

#### **4.3 PRESENTATION BY GROUP B**

##### **4.3.1 DEBTOR MANAGEMENT**

###### **1. Credit Policy**

The group suggested that loans under the proposed micro-finance scheme would only be given for starting small enterprises in renewable energy. The money would be lent for purposes of obtaining equipment and other accessories in renewable energy. Only eligible youth who meet the lending criteria set out above would qualify for loans.

###### **2. Credit Methodology Process**

Below are the group suggestions:

###### **a) Group Formation**

Once groups register their details, they would form self-selecting groups to 15 members. The groups would then form three small groups of five people each, which would be called **cells**. Beneficiaries would be encouraged to form groups with members that they trust and can easily work with. Then they would select leaders, form constitutions, create meeting schedules and plan for general group activities.

###### **b) Savings Mobilisation**

Savings mobilisation is another important aspect of the loan scheme. During the training, it will be necessary to explain the importance and the benefits savings mobilisation will

offer to groups. Consolidated youth groups would then start saving money probably on a weekly, bi-weekly or monthly basis, which they would have agreed upon in their planning stage. The purpose of saving money would be to build income from which members can borrow and pay back with interest (that will be determined by the group) before accessing bigger loans. Savings will also help groups to study each other's strengths and weaknesses necessary for groups to study each other's strengths and weaknesses necessary for group loan appraisals. Through savings mobilisation, group's commitment to credit will be assessed and evaluated thereby adequately preparing them for loans.

c) **Recording**

The types of records that should be kept by all stakeholders should be discussed with beneficiaries in order for them to appreciate the level of accountability and transparency that will be expected from all stakeholders including themselves. This would also help groups to value writing down all money transactions for accounting and transparency purposes. Therefore, records such as bio-data, pass books, application forms, fund sheets, receipts and bank slips will be discussed in details.

#### 4.3.2 CREDIT METHODOLOGY TRAINING

1. **Type of Training**

Before the disbursement of loans, initial training should be provided in the following key areas:

a) **Training for Transformation**

This training will be conducted during awareness meetings with communities and as such will be included in the training programme for youth beneficiaries. The major emphasis will be on sessions on leadership skills, group dynamics, team building, and conflict resolution and community participation (based on the 10 modules that YES Zambia used in training the Master Trainers).

b) **Business Management Training**

This training will focus on teaching the eligible youth skills in basic business management. This is intended to equip them with skills that will make it possible for them to run viable businesses.

c) **Financial Management Training**

All credit groups will be trained in financial management. This will be a major prerequisite for accessing loans because when youth understand fully what will be involved in the whole programme, they are likely to appreciate it and will ensure that it is smoothly implemented. The process of training will be divided into topics that will be covered with groups on a weekly basis.

d) **Business Plan Development**

The youth eligible for funding under the micro-financing scheme will be required to prepare a business plan. The funds will be released on the basis of a 'sound' plan.

2. **Source of Support**

The credit funders will be expected to fund the training which will be provided by YES Zambia using its 10 training modules.

#### 4.3.3 **LOAN DISBURSEMENT AND REPAYMENTS**

a) **Loan Disbursements**

The group suggested that loans should be disbursed after groups had undergone credit methodology training. The loans should be staggered at the ratio of 3:2 per cell to encourage exert of peer pressure in groups. Subsequent loans would be disbursed after four equal instalments of repayments are made by previous borrowers and when the *repayment rate* is at least over 65 percent.

Meanwhile, loan applications should be approved or disapproved by the loan committee comprising YES Zambia and representatives from Funders. (This will however depend on the loan amounts). Larger amounts may require the strict scrutiny of the committee while lower amounts would be approved or disapproved at the community level. The channel for disbursements should be from YES Zambia to programmes and then to individual beneficiaries. There will be documents at every stage of the disbursement process that will be used to monitor this channel and ensure transparency as well as accountability.

**b) Loan Repayments**

It was agreed that the loan repayment period should be six months for individual loans at a grace period of one month and one year for group loans at the grace period of two months. Thereafter, monthly equally instalments would be repaid at the interest rate of 18 percent (subject to review). Both principal and interest amounts should be repaid on a monthly basis. Repayments would be done through local community loan monitors. These would be the key players in collecting repayment funds and ensuring that proper entries are done. There would be documents even at this stage that will be used to monitor loan recoveries. The loan monitors would be depositing the money into the revolving loan fund account and give a copy of the deposit slip to YES Zambia whilst retaining one for group records.

**4.3.3 POST-SELECTION SUPPORT**

**1. Type of Support**

**a) Business Mentorship**

The group suggested that YES Zambia should use the experience gained from a YES mentorship programme funded by the Youth Network of South Africa through MAPYE between April and September, 2004, to come up with an appropriate mentorship programme for eligible youth.

**b) Role Models**

Where possible, suitable role models YES Zambia should identify suitable mentors within local communities and assign them to the intended youth beneficiaries.

**2. Source of Support**

The credit funders would be expected to fund the business mentorship and other programmes which would be provided by YES Zambia through affiliate members such as MAPYE.

**4.3.4 THE LOAN MONITORING SYSTEM**

The group recommended that loan monitoring should occur at the following levels.

**1. Group Level**

At group level, individual beneficiaries would have passbooks where savings paid and repayments made should be recorded. Only group leaders would be expected to make entries into these books and to sign (see appendix 2), minute books, original copies of receipts issued by Co-ordinators and copies of bank deposit slips for recording and monitoring group transactions.

**2. Programme Level**

At programme level, copies of receipts for loan funds collected from YES Zambia and loans disbursed to beneficiaries, loan disbursement forms (see appendix 3), fund sheets and bank deposit slips would be used to monitor disbursements and repayments. Loan monitors would, however, not monitor group savings. This should be done by individual groups.

