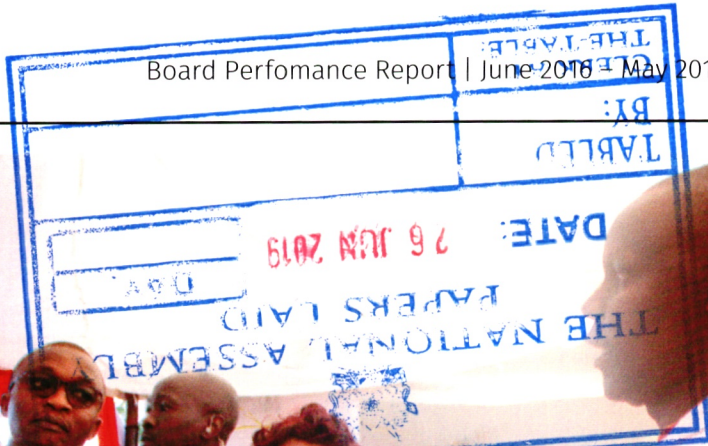


Board Performance Report

June 2016 – May 2019

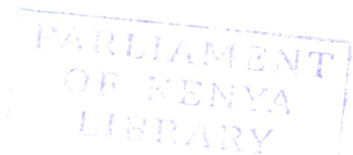
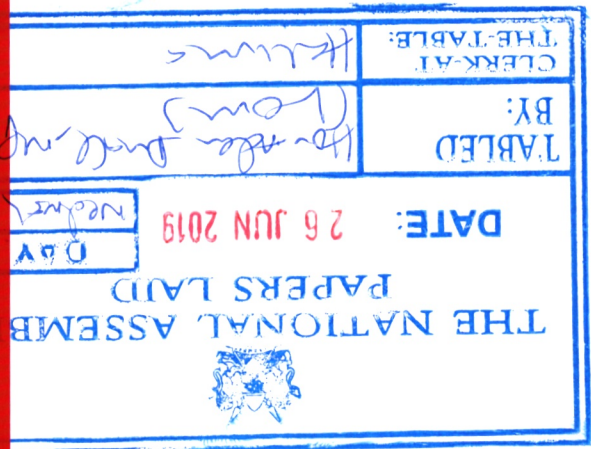


HTUO
TRANSFORMING
LIVES



To the youth; embrace your chance to lead by seizing the opportunity and turning it into tangible achievement. You must stand up, offer yourselves, dedicate yourselves, shoulder responsibility, and carry the world into the future.

~ His Excellency President Uhuru Kenyatta



Cabinet Secretary's Statement



PROF MARGARET KOBIA, EGH
CABINET SECRETARY

One of the major challenges facing our nation is high levels of youth unemployment. The consequence of this is idleness, radicalization, increasing crime rate, alcohol, drug and substance abuse among other vices. The Ministry has a direct role to play by ensuring that sustainable policies and strategies are developed and implemented to address these challenges.

The Youth Enterprise Development Fund was established to provide affordable credit to youth owned enterprises, and to provide them with business development services such as market support and linkages, entrepreneurship training and commercial infrastructure. Its establishment was in response to the African Youth Charter (2006) which obliges member States to promote youth entrepreneurship by including entrepreneurship training in school curricula, providing access to credit, business development skills training, mentorship opportunities and better information on market opportunities. The Kenya National Youth Policy (2006) also obliges the Government to support and initiate income generating activities by providing youth with friendly micro-finance credit facilities and to allocate funds specifically for young entrepreneurs. The Fund is a flagship project of Vision 2030, under the social pillar.

As a Ministry we are proud that other countries in the region have taken the Fund as a case study. Countries that have visited to learn from the Kenyan model include Uganda, Rwanda,



Burundi, Zimbabwe, Zambia, Malawi, Nigeria, Namibia, Ghana and Botswana. This places Kenya as a pioneer of this initiative in Sub-Saharan Africa.

Towards its success, the Fund has had to surmount a number of challenges. During the Board's inauguration, it was noted that in spite of the remarkable progress made, the Fund struggled under the weight of governance issues including compromised accountability, integrity and transparency, lack of clear strategic focus, conflicts between and within management and Board, and lack of innovation in service delivery necessary for sustenance of essential operations. Unfortunately, these issues dented the corporate image of the fund and the confidence of youth in its operations.

The Ministry's strategic plan 2015/2016 – 2017/2018 had proposed the revitalization of the Fund to respond to emerging youth enterprise issues and business trends. I am pleased to note the accomplishments of the Board in transforming the Fund into a more youth friendly entity. In particular, I am encouraged that the Fund's products have been reengineered and aligned to modern needs of our Kenyan youth. I have also noted the measures the Board has put in place to enhance accountability and strengthen operational processes. This report in

itself is testament to how open, accountable and transparent the Fund has become. It provides a point of engagement with the stakeholders.

My Ministry is committed to support the Fund in its endeavor to empower young entrepreneurs. We shall continue to support all youth focused institutions and to align their work to the reviewed National Youth Policy (2019), as well as other Government policies.

As a result of the Government's commitment to youth matters, His Excellency President Uhuru Kenyatta was in September 2018 nominated by the United Nations to serve as the Global Youth Champion. In his acceptance speech, the President said that "we do not champion the cause of youth opportunity as a favour, but as the necessary, undeniable, embrace of our collective future". This statement signals his commitment to youth issues.

I commend the Board for the reforms they have introduced to the Fund. This report reflects an organization keen to align its programmes to public aspirations. It carries important lessons for its continuity.

In conclusion, I encourage the youth to take advantage of the reforms to optimally benefit from the Fund and other government programmes.



Chief Administrative Secretary's Statement



HON. RACHEL SHEBESH

CHIEF ADMINISTRATIVE SECRETARY

The Ministry of Public Service, Youth and Gender Affairs is tasked with significant national mandates relating to public service, youth affairs and gender issues. Kenyans therefore have high expectations of the Ministry.

The Youth Enterprise Development Fund is a key cog in the delivery of the Ministry's programmes. The Fund spurs entrepreneurship through affordable loans and other business development services, thus supporting young people to create jobs for themselves and for others.

I have had the privilege of participating in various youth engagement programmes. This has given me an opportunity to meet thousands of Kenyans some of them beneficiaries of the YEDF. I am indeed pleased with the Fund's impact towards youth empowerment.

His Excellency President Uhuru Kenyatta has repeatedly said to the youth, and I quote "You are my partners in remaking Kenya – and my Government's programmes reflect my faith in you." I am therefore glad to note that the Fund has aligned its programmes to the Government's priority areas such as Access to Government Procurement Opportunities (AGPO) and the Big Four Agenda.

I commend YEDF for the diversity of its loan products which are tailored to meet both sectoral and geographical needs. The most outstanding of its new products is the Talanta loan which supports youth to make a living from their talents, in line with the President's talent development programme. The Fund has also structured its products in a way that they benefit youth at different levels of entrepreneurship.

The Ministry has initiated joint outreach programmes such as Rais Mashinani and Huduma Mashinani through which invaluable feedback has been obtained. I take note that most of the issues raised have been addressed as detailed in this report.

I commend the Board for the milestones realized in the last three years. I also thank the Board for this report which has documented important lessons that will inform policy making in the Ministry.

Last but not least, we are committed to engaging leaders both in public and private sectors in order to create and sustain impactful youth programmes. This will alleviate the challenge of youth unemployment in the country.



Principal Secretary's Statement



DR. FRANCIS O. OWINO, PhD

PRINCIPAL SECRETARY

Around the world, there is a growing recognition of the need to strengthen policies and investments involving young people. This is driven in part by the challenges the world is experiencing with the youth being central actors or victims. Some of these global challenges, which Kenya is also experiencing, include unemployment, crime and drugs, migration and radicalization.

The Government of Kenya has put in place policies and institutions geared towards youth empowerment. One of the strategies is to promote youth entrepreneurship as a way of putting the many jobless but well educated youth to work. The Youth Enterprise Development Fund plays an important role in this regard.

The Fund was designed to address challenges afflicting youth owned enterprises. These include inaccessibility to capital, lack of affordable and decent youth focused commercial infrastructure, barriers to market access and linkages with large enterprises.

The Fund occupies a strategic position in the nation's employment creation initiatives. As a flagship of Vision 2030, under the social pillar, the Fund promotes self employment through enterprise development. In addition, the Fund plays a critical role towards realization of the Government's Big Four Agenda. In this regard the Ministry has approved various strategic partnerships aimed at enhancing youth participation in the prioritized areas.

The YEDF Board is responsible for the proper management of the affairs of the state corporation and is accountable for its moneys, financial business and performance. I am therefore pleased to note that the Board has adhered to the provisions of the State Corporations Act in the discharge of its duties. Members of the Board have also worked as a team and in close consultation with the leadership of the Ministry.

Finally, I commend the Board for transforming the Fund's modus operandi and promoting openness and accountability. This will serve to actualize the Government's intent of empowering Kenyan youth.

Chairman's Statement



RONALD OSUMBA

CHAIRMAN

The Board is pleased to present this report on the progress made by the Youth Enterprise Development Fund in the last three years. It is an assessment of the Board's work, and gives the public an opportunity to scrutinize the Fund and seek clarifications, as should happen in a modern, open and democratic society.

The Board embraced its appointment as an opportunity to streamline processes in an institution that had been subject of negative publicity, which made the task more sensitive and exacting. During its inauguration, Mrs. Sicily Kariuki, the then Cabinet Secretary (CS) for Public Service, Youth and Gender Affairs enumerated the challenges the Fund was experiencing and outlined what she expected of us. Her most notable challenge to the Board was to enhance the financial sustainability of the Fund, strengthen management control systems to ensure proper

and efficient use of public resources as well as clearly delineate roles between Management and Board.

The challenges the Board encountered at the beginning are detailed in this report. The task was enormous, but it had to be done. The Board and management went through a visioning exercise that identified key challenges and suggested attendant strategies. It also identified priorities, which formed deliverables for the 100 Days Rapid Results Initiative (RRI) – this was launched at a stakeholders' meeting and put the organisation on the path to transformation.

The Board has implemented measures to strengthen governance and accountability and to guarantee predictability and consistency of processes. The Board has also aligned the Fund to Government policies, reengineered loan products in tandem with the needs of the youth, and introduced products such as talent-based loans and asset financing.

The Board streamlined its operations to effectively deliver on its mandate by developing and implementing a Board charter, undertaking Board induction and continuous skills development, developing and implementing a work-plan and undertaking performance evaluation.

In its first performance evaluation in FY 2016/17, facilitated by State Corporations Advisory Committee (SCAC), the Board's aggregate score was 87.7 percent. This improved to 89.47 percent in FY 2017/18.

Development of work plans ensured that meetings and other scheduled activities were conducted as guided by the State Corporations Act and Mwongozo Code of Governance. The Board held a total of 12 full Board meetings and passed 74 resolutions which helped streamline the Fund's service provision.

We wish to thank His Excellency the President for giving us the opportunity to serve, and for the solid support his Government has accorded us. Through word and deed, he has re-energized the youth agenda in the country, a fact that has made it decidedly easy for the Fund to attract worthy partners.

We also thank Prof. Margaret Kobia, the Cabinet Secretary for Public Service, Youth

and Gender Affairs, Hon. Rachael Shebesh the Chief Administrative Secretary, as well as Dr. Francis Owino, the Principal Secretary, for their guidance and support. Prof. Kobia gave us insights that helped us contextualize our efforts in government policies.

I thank members of the Board for their commendable work. They put in long hours at the beginning to strengthen the foundation of the Fund. We have worked as a team, devoid of self-

interest. My gratitude also goes to the secretariat, under the chief executive, Josiah Moriasi. It is in the hands of this team that we placed the arduous task of actualizing the Board's vision; they performed commendably. Some staffers worked in very difficult circumstances in remote areas, but always delivered on their promise.

Finally, the Board wishes to thank our young people and partners for walking this journey with us.



CEO's Statement



JOSIAH A. MORIASI

CHIEF EXECUTIVE OFFICER

The role of a Board in an institution is to ensure its prosperity by directing the organisation's affairs whilst meeting the expectations of its stakeholders. The board provides leadership, determines the organisation's mission and purpose, and monitors its products, services and programmes.

I am pleased to convey the appreciation of management to the Fourth Board of Directors for providing direction and steering the Fund back to course in the last three years. The Board took office when the Fund had a weak foundation and public confidence had waned. Three years later the Board has established a strong foundation that has won back public trust. This has been a committed and a visionary team that has inculcated a value system of integrity, transparency, accountability, quality service, a sense of responsibility and openness, at both

Board level and across the Fund.