### **3. Partner Level**

YES Zambia should be monitoring loans from the time individuals make applications using loan application forms (see appendix 4). Other documents that would be used are copies of loan collection receipts, disbursements forms, copies of repayment receipts and bank deposit slips. However, all these would be cross-checked with details on a micro-soft access program that YES Zambia would be using. This should show the loan status for loans disbursed, repayments made, and arrears if there are any outstanding loan balances. The other monitoring YES Zambia would be using are quarterly reports, copies of which would be sent to Funders.

#### **4.3.5 NON-PAYMENT CULTURE AND YOUTH AS A RISK GROUP**

The group suggested the following:

##### **1. Location of Clients**

Community identification should play a key role in selecting eligible youth. This is intended to address the common problem of youth changing location once they have been given loans in order to avoid paying back the loans.

#### **4.8.2 Youth Attitudes towards Loans**

Part of the training in credit methodology should be given to youth both before and after they receive loans in order to improve their attitudes towards loan repayment.

#### **4.8.3 Improving the Credit worthiness of Youth**

In order to improve the credit worthiness of youth, YES Zambia should, in collaboration with partners, undertake measures aimed at improving the credit worthiness of young people.

#### **4.8.4 Default and arrears policy**

Groups whose members default or are in repayment arrears should not be eligible for new funding under the scheme until all the money is paid in full.

#### **4.8.5 System of client sanctions and incentives**

Appropriate sanctions shall be imposed on groups whose members have defaulted in repayments or are in arrears.

## **CERTIFICATE PRESENTATION CEREMONY**

This was a brief ceremony held to present certificates to the first group of youth that were trained as Master Trainers in Lusaka, the Zambian capital. The Minister of Sport, Youth and Child Development graced the occasion.

### **1.0 Arrival of the Guest of Honour**

At about 15:00 hours in the afternoon, the Minister and her entourage arrived at the COMESA Centre. They were received by Mr. Sandiso Ngwenya, the Assistant Secretary General of COMESA, Mr. Siwakwi, the UNIDO Project Representative, and Dr. Francis Chigunta, the UNIDO/YES Project Co-ordinator.

Jacob Makambe, a youth activist, was the Master of Ceremonies. Jacob welcomed Hon. Gladys Nyirongo to the certificate presentation ceremony. He extended his welcome to Mr. Sandiso Ngwenya, the Assistant Secretary General of COMESA, Mr. Siwakwi, the UNIDO Project Representative, Dr. Francis Chigunta, the UNIDO/YES Project Co-ordinator, the trainees and other invited guests. Jacob then called upon the Assistant Secretary General of COMESA to welcome the Minister.

### **2.0 Remarks by the COMESA Assistant Secretary General**

Mr. Sandiso Ngwenya, the Assistant Secretary General of COMESA, thanked the Minister for coming to grace the certificate presentation ceremony. Praising her eagerness to officiate at such occasions, Mr. Ngwenya said that COMESA would always be happy to learn from her wisdom.

The Assistant Secretary General stated that COMESA was interested in promoting renewable energy in the region. He noted that COMESA would be working with local industries to promote the use of clean production technologies. This would make it possible for these industries to win credits in the emerging carbon markets. The companies could then use the credits to obtain money from such initiatives as the Global Environmental Fund (GEF).



In conclusion, Mr. Ngwenya challenged the youth to come up with simple and practical projects that would benefit society as a whole. He reiterated that COMESA stood ready to support such initiatives.

### **3.0 Statement from the UNIDO Representative**

In his remarks, Mr. Nkunda Siwakwi, the UNIDO Project Coordinator, observed that Zambia is endowed with abundant energy resources with the exception of petroleum products, which are imported (Appendix IV).

Despite Zambia's rich energy resource base and surplus hydropower availability, the proportion of the population that has access to electricity is still very low in Zambia. Mr. Siwakwi revealed that only about 20 percent of the total population, mostly in urban areas, had access to electricity. In rural areas, just a tiny 2.0 percent of households had access to electricity.

Mr. Siwakwi cited the following as barriers to connecting rural households to the national grid:

- The isolated and dispersed location of rural households
- The high cost of establishing and maintaining grid distribution networks
- The grid network is mainly confined to middle or high income households and the mining sector
- Overwhelming dependence on traditional sources of energy such as biomass

According to Mr. Siwakwi, the current absence of reliable and affordable electricity in on/off – grid areas has been recognized as one of the critical barriers hammering rural

development and employment opportunities in Zambia, as electricity is an important input in rural development.

It is in realization of this that UNIDO has offered to support national efforts aimed at developing policies designed promote renewable energy technologies in Zambia. In particular, UNIDO seeks to promote youth entrepreneurship in renewable energies.

Mr. Siwakwi expressed happiness at the outcome of the project. He expressed happiness that the project was an overwhelming success which had achieved its objectives.

#### **4.0 Remarks by the UNIDO/YES Project Co-ordinator**

In welcoming the Minister to the certificate presentation ceremony, Dr. Chigunta expressed happiness that the project had been an overwhelming success. He noted that the project had produced ten training modules in order to create an all-round youth entrepreneur.

Significantly, Dr. Chigunta said that the project had trained 156 youth against an initial estimate of 50 Master Trainers. Each of these youth was expected to train another five youth in renewable energy entrepreneurship. This means that over time another 780 youth would be trained by the 156 Master Trainers compared to the previous estimate of 250 youth.

Dr. Chigunta informed the Minister that the training project had raised high expectations among the trained youth, especially for credit. To try and address this issue, the UNIDO/YES project had organised a micro-finance workshop that morning.

Dr. Chigunta expressed hope that the micro-finance workshop and the resulting micro-financing plan would soon result in the establishment of a viable finance scheme for youth entrepreneurs.

## 5.0 Speech by the Hon. Minister of Sport, Youth and Child Development

The Minister, Hon. Rev. Gladys Nyirongo, expressed her happiness at being invited to officiate at the certificate presentation ceremony (Annex VI). She thanked UNIDO and YES Boston for coming up with a dynamic initiative that would help many young people in Zambia to become energy entrepreneurs, especially that the Project had trained over 156 youth as Master Trainers against an initial estimate of 50 Master Trainers.

The Minister expressed happiness that the 156 Master Trainers would now train over 780 youth against an initial estimate of 250 youth in entrepreneurship and renewable energy. She described this as a wonderful achievement that would supplement government efforts in promoting youth employment.

Hon. Rev. Nyirongo was particularly happy that young people were now getting involved in productive ventures. She stressed that the Zambian government through the Ministry of Youth was committed to addressing challenges that young people bearing in mind that 68 percent of the Zambian population was made up of young people.

The Minister was happy to learn that the certificate presentation ceremony was not an in itself but just the beginning of more things to come for youth. She was especially happy to learn that UNIDO was considering introducing a micro-finance scheme for young people in the field of renewable energy.

Observing that the energy sector had many eco-job opportunities, the Minister said that her government was ready to support initiatives aimed at promoting youth employment. She said that her government had put in place a strategic mechanism of networking among the line ministries that would provide youth access to various projects. She encouraged organisations that introduce youth projects to consider the gender aspect in order to help improve the socio-economic status of women, especially in rural areas.

Hon. Rev. Nyirongo observed that empowering young people needs concerted effort from all stakeholders. In particular, it required participation at all levels of society. She expressed happiness that the revised National Youth Policy (NYP) had put emphasis on the promotion of entrepreneurship as a strategy for job creation among youth.

The Minister said that the revised NYP had also developed guidelines for small enterprise development, capacity building in national youth institutions, and encouraging private sector participation in supporting small business through mentorship programmes. Although there was no specific policy on entrepreneurship in Zambia, Hon. Rev. Nyirongo hoped that these initiatives would promote entrepreneurship among young people.

With these remarks, the Minister congratulated the youth that were going to receive certificates and wished them well in their future endeavors.

#### **6.0 Certificate Presentation By The Guest Of Honour**

Following her speech, the Guest of Honour, Hon. Rev. Gladys Nyirongo, then presented the certificates of attendance to the master trainers. There was a lot of joy as the young people proudly received the certificates from the Minister.

The youth then presented two cakes: one to the Minister of Sport, Youth and Child Development to show their appreciation for her support to the YES Zambia movement and the other one to COMESA for providing office space *gratis* to MAPYE, the YES Zambia host organisation.

#### **7.0 Vote of Thanks by a Youth**

The certificate presentation by the Guest of Honour was followed by a vote of thanks from Edward Phiri, one of the trained youth. In his remarks, Edward expressed happiness at the training that the youth had received under the UNIDO/YES Project. He now appreciated the importance of entrepreneurship in promoting youth employment. He also

said that the training had exposed them to the opportunities available for youth in renewable energy. In conclusion, Edward called upon other organisations to emulate UNIDO and YES and initiate similar programmes for young people.

## 8.0 Closing Remarks

Dr. F. Chigunta, the Project Co-ordinator, thanked the Minister for taking time off her busy schedule to both officially launch the project and grace the certificate presentation ceremony. He also praised the Minister for her dedication to issues affecting youth as reflected in her travels across the country to encourage participation in the National Youth Policy Review Process.

Dr. Chigunta also expressed his gratitude to COMESA for giving office space to MAPYE – the organisation that currently hosts the Zambia YES Country Network. He stated that without this support, it would have been extremely difficult for YES to conduct its activities in Zambia. Dr. Chigunta expressed hope that COMESA would continue to support youth activities in Zambia and elsewhere in the Eastern and Southern Africa region.

Dr. Chigunta extended his gratitude to UNIDO for financially supporting the project. Without this support, it would not have been possible to carry out the training programme. He further extended his gratitude to YES Boston, in particular to Dr. Poonam Ahluwalia, the Executive Director for the support to YES Zambia and for selecting Zambia as the first pilot country for the UNIDO Project. Dr. Chigunta also thanked all the youth that had participated in the project, including all those people who had contributed to the successful conclusion of the training programme.

In conclusion, Dr. Chigunta stressed that this was not the end of the UNIDO/YES Project but just the conclusion of the first phase. The micro-finance workshop and plan represented the hope that the second phase was in the offing.

## 9.0 **Cocktail party**

A small cocktail party was held in honour of the Guest of Honour. This marked the conclusion of the UNIDO/YES Training Project in Zambia.

## **Annex I: Workshop Programme**

### **MICRO-FINANCING WORKSHOP AND CERTIFICATE PRESENTATION CEREMONY**

#### **THE MICRO-FINANCE WORKSHOP**

- 08:00 – 08:30 **Arrival and Registration of the Participants** (Jacob Makambwe)  
08:30 – 08:35 **Welcome Remarks by the YES Country Co-ordinator** (Lubunda Mambwe)  
08:35 – 08:40 **Introductory Remarks by UNIDO/YES Project Co-ordinator** (Dr. F. Chigunta)

#### **Presentations**

- 08:40 – 09:00 **Overview of the Micro-finance sector in Zambia** (Dr. F. Chigunta)  
09:00 – 09:20 **An overview of the Energy Sector and Opportunities for Youth in Zambia** (Kafula Chisanga)  
09:20 – 09:40 **Micro-finance and Energy Entrepreneurship** (Mr. Hastings Phiri)  
09:40 – 10:20 **Micro-finance, Loan Culture and Business Management Skills in Zambia** (Lubunda Mambwe)  
10:20 – 10:35 **Tea Break**  
10:35 – 10:55 **Micro-finance and Collateral: Equipment Vs Cash** (Mr. Edwin Zulu)  
10:55 – 11:15 **Formal Financial Institutions and Youth as a Risk Group: Identifying the Main Constraints** (Dr. F. Chigunta)  
11:15 – 11:35 **Youth Credit Schemes: Outlining the key Challenges for Youth Entrepreneurs** (Dr. F. Chigunta)  
11:35 – 13:00 **Plenary Sessions**  
13:00 – 14:00 **Lunch Break**  
14:00 – 15:00 **Presentations of Plenary Discussions**