The Board has been guided by the principles of corporate governance, and has observed a clear separation of roles, which in turn has eliminated all forms of conflict. It has enhanced communication across the Fund and with stakeholders, making it much easier for everyone to play their role effectively, since the expectations are clear.

During the Board's tenure the Fund has developed nine policies which have streamlined processes and improved efficiency. The Fund has also addressed challenges that impeded access to services by the youth. As a result the average annual loan uptake has improved by 18.7 Percent in the last three years while loan repayment has increased by 30 Percent. The average number of youth trained annually improved by 11 Percent. The loan turnaround time has also improved significantly, from six months to three weeks.

With the guidance of the Board the Fund has implemented a new organizational structure which has aligned the Fund's services with county administrative structures. This service delivery model now allows the youth to access services at the devolved levels as opposed to the previous arrangement where other business development support services were centralized at the head office. The operationalization of the new structure reduced the monthly wage bill by 26 percent. The Board has also intensified staff training and introduced staff welfare programmes.

The Fund has strengthened engagement with stakeholders by emphasizing partnerships for synergy. These relationships have broadened the Fund's base of partners and collaborators in youth empowerment. We have further implemented an Enterprise Resource Planning (ERP) system to enhance integrity and reduce turnaround time.

Management is glad that the Board has left behind a strong legacy and a culture of servant leadership. The policies and processes put in place by the Board will continue to serve the Fund for a long time. Management and staff wish the Chairman and members of the Board well in their future endeavors. The enthusiasm in their hearts and on their faces will serve them well in all their aspirations.

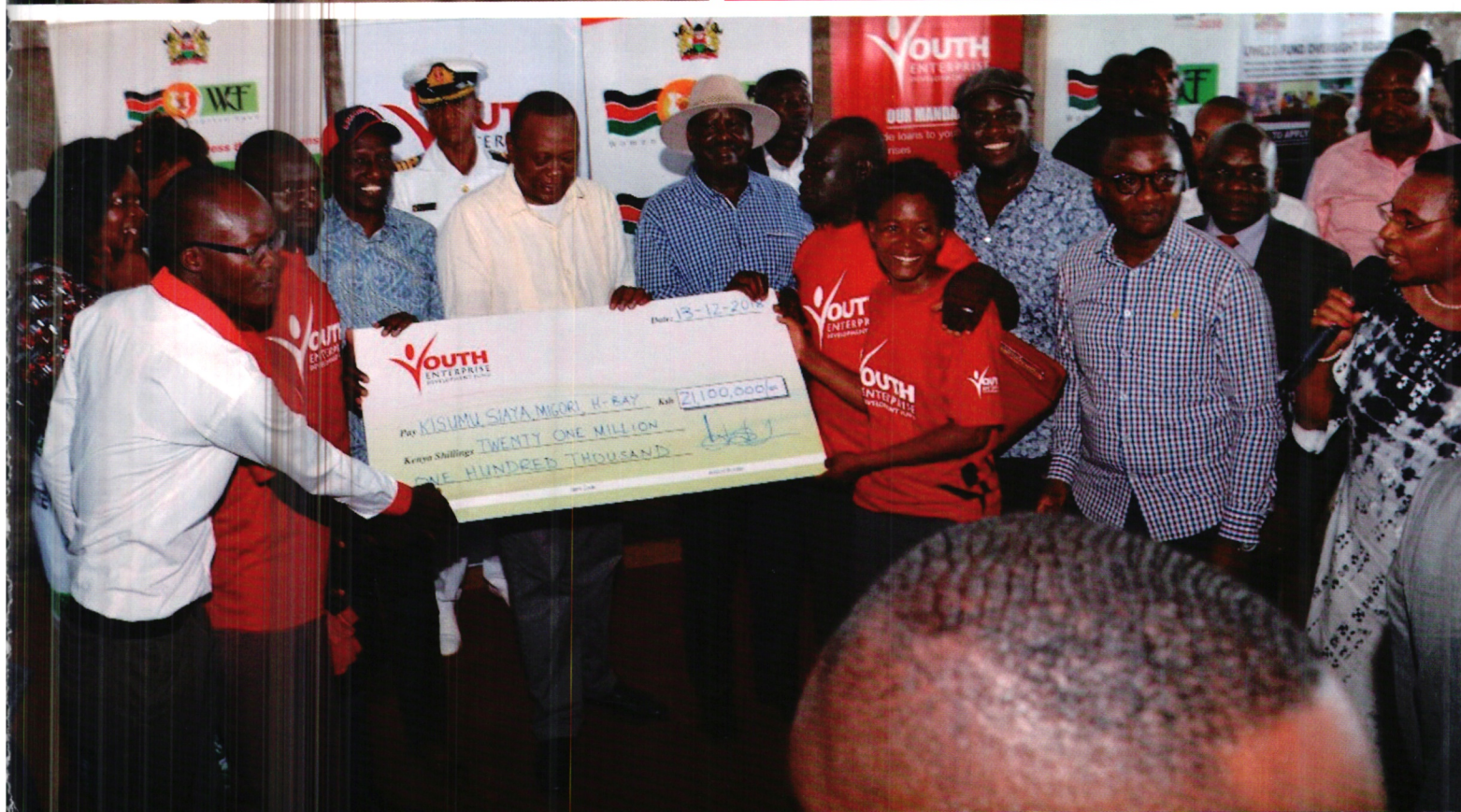


Stanley Pere

My name is Stanley Pere, from Narok County. I made my entry into the business world by buying and selling sheep and goats in the local markets. I realized I was playing an important role of linking farmers with buyers and so I diversified into cattle. To rescue farmers from the effects of drought I also buy emaciated livestock which I fatten for three months before selling them off. I have leased additional land in order to accommodate more livestock.

I now transport my livestock to Dagoretti slaughter house in Nairobi. I used to hire trucks to ferry the livestock. In a month I would spend Shs. 300,000 which was a serious dent on my margins. Then I learnt that the Youth Enterprise Development Fund had introduced asset financing. The Fund financed me 90 % to buy a truck which now saves my business Kshs. 180,000 monthly. Besides, owning the truck eliminated inconveniences especially during wheat and maize harvesting season when trucks are hired by large scale farmers for over a month thus leading to increased cost and limited availability. The truck also presented a new business opportunity because I hire it out when it is idle. I have seven full time employees.

I advise young to people to study the challenges facing people in their localities, solve them and this way they will earn an income for themselves.



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1.3.2 *Members of the Board*

The following make up the Board:

- i. Mr. Ronald Osumba
Chairman
- ii. Ms. Caroline Amondi Oloo
Member
- iii. Mr. Suleiman Abdinur Ali
Member
- iv. Ms. Faith N. Kibet
Member
- v. Ms. Julie Njeri Waweru
Member
- vi. Ms. Juliet O. Nyanga'i
Member
- vii. Mr. Benson Kitoo Mutemi
Representing NYC
- viii. Ms. Mercy Muthoni Njeru, HSC
Member
- ix. Mr. James Kiiru
Member
- x. Ms. Edna Atisa
Alternate to CS National Treasury
- xi. Mr. James Sitiency
Inspectorate of State Corporations
- xii. Mr. Roy Sasaka Telewa
Alternate to PS MPSYGA
- xiii. Mr. James K. Sitiency
Inspectorate of State Corporations
- xiv. Mr. Moriasi Arabu Josiah
CEO/Secretary to the Board



1.3 THE YEDF BOARD

The Board of Directors is the strategic organ of the Fund and is constituted as follows:

- i. Non-executive chairman appointed by the President;
- ii. Chief executive of the Board who is also the secretary to the Board;
- iii. Principal Secretary responsible for Youth Affairs;
- iv. Cabinet Secretary responsible for Finance (Cap 101 of the Cabinet Secretary Incorporation Act, 2012);
- v. Seven members appointed by the Cabinet Secretary; and
- vi. A nominee of the National Youth Council, appointed by the Cabinet Secretary.

The Inspector-General of State Corporations is represented to provide oversight and advisory services to ensure efficiency in management of Board affairs.

The Chairman, Mr Ronald Osumba, was appointed on 24th June 2016 and other directors appointed on 31st May 2016 vide Kenya Gazette Notices No. 4632 and No. 4439 respectively for a period of three years.

1.3.1 Terms of Reference for the Board

The Mwongozo Code of Governance for State Corporations (2015) assigns the Board the responsibilities to:

- i. Determine the organisation's mission, vision, purpose and core values;
- ii. Review, evaluate and approve, on a regular basis, long-term plans for the organisation, budget and financial forecasts, major resource allocations and capital investments;
- iii. Ensure that the procurement process is cost-effective and delivers value for money;
- iv. Ensure transparent disclosure of pertinent information on the organisation's operations, performance and effective processes and that systems of risk management and internal control are in place;
- v. Review, evaluate and approve overall

During the Board's inauguration on 6th July 2016, the Cabinet Secretary for Public Service, Youth and Gender Affairs emphasized on key priority areas to be undertaken by the Board in restructuring the Fund and enhancing its service provision to the youth. These included:

- i. Aligning the Fund's programmes to the Government development agenda relating to youth;
- ii. Involving youth in designing programmes;
- iii. Enhancing financial bases for sustainability and scaling up;
- iv. Strengthening management control systems to ensure proper and efficient use of public resources;
- v. Ensuring a clear delineation of roles between management and Board;
- vi. Reviewing of loan products and
- vii. Increasing uptake of business development services.

These priority areas formed part of the Board's three-year transformative agenda.

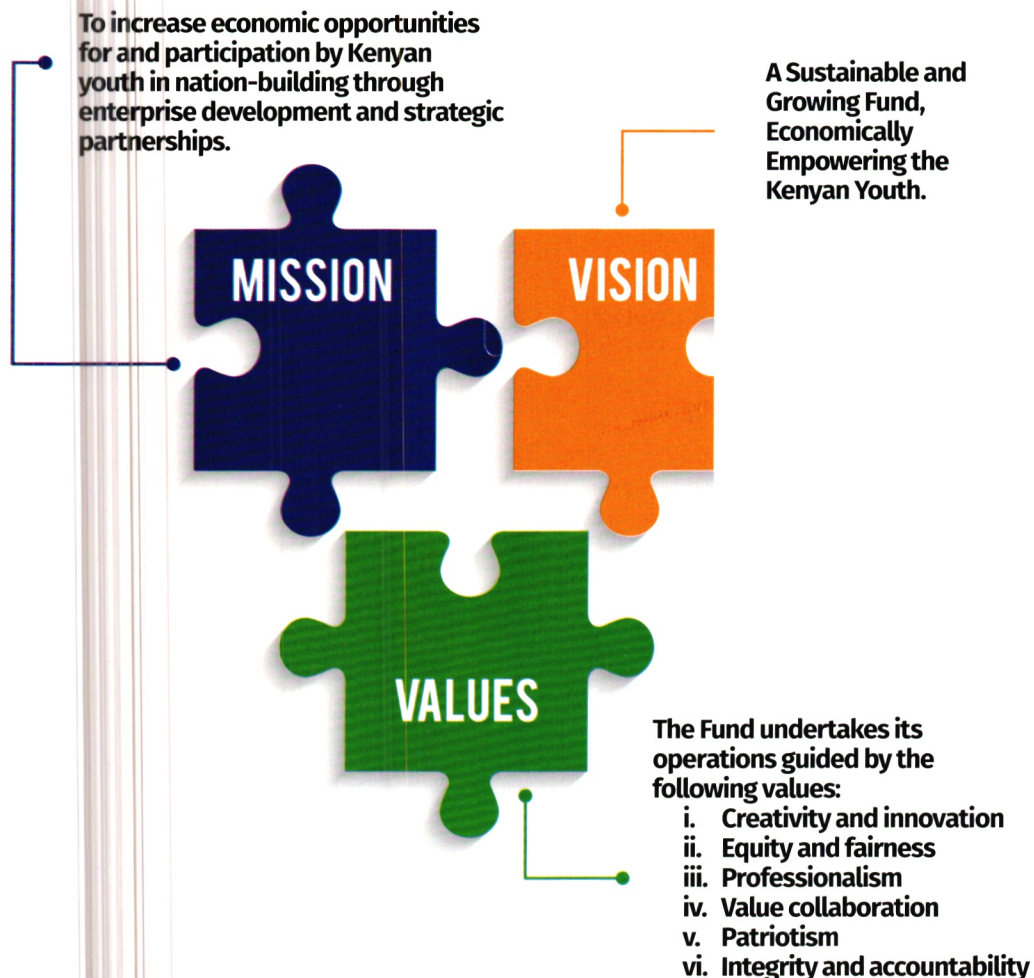
organisational structure, remuneration structure, the assignment of senior management responsibilities, and plans for senior management development and succession;

- vi. Adopt, implement and monitor compliance with the organisation's Code of Conduct and Ethics, the Constitution of Kenya and all applicable laws, regulations and standards;
- vii. Review on a Quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the Government of Kenya and the organisation's strategic objectives, policies relating to sustainability and social responsibility investment; and
- viii. Enhance the organisation's public image and ensure engagement with stakeholders through effective communication.