#### **CERTIFICATE PRESENTATION CEREMONY**

- 15:00 – 15:10 **Arrival of the Guest of Honour** (Hon. Rev. Gladys Nyirongo)  
15:10 – 15:15 **Remarks by the COMESA Representative** (Dr. Mwila)  
15:15 – 15:20 **Statement from UNIDO Representative** (Mr. Siwakwi)  
15:20 – 15:25 **Remarks by the UNIDO/YES Project Co-ordinator** (Dr. F. Chigunta)  
15:25 – 15:35 **Speech by the Hon. Minister of Sport, Youth and Child Development** (Hon. Rev. Gladys Nyirongo, MP)  
15:35 – 15:50 **Certificate Presentation by the Guest of Honour** (Hon. Rev. Gladys Nyirongo)  
15:50 – 15:55 **Closing Remarks** (Dr. F. Chigunta)  
15:55 – 16:00 **Vote of Thanks by a Youth** (Edward Phiri)  
16:00 **Cocktail party**

## Annex II: List of Participants

NAME	ORGANISATION	TITLE	ADDRESS
1. Richard Soko	Former street		C/o Mr. Kameya Biemba Cell # 096 – 728338
2. Darlington Mwamba	Nkwanjo Black Artists Association	Trainee	Email: darlington_mwamba@yahoo.com
3. Edwin Zulu	Step - Out	Trainee	Cell# 097 – 896751
4. Andrew Tembo	KYPT-CISEP	Trainer	097 - 743349
5. Lubunda Mambwe	YES - Zambia	YES Co-ordinator	lubunda@hotmail.com Box 30051 Lusaka.
6. Teddy M. Nyasulu	Junior Achievement Zambia	JA Programme Co-ordinator	097 – 704143
7. Kafula Chisanga	YES - Zambia	Trainer	kafulac@yahoo.co.uk
8. Chuma Casius	YES - Zambia	Trainer	095 – 751002
9. Augrey Phiri	Shekinah Temple	Trainee	Box 35194, Lusaka augreyph@yahoo.com
10. Chenje C. Mumba	Kafue Youth with a Destiny	Trainer	P.O. Box 30070, Kafue. E-mail: chenje_mumba@yahoo.com Cell#097-462458
11. Goodwell Lungu	Transparency International	Trainer	Box 50486 Lusaka
12. Gift Nambela	Cross Border Traders Association	Trainee	Box 30466 Lusaka Cell#097-876697 E-mail: nambelag@yahoo.co.uk
13. Emmie Ndovi	UNZA	Trainee	Cell: 097 – 831590
14. Andrew B. Zyambo	Youth Charter for Sport	Trainee	Box 38606 Lusaka 097 -757490
15. James T. Gondwe	UNZA	Trainee	Box 32379 Lusaka
16. F. Chigunta	UNZA	Trainee	P.O. Box 32379 Lusaka Cell#097-404519
17. Alex Mununka	Chawama Youth Project	Trainee	Cell # 095 – 708162
18. Herman Bweupe	K-YES	Trainee	P.O. BOX 202, Kafue Cell# 097-777325
19. Ticklay Mukosiku	UNZA	Trainee	P.O. Box 32379, Lusaka Cell # 097- 870585
20. Ernest Bruce	UNZA	Trainee	P.O. Box 32379, Lusaka Cell#097-700331 E-mail: brucebiz2@yahoo.com
21. George Phiri	YES - Zambia	MAPYE Assistant Coordinator	geoiengi@yahoo.com Box 30051 Lusaka
22. Machobanni	UNZA	Trainee	P.O. Box 32379, Lusaka



Thabo			Cell#097-748537 E-mail: <a href="mailto:matitunathabo@yahoo.co.uk">matitunathabo@yahoo.co.uk</a>
23. Jacob Makambwe	YES - Zambia	MAPYE Public Relations Officer	P.O. Box 30051 Lusaka
24. Mathews Ingwe	Ceramics Association	Trainee	
25. Hastings Phiri	YORO	Trainee	Cell#097-708733 E-mail: <a href="mailto:h-phiri@hotmail.com">h-phiri@hotmail.com</a>
26. Richard Kahalu	KYPT	Trainee	Cell#: 097-715768 097-743349
27. Edward Phiri	Ng'ombe Youth	Trainee	Cell#097-420446
28. Andrew Chisola	Lusaka Youth Association of Zambia (LUYAZ)	Trainee	Cell#097-864394; 095-919787 <a href="mailto:Andrewchisola85@yahoo.com">Andrewchisola85@yahoo.com</a> Or <a href="mailto:Lusya3zoro@yahoo.com">Lusya3zoro@yahoo.com</a>
29. Robert Kelly Salati	OYV	Trainee	P.O. Box 37999 Lusaka Tel: 222083, 227093 <a href="mailto:kellysalati@mailcity.com">kellysalati@mailcity.com</a>
30. Chisenga Chilufya	Lusaka Informal Traders Association	Trainee	C/o ZCTU P.O. Box 31146 Cell#096-953675
31. Preston Nkhoma	Tiyanjane Theatre	Trainee	P.O. BOX 173 Chawama, Lusaka. Cell#097-894634 E-mail: <a href="mailto:Tiyanjane_theatre@yahoo.co.uk">Tiyanjane_theatre@yahoo.co.uk</a>
32. Nicholas Bwalya	Chawama Youth Development Association	Trainee	Chawama Community Hall Room 1 P.O. Box 47, Chawama, Lusaka Tell: 272805 Cell: 097-818242
33. Miti Chikakula	Agribusiness Team Limited	Trainer	<a href="mailto:c.miti@endoramail.com">c.miti@endoramail.com</a>
34. Ackim Mwale	National Development Aid Network	Trainer	P.O. Box 36921, Lusaka. Cell#: 097-862558 096 – 758193 097 – 799822
35. Samuel Mulenga	Youth Entrepreneurs Association of Zambia	Trainee	Cha Cha Cha House Room 14 Email: <a href="mailto:Graciouslord@yahoo.co.uk">Graciouslord@yahoo.co.uk</a> Email: <a href="mailto:smstationery_stationery_solutions2001@yahoo.co.uk">smstationery_stationery_solutions2001@yahoo.co.uk</a> Tell: 284009
36. John Noch Lungu			UN Annex, Rhodespark, Lusaka Tell: 252645 Cell: 097-79400 E-mail: <a href="mailto:ovch20032003@yahoo.com">ovch20032003@yahoo.com</a>

## **Annex III: Formal Financial Institutions and Youth as a 'Risk' Group**

**Francis Chigunta**

### **Introduction**

Zambia has a total of 14 operating registered commercial banks. The major ones are: Barclays Bank (Zambia) Limited, Standard Chartered Bank (Zambia) Limited, StanBic (Z) Limited, the Zambia National Commercial Bank (ZNCB), Indo-Zambia Bank and Finance Bank Limited. Others include Citi Bank, New Capital Bank and Cavmont Merchant Bank. The research team visited and talked to business and credit managers in some of these banks.

The study revealed that all the major commercial banks were involved in lending money to enterprises in all sectors of the economy. The business and credit managers described their credit policies as 'broad', targeted largely at lending for what they described as 'productive' purposes. However, some banks were highly selective in their lending policies. Standard Chartered Bank, for example, was only lending to businesses in what they described as 'growth' or 'profitable' areas. In all cases, 'eligible' borrowers were described as clients who could meet the minimum criteria set by the bank regardless of age. The managers stressed that age was not a major consideration in accessing a bank loan as long as one met the minimum age requirement (of 16 years in the case of Zambia). The key considerations in obtaining a loan were the 'viability' and 'profitability' of the business venture. In addition, a potential borrower had to have an account with the bank or another bank for a minimum period of six months.

However, a review of the loan portfolios of the banks revealed that nearly all the available credit facilities in the banks were for working capital only. Not surprisingly, most of the lending was 'short term' credit, often covering a maximum period of one year. The bank officials stressed the uncertainty arising from the unstable macro economic environment as the major reason for dealing in short term lending. However, some banks like Barclays Banks were also involved in 'leasing'. This involves the bank buying equipment which it then hires or leases out to businesses, especially those in agriculture and industry. Typically, leasing covers a three to four year period. In that sense, 'leasing' is a form of 'medium term' lending. Some banks were also involved in lending for 'consumption' purposes. For instance, Barclays Bank offers a retail product called the 'Barclays Loan' which is aimed at enabling borrowers to obtain consumer durable goods like a car or furniture.

However, an analysis of the views of business or credit managers suggests that commercial banks are currently either deliberately indifferent, unwilling or unable to provide credit to small enterprises, especially those operating in the informal sector. We can in this regard argue that formal commercial banks are not meeting the credit needs of informal sector operators (ISOs), who include young people. The banks are mainly involved in what they call 'corporate' banking. Put another way, commercial banks are

largely involved in lending to large corporate organizations, mainly South African firms. According to small entrepreneurs interviewed for the study, this practice was crowding out small enterprises from the private, domestic financial market. Consequently, small enterprises were finding it difficult to increase their productive capacity due to lack of working capital.

The bank managers cited the following as the major reasons why they were unwilling or unable to extend their support to small enterprises, in particular those operating in the informal sector:

- **Poor record keeping by Informal Sector Operators (ISOs)**

The managers argued that ISOs do not keep records of their business transactions. As a result, the managers argue that it is difficult to assess the performance of informal sector enterprises. Some managers particularly cited lack of financial records, especially 'audited' accounts statements, as making it difficult for them to base their credit decisions on a sound assessment of the credit 'worthiness' of the enterprise.

- **Failure by ISOs to prepare 'bankable' proposals**

The managers complained that informal sector operators lacked the capacity to prepare feasible business proposals. They argued that ISOs generally failed to come up with proposals that indicated the purpose for borrowing, the amount of money required, estimated cash flows, the repayment period, and so on. In the absence of such proposals, banks found it difficult to lend money to ISOs.

- **High transaction costs**

Most of the managers cited high 'legal' costs involving preparing documentation for ISOs, or what they labelled 'the perfection of security'. The managers argued that this process involved hiring legal experts to prepare legal documents on the enterprises which lacked 'critical' business documents. It was also argued that monitoring the operations of enterprise activities in the informal sector was costly given the small amounts of loans involved.

- **Lack of management acumen**

Most of the managers argued that small enterprises were basically family businesses which were characterised by lack of a 'traceable' record on management experience. In particular, the managers stressed what they called the lack of 'suitable' qualifications in business management.

- **Lack of business specialization**

The majority of managers described as 'fragmented' the system of running businesses in the informal sector. They argued that ISOs were not involved in running 'specialized' enterprises. According to the managers, the general tendency in the informal sector was for proprietors to be involved in multiple enterprise activities or to take up whatever came their way without an adequate understanding of the 'market'. For this reason, it is argued that ISOs lack 'specific' borrowing needs. As one manager put it, "...this often results in a diversion of funds for purposes unknown to the lending agency". The general suspicion among the managers was that funds were diverted to meet 'personal' needs. Consequently, a high default rate was said to be the norm among ISOs, which led banks to tighten, or in most cases suspend, their lending to small entrepreneurs.

- **Lack of acceptable form of security**

Commercial banks demanded what they described as an 'acceptable' form of collateral or security from potential borrowers. The managers said that this had to be an item that could easily be converted into cash. However, nearly all the managers stressed that collateral or security was not the major consideration for obtaining a loan from a bank given the current poor liquidity in the (Zambian) economy (due to cash flow problems as a result of the credit squeeze arising from the economic restructuring programme). They emphasized the 'viability', and especially the 'profitability', of an enterprise as the main criterion for obtaining a loan.