1.2 OBJECTS AND PURPOSE OF THE FUND

The objects and purpose for which the Fund is established (L.N.63/2007) are to:

- i. Provide funding and business development services to youth-owned or youth-focused enterprises;
- ii. Provide incentives to commercial banks, through appropriate risk mitigation instruments, to enable them increase lending and financial services to youth enterprises;
- iii. Provide loans to existing micro-finance institutions, registered non-governmental organisations involved in micro financing, and savings and credit co-operative organisations for on-lending to youth enterprises;
- iv. Attract and facilitate investment in micro, small and medium enterprise-oriented commercial infrastructure, such as business or industrial parks, stalls, markets or business incubators that will be beneficial to youth enterprises;
- v. Support youth-oriented micro, small and medium enterprises to develop linkages with large enterprises;
- vi. Facilitate marketing of products and services of youth-owned enterprises in both domestic and international market;
- vii. Facilitate employment of youth in the international labour market; and
- viii. Carry out any other activities relevant to its principal mandate.



Chapter One

INTRODUCTION

1.1 BACKGROUND

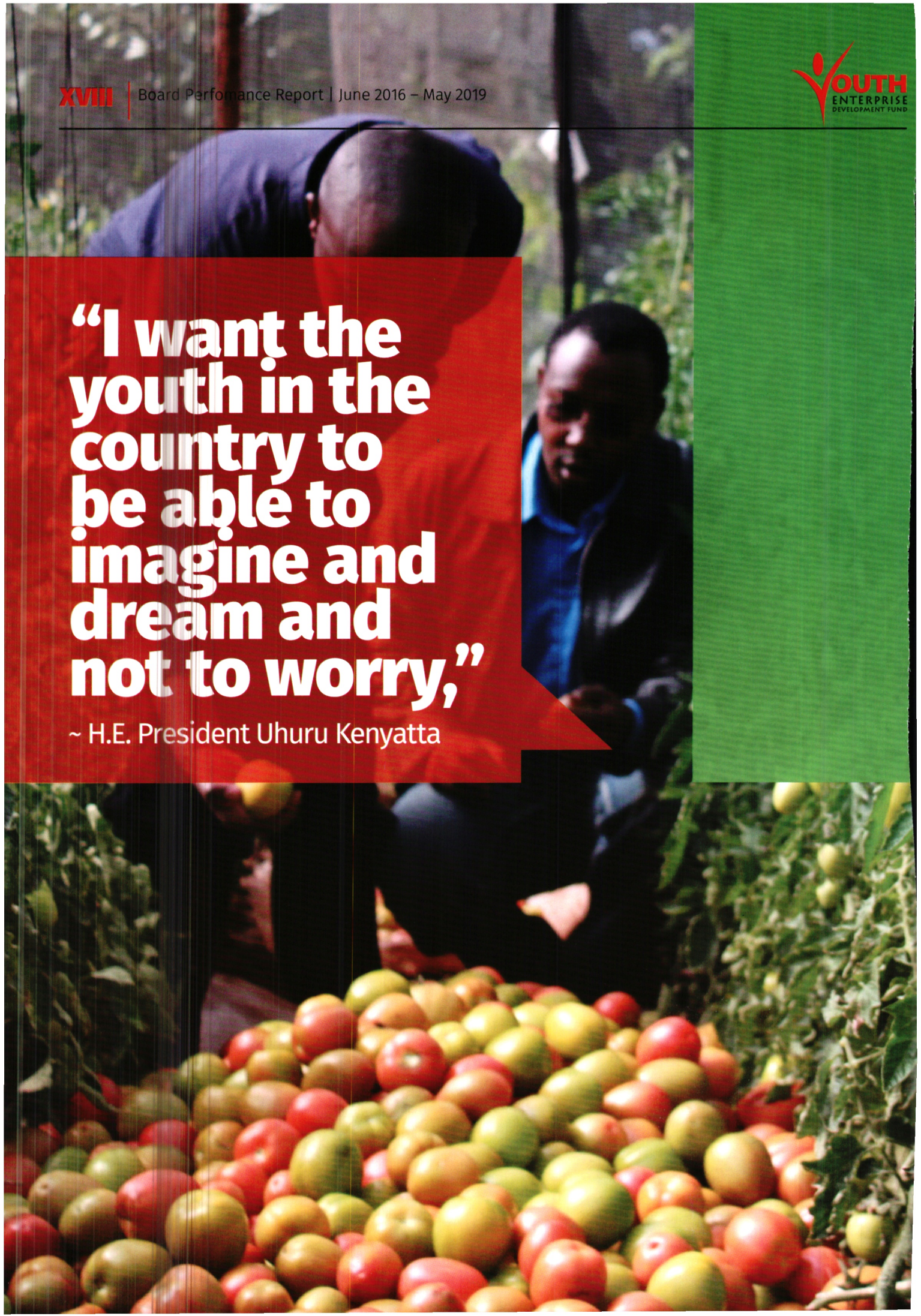
Youth unemployment remains one of the biggest development challenges in the World today. In Kenya, more than 15 million people live below the poverty line, with seven million classified as unemployed. Youth account for about 85 percent of the unemployed, implying that unemployment is predominantly a youth issue.

To address challenges of poverty and unemployment among the youth, the Government established the Youth Enterprise Development Fund (YEDF) in 2006, which later transformed into a State Corporation, currently under the Ministry of Public Service, Youth and Gender Affairs (MPSYGA). The Fund, a flagship project of Kenya's Vision 2030 under the Social Pillar, is tasked with promoting enterprise development as a key strategy towards increasing economic opportunities, and participation of youth in nation-building.