As revealed in Report I, the study indicates that some of the concerns raised by bank managers are valid. According to the study, the majority of youth proprietors do not keep records, tend to keep their money at home, and so on. However, a careful analysis of some of the views expressed by bank managers suggests that they are based on inaccurate assumptions and generalisations about ISOs than on the obtaining situation on the ground. In essence, the views reflect the following:

- **Lack of an adequate Understanding of the Environment in which ISO worked**

All the managers interviewed for the study admitted that they did not properly understand the context in which entrepreneurs in the informal sector operated. None of the banks had conducted or commissioned a study on informal sector or youth entrepreneurs. Hence, their views were largely based on casual observations or general assumptions.

- **Perpetuation of Myths about ISO**

Related to the above assumptions and generalisations is a perpetuation of some myths about ISOs. A typical example is the lack of so-called 'specialisation' or involvement in multiple economic activities among ISOs argument. The study findings reveal that the

overwhelming majority (85.1 percent) of ISO were only involved in one enterprise activity. This finding is supported by an earlier study conducted by Leonard Mulenga (2000) which revealed that the majority of ISOs were not involved in multiple economic activities. Typically, ISO works long hours. Therefore they generally lack the time to engage in other enterprise activities. They also lack the capital to establish other enterprise activities. Similarly, the view that the majority of enterprises in the informal sector are family-owned businesses is not supported by research findings.

Notwithstanding some of the reservations in the views of the bank officials, as cited above, the same views can be interpreted as suggesting that commercial banks are willing to finance youth enterprise activities or those of ISO in general. This was admitted as much by some of the managers interviewed for the study. Therefore, the 'risk' perception of youth as a group is not a key consideration in bank lending as long as youth meet the minimum criteria. Youth only become a 'risky' group in so far as they engage in 'risky' or low income activities and show lack of business acumen. Simply stated, it is not necessarily the characteristics of youth that make them a 'risk' category, but rather the types of enterprise activities which they undertake and lack of business management skills. This is particularly the case among what we call 'pre-entrepreneurs' in the age group 15-19 years. Typically, this category of youth is highly likely to have high 'mobility' (in the sense of moving from one point to another) and uncertainty about the future. Where they are engaged in enterprise activities, it is highly likely to be in a narrow range of activities, mostly trading. Typical examples are those of younger youths hawking razor blades, buttons, sweets, drinks, and moving from point to point. In that sense, lending to this group is highly risky. (My study shows that these young people largely operate in streets, roads or shop corridors). However, the level of risk tends to diminish with older categories of youth. (what we call 'budding' and 'emergent' entrepreneurs). This group of youth is highly likely to be involved in a widening range of enterprise activities and will be more 'sedentary' than younger youths. This means that these young people are highly likely to be operating from more permanent structures at market places, home, workshop or the roadside.

## **Annex IV: Youth Credit Schemes in Zambia: Identifying the Key Challenges for Youth Entrepreneurs**

**Francis Chigunta**

### **Introduction**

In the past, the Zambian Government has attempted to establish credit schemes that are targeted exclusively at youth. Some non-governmental organisations have also attempted to introduce micro-credit schemes for young people. A review of the performance of youth credit schemes, especially state-sponsored ones, indicates that it has generally been poor.

### **1.0 Government – sponsored Youth Credit Schemes**

#### **a) Youth Enterprise Promotion Fund**

The Youth Enterprise Promotion Fund was a government initiative established in 1994 to enable young people become more aware of self - employment as a potential and viable career option. Its main aim was to provide loans to various youth groups and individuals who did not have capital of their own and could not access loans from commercial lending institutions due to lack collateral security. Initially, the Fund was administered by the National Youth Development Council and was designed to operate as a revolving fund so that recovered loans could be subsequently re-lent to new applicants. However, after two years it was discovered that the Fund was largely centralized in Lusaka, leaving out rural areas. Subsequently, the Fund was decentralized in 1994 with the responsibility for its administration shifting to Provincial Youth Development Officers and District Youth Officers. These were to be under the supervision of the Office of the area Permanent Secretary. In 1995, a total of K100 million was shared among all the nine provinces. This was the first time such an amount was made available for youth. Although the response from the youth was overwhelming, it was not possible to meet the ever growing demands due to limited funds.

Under the Fund, applications or business proposals for loans were scrutinized by District Development Committees. The recovery period for the loans was 1 - 3 years, depending on the loan amount and type of enterprise. The loan attracted an annual interest rate of ten percent for rural youth and 15 percent for urban areas. Interviews with ministry officials and a review of documents reveal that the Fund fared quite well in its first year of operation and some successes in loan recoverability were made. However, the capacity to monitor the loanees was quite low. Ministry officials are quick to point out that this has been and will continue to be a problem due to inadequate resources, especially skills and money to carry out monitoring. The NPAY further notes that, whilst assistance in

monitoring was being rendered by the agriculture extension officers in some areas, there were leakages of funds and materials in many places. It is alleged that in more than one case it had been difficult to trace the beneficiaries for the recovery of the loan. There is a high possibility that 'cartels' could have formed to siphon the monies out of the Fund in such a manner. There was also lack of demonstrable entrepreneurial skills among the beneficiaries. Kekelwa (1998: 26) notes that most of the youths who benefited from the scheme lacked entrepreneurial skills and knowledge on how to manage projects. As a result, most of them failed to pay back the loans. However, reports suggest that in some provinces, particularly Luapula, the monies as at December 1998 were genuinely revolving. Over time, the loan funds meant for onward disbursement to other youth proprietors got tied up in uncollected debts. Eventually, this type of service ceased to be available.

**b) Constituency Youth Fund Scheme (CYFS)**

The Constituency Youth Fund Scheme was introduced by the Office of the President in 1996. It was felt that the distribution of funds at the constituency level would ensure balanced and universal availability of funding opportunities for youth enterprises. This Fund was for non repayable grants. Learning from past experiences in youth credit schemes, the Government, through Ministry of Sport, Youth and Child Development, revised the guidelines on the disbursement of funds under the CYFS. The responsibility for the administration of these funds has been shifted from District Councils to Provincial Youth Development Officers. Committees have been constituted, which include Members of Parliament and Councilors, to select potential youth enterprises or projects to be funded. The initial budget for the scheme was K 2 billion. However, only a paltry K 500 million was disbursed (refer to Annex).<sup>1</sup> In 1999 the Ministry disbursed a total of K 1.5 billion shared equally amongst all the 150 constituencies at K10 million per constituency.

As in the case of the Youth Enterprise Promotion Fund, the Constituency Youth Fund Scheme has proven to be vulnerable in terms of abuse. While the scheme has huge potential in terms of reaching the youth countrywide, reports indicate that in some constituencies, MPs and Ministers have used their influence to withdraw the money from banks and pass it over to their electorate as a token of appreciation, for electing them into office. Not surprisingly, the CYFS has become highly politicized, with allegations that the main beneficiaries are members of the ruling political party. In other cases, cash – strapped local authorities have diverted funds meant for youth projects under the scheme to pay workers' salaries. Even among those who have benefited, a culture of dependence was fostered which has given rise to expectations of government handouts without the need to repay.

This situation indicates that distribution of funds at the constituency system under the current system lacks strong internal accountability mechanisms. Consequently, the current

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arrangement has marginalized the intended target youth beneficiaries as funds tend to be diverted for other purposes. This is reflected in the current study which indicates that the majority of youth have not benefited from the CYFS. This is confirmed by the findings of a study conducted by the Ministry of Youth, Give Youth a SAY(1999) in which youths argued that, "Government should not spend any more money on youth Constituency Fund as it does not serve any purpose". Mulenga (2000) made similar observations.

### c) **The Commonwealth Youth Credit Initiative (CYCI)**

Although the CYCI is being directly implemented by the Commonwealth Youth Programme Africa Centre (CYP), it is included here as one of the current Government schemes for promoting youth enterprise development in Zambia. This is because the memorandum of understanding between the Government of Zambia and CYP designates the scheme as 'belonging' to the Ministry of Youth. The CYC micro credit programme is currently being piloted in four countries across the commonwealth, including Zambia. It is a credit delivery scheme that is supposed to provide unemployed youths with access to start – up capital. It is also supposed to provide a 'package' of assistance to help young people set up or expand their entrepreneurial activity.

In Zambia, the main objective of the scheme is to empower young men and women between aged 15-29 years to undertake income generating activities. This is ultimately aimed at helping to reduce unemployment and poverty among the youth. The CYCI initiative was launched in June 1996 and the first loans were given in 1997. From its inception, CYCI was intended to largely operate on commercial lines. In this regard, the CYP identified an NGO that would run the scheme on a commercial basis. To high loan recovery through strict monitoring of creditors, the identified or selected beneficiaries are supposed to be trained in enterprise development and group cohesion techniques. Loans are delivered to groups of five youths based on a 2.2.1 format. Under this pattern, two borrowers in a group of five are given loans and monitored for five weeks. Then the next two members become eligible once the first two have paid up their loans. The fifth member of the group only accesses the loan after the last two loanees have paid up.

However, the CYCI, like other youth credit schemes in Zambia, has met with limited success. Initially the scheme was being administered by the National Savings and Credit Bank of Zambia (NSCBZ). However, this institution faced a lot of operational problems in monitoring, resulting in poor recoverability of loans. The scheme was then transferred to Progress Finance Limited (PFI), a private micro – credit scheme. A total sum of GB£25 thousand was invested in the scheme upon its initiation. A small number of youths have benefited from the CYCI in Lusaka's high density settlements of Chaisa, Mandevu and Chipata compounds. However, loan recovery continues to be a major problem.

## **2.0 Non-Governmental Organizations Programmes for Promoting Youth Enterprise Development**



The study findings suggest that there are currently very few organizations that have initiated programmes targeted at the youth. The major ones among these organizations are the Young Women's Christian Association and Human Settlements of Zambia.

a) **The Young Women's Christian Association Youth Project**

The Young Women's Christian Association, an NGO that supports women and youth programmes, runs a business training programme for young people. Within the training programme, a small credit scheme has been introduced. The programme is funded by the International Labour Organisation and Irish AID. Irish AID finances the programme, while the ILO provides the training materials. The target group for the programme are unemployed young people who are not in school. The youth are recruited through YWCA branches in areas where the NGO operates.

While seemingly successful, information on how the graduates of the YWCA training programme perform in their enterprise activities after receiving training was not available. It is therefore difficult to assess the performance of the training programme. Nevertheless, officials interviewed for the survey indicated that trainees were given small loans to enable them set up small businesses. However, a major observable weakness of the YWCA training programme is its small training and loan coverage. Only few young people benefit from the programme. This implies that the immediate impact of the YWCA training programme on the youth population is very minimal. Secondly, the group lending methodology used by the YWCA has come under strain in some areas. This is largely due to poor group cohesion among selected youth beneficiaries.

b) **The Human Settlements of Zambia (HUZA) Youth Projects**

The Human Settlements of Zambia is another NGO that supports youth enterprise activities alongside its core mandate. According to Mr. Jere, the Director of the NGO, HUZA's main mandate is to improve human settlements, especially in low income urban and other higher density settlements. The Director explained that it the organization's work in these areas that led to the need to promote youth enterprise activities. HUZA field staff discovered that households with many income earners were improving their houses at faster rates than those dependent on single income earners. The field staff further observed that most households with single income earners had a large number of dependent unemployed youth, who were mainly involved in low returns petty activities, mostly short term casual work. In an attempt to involve these young people in more productive enterprise activities with high returns, HUZA introduced some skills training programmes. Three skills training centers were established in three low income settlements in Lusaka. These are Bauleni, Chawama and Ng'ombe. The centers offer skills training in tailoring, woodwork, block making, gardening and home economics (nutrition). HUZA has generally been successful in offering training to unemployed youth. This success largely derives from a combination of factors which, among others, include working with local communities, and equity and consistency in client selection.