Besides advancing affordable business loans

to the youth, the Fund provides business development services through market support and linkages, entrepreneurship skills enhancement, creation of market opportunities locally and abroad, and facilitation of access to trading spaces. Further, the Fund, in partnership with accredited employment agencies, National Employment Authority (NEA) and National Industrial Training Authority (NITA), facilitates youth to access employment in the foreign labour market.

To date, the Fund has cumulatively advanced loans amounting to Sh12.8 billion to 1,159,393 youth across the country. Moreover, 508,368 youth have been trained in entrepreneurship and a total of 10,767 facilitated to market products both locally and abroad. Through strategic partnerships, 26,015 youth have been facilitated to obtain jobs abroad and 1,653 have been supported to access affordable trading spaces across the country.

A photograph of a man in a blue shirt working in a field, possibly a tomato field. In the foreground, there is a large pile of ripe, red and yellow tomatoes. The background shows green foliage and a fence.

“I want the youth in the country to be able to imagine and dream and not to worry,”

~ H.E. President Uhuru Kenyatta

85%

YOUTH ACCOUNT FOR ABOUT 85 PERCENT OF THE UNEMPLOYED, IMPLYING THAT UNEMPLOYMENT IS PREDOMINANTLY A YOUTH ISSUE.



NUMBER OF YOUTH CAPACITY BUILT ON ENTREPRENEURSHIP AND BUSINESS OPPORTUNITIES.



508,368

FINANCIAL YEARS COVERED

two

BOARD'S PERFORMANCE



FY 2016/17

87%

FY 2017/18

89%

In Numbers

12.8b

Amount (Ksh)
disbursed to



1,159,393 youth
across the country
cumulatively



**The report provides
situational analysis,
challenges,
achievements and
recommendations
for the future.**

Executive Summary

Youth unemployment is a pressing development challenge in the world today. In Kenya, the youth account for about 85 percent of the unemployed, underscoring the fact that unemployment is predominantly a youth issue.

In dealing with the burden of unemployed youth, the Government established the Youth Enterprise Development Fund (YEDF) to promote employment creation specifically through enterprise development and linkage to foreign labour market.

Over the last 12 years, the Fund has advanced loans amounting to Sh12.8 billion to 1,159,393 youth across the country, trained 508,368 youth in entrepreneurship, and facilitated 10,767 youth to market products both locally and abroad. Through strategic partnerships, 26,015 youth have been supported to obtain jobs abroad and 1,653 youth have been supported to access affordable trading spaces across the country.

Following the members' appointment in May/June 2016, the Board embarked on a three year transformative programme to streamline processes and improve service delivery to the youth. Initiation of this programme was informed by the need to establishing a more responsive, open, transparent, accountable and impactful entity that embraces efficiency and customer focus.

Towards enabling youth participation in realization of prioritized goals, the Fund aligned its programmes to the key performance indicators of the Big Four Agenda. Further, the Board facilitated re-engineering of the Fund's loan products and implementation of the reviewed Credit Policy and Procedures Manual. This resulted to a significant increase in loan uptake and inclusion of more beneficiaries.

On average a total of Sh549 million was disbursed to 109,840 youth in FY 2017/18, representing a 57 percent improvement compared to the FY 2016/17. New loan products were introduced to ensure financial inclusivity as well as cater

for various sector needs such as food security, innovation and creative arts, business start-ups and manufacturing. Aggregately, repayment rate improved from 58 percent in the FY 2015/16 to 88 percent in the FY 2018/2019.

The number of youth trained rose by 11 percent to an average of 60,456 from 54,573. In addition, the Fund mentored 78 youth who obtained essential entrepreneurial skills and qualified for business grants of Sh500, 000. The Board also approved the Fund's market support and linkages policy which saw service uptake increase by 107 Percent. Currently, the Fund is accredited by the National Industrial Training Authority (NITA) to offer the mandatory pre-departure and homecare trainings to youth listed for employment abroad.

The Board initiated structural and workflow interventions to strengthen the Fund's capacity to live up to its mission by promoting sound management, focused governance, and dedication to achieving results. This was achieved through development of operational policies and manuals, development of enterprise risk framework, automation of processes, establishment of strategic partnerships, broadened visibility channels, and establishment of human resource development framework.

In the FY 2017/18, Board performance was rated 89.47 percent, which was an improvement from 87.7 percent in FY 2016/17.

The journey to success, however, had to surmount a number of challenges such as inadequate funding, limited entrepreneurial culture among the youth, high default especially from financial intermediaries, and restrictions arising from proposed restructuring of affirmative action Funds.

To enhance the level of satisfaction in service provision to youth, it is recommended that policies related to youth empowerment are regularly reviewed for consistency with changing needs. Also, more collaborations with other public entities and private partners are essential in promoting youth participation and financial inclusion. Finally, the Fund and other public youth-serving organizations should create a youth-friendly environment by embracing use of technology in service delivery.

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List of Abbreviations

AGPO	Access to Government Procurement Opportunities
CEO	Chief Executive Officer
C-YES	Constituency Youth Enterprise Scheme
CoK	Constitution of Kenya
CS	Cabinet Secretary
DPSM	Department of Public Service Management
EACC	Ethics and Anti-corruption Commission
ED	Enterprise Development
EGH	Elder of the Golden Heart
ERM	Enterprise Risk Management
ERP	Enterprise Resource Planning
E-YES	Easy Youth Enterprise Scheme
FDI	Foreign Direct Investments
FI	Financial Intermediaries
FY	Financial Year
GDP	Gross Domestic Product
GoK	Government of Kenya
HSC	Head of State Commendation
ICT	Information and Communication Technology
IOD	Institute of Directors
ISC	Inspectorate of State Corporations
KCIC	Kenya Climate Innovation Center
KIHBS	Kenya Integrated Household Budget Survey
LAN	Local Area Network
LPO	Local Purchase Order
LSO	Local Service Order
MOU	Memorandum of Understanding
MPSYGA	Ministry of Public Service, Youth and Gender Affairs
NACADA	National Authority for the Campaign Against Alcohol and Drug Abuse
NACC	National Aids Control Council
NEA	National Employment Authority
NCIC	National Cohesion and Integration Commission
NGAAF	National Government Affirmative Action Fund
NITA	National Industrial Training Authority
NT	National Treasury
NYC	National Youth Council
PAR	Portfolio at Risk
PC	Performance Contract
PIC	Public Investment Committee
PFM	Public Finance Management Act
PS(K)	Population Service Kenya
PWDs	Persons With Disabilities
RRI	Rapid Results Initiative
SCAC	State Corporation Advisory Committee
SME	Small Micro Enterprise
TNA	Training Needs Assessment
UN	United Nations
UNDP	United Nations Development Programme
UNICEF	United Nations International Children's Emergency Fund
VOIP	Voice over Internet Protocol
WAN	Wide Area Network
WEF	Women Enterprise Fund (Delete Pls)
YEDF	Youth Enterprise Development Fund
YESA	Youth Employment Scheme Abroad
YMCA	Young Men Christian Association

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8.0 CONCLUSION

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1.3.3 Board Members' Profiles



Mr. Ronald Osumba – Chairman

Mr. Osumba holds a Bachelor of Business Management from Moi University and is currently pursuing a Master's in Public Policy Management. He is an Archbishop Tutu Fellow and a graduate of Aspen Institute Italia. He has over 12 years' experience in the private sector, working with companies such as Safaricom and Oracle Corporation, and has led highly successful teams in the areas of public policy, business development, thought-leadership, brand relationship and financial management. Mr. Osumba has worked with many youth organisations, notably Kenya Model United Nations, Youth Agenda and National Youth Convention amongst others. He founded Onward Kenya, a Social Action platform rallying the Youth to organise for social change. He chairs the Youth Entrepreneurship and Sustainability (YES), Kenya, Board and has served on the Managing Committee of Starehe Boys' Centre, where he also chaired the Alumni association. Mr. Osumba also serves as the chairman of the Uzima University Foundation, and as a Trustee of the University. He is the President of the Junior Chamber International, Kenya Chapter.

An Advocate of the High Court of Kenya, Ms. Amondi has a Master of Law from the Pondicherry University, a Bachelor of Law from the Mangalore University, and a Diploma in Law from the Kenya School of Law. She has over thirteen (13) years' working experience and exposure in various fields, including public service and the private sector as legal practitioner in civil, criminal, and commercial law. She has invaluable experience in management, leadership, system audits, inter-agency networking with both state and non-state actors, professional and organisational mediation. Ms. Oloo is the Ag. National Coordinator and Legal Aid Officer at the National Legal Aid & Awareness Programme (NALEAP), under the office of the Attorney General (now State Law Office) and Department of Justice.



Ms. Caroline Amondi Oloo



Mr. Suleiman Abdinur Ali

Mr. Ali holds a Bachelor of Development Studies from Kampala International University, and a Higher Diploma in Marketing and Salesmanship from Kays College of Commerce. He has attended courses in corporate governance and public policy. Mr. Ali has over 30 years' experience working in different capacities in the private sector, including in sales, export, logistics and administration. He served as managing director of Elmis Trading Company, a distribution firm. He has also worked for Pepsi Cola Company as a sales representative.



Ms. Faith N. Kibet

Ms. Kibet has a Master of Science in Project Management and BA in Public Administration. She has also attended trainings in strategic leadership, corporate governance, public policy, risk, monitoring and evaluation. She is currently Director of Infocorp International Limited, a consultancy firm, and has over nine years of experience as a consultant and project manager in economic empowerment of youth, women and PWDs. She is an expert in decentralisation, community participation, gender development and mainstreaming. Faith has also served as Administrator for One Stop Youth Resource Centre, as a member of National Urban Development Policy Task Force, and Youth advisor at Kenya National Chamber of Commerce and Industry and at UNDP.

Ms. Waweru holds a Master of Business Administration (Finance) from the University of Nairobi, Bachelor of Business Administration (Finance & Accounting) from the Kenya Methodist University, and a Post-Graduate Diploma in Human Resources Development from the Institute of Commercial Management (UK). She is currently pursuing CPA Part 2. She is a member of the Association of Business Executives (MABE) and Institute of Directors (IOD) Kenya. She has 12 years' experience in management, policy formulation and analysis, finance, community mobilisation and Planning. She is the Managing Director, Marshall Consultants. Julie has also served as a member of the National Honours System Review Taskforce, as a Director at the National Youth Council and as a committee member in the Enterprise Development Fund for Women, Youth and PWDs in Kiambu County.



Ms. Julie Njeri Waweru



Ms. Juliet O. Nyang'ai

Ms. Nyang'ai is an Advocate of the High Court of Kenya and holds a Bachelor of Law from Moi University and a Post Graduate Diploma from the Kenya School of Law. She is currently pursuing a Master of Science (Management and Leadership Studies) from the Management University of Africa (MUA). She is the Principal Partner at Juliet Nyangai and Company Advocates, a Full Service Law Firm and the Managing Director at Jobaga Consultancy, a Consulting Firm specialized in enhancing governance and sustainable development capacity. She has previously worked at the Office of the President as a JICA Consultant on Policy, Legal and Socio- Economic Affairs. She has also participated in various National evidence based Youth Service and Empowerment Programmes such as the G- United, Kenya's Future and Leaders Programme.

Ms. Nyang'ai has a rich Legal and policy experience having worked in several other organizations such as Messrs Mogaka Omwenga and Mabeya Advocates and Elliot and Harrison Corporation (EHC). She is a member of the Law Society of Kenya (LSK), Federation of Women Lawyers in Kenya (FIDA), East Africa Law Society (EALS) Africa Bar Association (ABA) and International Commission for Jurists (ICJ Kenya Chapter).

Mr Mutemi holds a Bachelor of Education (Arts) from the University of Nairobi. He has played leadership roles having served in various Boards including the Kenya National Youth Council, Kitui Land Task Force Team 2, and the Kitui Central Constituency Uwezo Fund management committee.



Mr. Benson Kitoo Mutemi



Ms. Mercy Muthoni Njeru, HSC

Ms. Njeru holds a Master of Business Administration in Strategic Management and Bachelor of Business Administration in Accounting and Finance, both from the Kenya Methodist University. She is currently pursuing a PhD in Leadership and Governance at the Jomo Kenyatta University of Agriculture and Technology. She has attended courses locally and internationally in corporate governance, dispute resolution, public policy and government affairs.