However, the HUZA youth project suffers from three weaknesses. The first one is that the training coverage is very limited. Very few young people are taken in by the centers for training. Thirdly, the training centers are dependent on funds from HUZA's overseas partners, mainly NGOs in the Netherlands, Norway and Germany. Efforts to make the centers self-sustaining have generally been unsuccessful. Principally, this is because of the youth who undergo training cannot even afford modest fees to just make the programme break even. In this regard, any withdraw of funding by overseas NGOs is likely to lead to the closure of the training centers.

A review of both government and non-government-sponsored youth credit schemes suggests that the following are their major problems:

- **Poor Programme Design and Implementation**

This problem was characterised mostly by poorly designed micro-credit institutions which affected their operational effectiveness.

- **Poor Selection Process and Decision-making**

This problem was, among others, characterised by a poorly defined lending policy, poor client definition, poor management of selection panels.

- **Bad debtor management**

A number of issues characterise this problem, especially poor disbursement of loans, poor monitoring of clients, low repayment rates, and weak internal financial systems.

- **Poor Post-Selection Support**

Young people receive inadequate support or nothing at all once they have been given loans. The result is failure by youth to run viable businesses which can ensure timely loan repayments.

- **Non-Payment Culture and Youth as a Risk Group**

This problem was, among others, characterised by the relocation of youth, poor youth attitudes towards loan repayment, non-payment culture, mis-use of business finances, and credit unworthiness of youth.

## **Annex V: List of Training Modules**

**Module 1:** The socio-economic context of renewable energy

**Module 2:** Renewable energy and opportunities for youth

**Module 3:** Youth Entrepreneurship and development

**Module 4:** How to start a successful small Business

**Module 5:** Leadership skills for youth

**Module 6:** Business communication skills for youth

**Module 7:** Mainstreaming gender into renewable energy youth

**Module 8:** Project monitoring

**Module 9:** Project Evaluation

**Module 10:** Youth, HIV/AIDS, and Business

**ANNEX VI: SPEECH BY THE HON. MINISTER OF SPORT, YOUTH AND  
CHILD DEVELOPMENT**

**The country Co-ordinator , Youth Employment Summit net work YES ZAMBIA**

**The Assistant Secretary General of COMESA**

**Government Representatives**

**Distinguished invited Guests**

**Ladies and Gentlemen.**

It is my honour and privilege to officiate at this gathering to witness the certification of the young people who were trained in renewable energy entrepreneurship. This is a wonderful moment for me, Minister responsible for youth development standing here at COMESA on the 4 of June , 2004.

Before I continue, ladies and gentlemen, allow me to congratulate the great efforts the youth Employment summit Country net work – YES ZAMBIA for having trained 156 master trainers against an initial of 55 in six provinces in Zambia. This the great achievement, since each of these trained youth will be expected to train another five youth each. This will increase the number of trained youth in renewable energy entrepreneurship another of five youth each. It will also bring the total number of trained youth to whooping 780 trained youth;

Ladies and gentlemen, it is very encouraging to young people getting involved in more productive ventures, and keeping themselves busy will high value economic activities that will bring about new innovations and challenge thinking among them selves.

I am reliably informed that this presentation of certificates is not an end in its self; this is the only the beginning of what lies ahead in the energy sector for the youth in Zambia. This is good considering that the project has covered six provinces, namely Lusaka, Central, Southern, Eastern Western and Northern provinces of Zambia. In the past, most projects have only ended up Lusaka as if it were the Country itself.

Promoting youth employment, which is at the center of this project, will help us address the challenges in meeting the UN millennium goals by 2015. I am reliably informed that the second summit on youth Employment that was held in Mexico from the 7 of october,2004, addressed the enhancement of the UN millennium goals, with special emphasis on the youth.

The new Deal Administration is ready to support initiatives for the youth. We, as government, are putting in place a strategic mechanisms of networking amongst the line ministries that will effectively provide youth access to various projects. I would like to take this opportunity to encourage the initiation of programmes that will help rural women to set up micro enterprises that can improve their social status in their communities. A training strategy has to be worked out and delivered to rural women that will enable them operate these businesses.

Ladies and gentlemen, it is not easy for ministry to have the youth access projects from other ministries. The renewable energy project has brought something for the youth to take advantage of economic empowerment has brought about various avenues that will proved a new life and I feel this is what we would like to achieve as a country.

I am also reliably informed that capacity building is a key intervention area for promoting the adoption of renewable energy in this country. The UNIDO/YES project intends to build capacity in a wide range of actors starting from youth, women and men at community level. It is crucial for participants at all levels of society to gain understanding of how projects are formulated and implemented.

Our revised National Youth Policy (NYP has put emphasis on the promotion of entrepreneurship through enterprise development as a strategy for job creation among our youth. The areas that have been addressed in the new policy include integrated planning that is inter-ministerial and inter-governmental. The NYP has also developed guidelines for small business development, capacity building in national youth institutions and encouraging private sector participation in supporting small business through mentorship programmes. Although there is no specific policy on entrepreneurship, the New Deal Government has created a specific approach to promote enterprise development and entrepreneurship skills.

In this regard, the current NYP has taken an integrated approach by correlating with other policies such as the energy policy that has more eco-jobs through utilisation of new sources of energy. The new youth policy will create an environment that will enable young people to develop into the type of adults that society needs.

May, I, therefore, take this opportunity to congratulate the youth who are going to be certified today as Master Trainers in renewable energy entrepreneurship. The kind of youth that Zambia and the rest of the world need must be autonomous and self-reliant – able to make choices and control their personal and social life as an individual and as a member of society. Secondly, they should be supportive – able to show their concerns. Thirdly, they should be responsible – able to take responsibility for their actions, keep commitments and complete whatever they undertake. Finally they should be committed – able to assert themselves in respect of values, a cause or an ideal and act accordingly.

With these remarks, I say congratulations once more and may God bless you!

Thank you!