Ms. Njeru has over 30 years of experience in the cooperative movement. She is currently the Advocacy Manager at the Kenya Union of Savings and Credit Cooperatives Union (KUSCCO) and has previously served as the Managing Director and CEO of Kenya Rural Savings and Credit Cooperative Societies (KERUSSU). She also worked as General Manager of the then Rukuriri Tea Growers Sacco and has worked at the Embu District Cooperatives Union. Ms. Njeru has served in many task forces and also lectures at the Cooperative University. She is a member of the Kenya Institute of Management and was awarded the Head of State Commendation in year 2009.

Ms. Atisa holds a Master of Arts in Economics, Bachelor of Arts (Economics), Postgraduate Diploma in Education and Certificate in Personnel Management. She has attended trainings in Performance Management in the Public Sector, Strategic Leadership Development, Policy Formulation in the Public Sector and Investment Analysis and Planning.

Ms. Atisa is currently a Chief Investment Officer at the National Treasury. She has previously served as an Economist at the same ministry and as Assistant Registrar at the University of Nairobi. She has also served on the boards of Anti FGM Board, National Research Fund, Technical University of Kenya, South Eastern Kenya University and Kenya Water Towers Agency.



**Ms. Edna Atisa,
Alternate to CS National Treasury**



Mr. James M. Kiiru

Mr. Kiiru holds a Master of Arts degree in Economics with majors in Monetary and International Trade Policy. He is the First Counsellor responsible for coordinating Economic Diplomacy matters at the Kenya High Commission, London. He is a trade policy expert and has previously served as an Assistant Director, Foreign Service where he was responsible for coordinating regional integration issues in the Ministry of Foreign Affairs. He has also served as the Commercial Attaché at the Kenyan Embassy in Washington D.C. and as Senior Trade Development Officer in the Ministry of Trade. He has represented the Government as an Official Delegate in a number of negotiating fora such as the WTO Ministerial Conferences, AGOA and COMESA.



Mr. Roy Sasaka Telewa,
Alternate to PS Youth Affairs

Roy Sasaka Telewa is the Chief Executive Officer of the National Youth Council (NYC), a state corporation with official mandate for advisory, research and policy institution on youth affairs in the country. Since joining the NYC, Roy has overseen the transformation of the state corporation into a vibrant organization that builds and enhances capacity of Kenyan youth through strategic consultations, engagements and partnerships. *Before taking the helm at NYC*, he served as the Head of Procurement at Kenya Deposit Insurance Corporation (KDIC) and previously as Deputy Head of Procurement at Competition Authority of Kenya (CAK), among other senior executive positions in both public and private sector institutions.

Roy holds an MBA in Operations Management, a Bachelor of Arts in Communication and Political Science and a Bachelor of Commerce in Procurement and Supply Chain Management, all from the University of Nairobi. He is currently pursuing a PhD with a focus on operations optimization from the same institution. Additionally, Roy holds full professional membership to the Chartered Institute of Procurement and Supplies (CIPS-UK), the Kenya Institute of Supplies and Management (KISM) and the Institute of Human Resource Management (IHRM-Kenya).

Mr. Sitienny represents the Inspectorate of State Corporations {as provided for in Section 18 (2) (c) of the State Corporations Act Cap 446}. He holds a Master of Arts in Public Policy and Administration (MPPA) and Bachelor of Arts-Economics and Business. He has attended trainings in Strategic Leadership, Strategic Audit and Enterprise Risk Management, Corporate Governance, Public Policy, Senior Management and Management Auditing. He is a member of Kenya Association for Public Administration and Management (KAPAM).

Mr. Sitienny is currently a Senior Inspector at the Inspectorate of State Corporations. He has served in the public service in various capacities including as an Efficiency Monitoring Officer, and as a Chief Youth Officer.



Mr. James K. Sitienny



Mr. Josiah Arabu Moriasi,
Chief Executive Officer

Mr. Moriasi is currently pursuing PhD in Business Administration. He holds an MBA in Management and Finance from Kenyatta University; a Bachelor of Arts (Economics and Mathematics) from Egerton University and Higher Diploma in Human Resource Management. Mr. Moriasi is also a Certified Security and Investment Analyst (CSIA), and a Certified Public Secretary (CPS).

Mr. Moriasi joined YEDF as CEO in November 2016. He has extensive experience in corporate governance, performance management, human relations and development, change management, investment, project monitoring and evaluation, pension scheme management, guidance and counselling, democracy and governance, and corporate leadership. Prior to his appointment, he worked with the Lake Victoria South Water Services Board in various capacities, including as Chief Manager, Corporate Planning. He has also served at the Kenya Institute of Bankers, and as a lecturer at various institutions of higher learning.

1.4 SENIOR MANAGEMENT

The role of management is to implement Board directives. Senior management is headed by the Chief Executive Officer and supported by heads of departments who include the managers

in charge of Lending and Investment, Public Relations, Finance, Audit, Supply Chain, and Human Resource.

Mr. Josiah Arabu Moriasi, Chief Executive Officer

Ms. Judy Chelang'at Kimeto, Lending and Investment Manager



Ms. Kimeto holds a Master's of Business Administration (Finance option) from Egerton University and a Bachelor of Business Administration (Management). A Certified Public Accountant, CPA (K), she has attended numerous courses in credit management and in general management.

Ms. Kimeto oversees lending, the core function of the Fund. She has extensive experience in micro-finance, including group preparation, lending and recovery. She is also a qualified trainer of trainers (TOT), and an expert in portfolio management. Before joining the YEDF, Judy was a Regional Manager at the Kenya Women Finance Trust.

Mr. Benson Muthendi, Public Relations Manager



Mr. Muthendi holds a Bachelor of Education from Moi University, Diplomas in Public Relations and Management, and a Certificate in Communication and Learning Technologies from Aharon Ofri, Israel. He is currently pursuing a Master of Rural Sociology and Community Development.

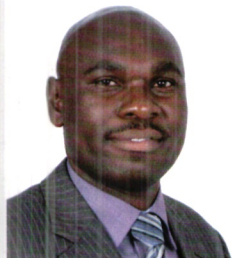
Mr. Muthendi was among the founders of the Fund in 2007. He has extensive experience in youth development and community education and outreach. He has previously worked at the Kenya Institute of Education and has served as the communication and community mobilization officer for GOK/UNICEF ILFE project in Northern Kenya. He has worked in the youth sector in various capacities and is a volunteer at several youth mentorship programmes, including the St. John Ambulance Brigade and the President's Award Kenya.

Ms. Truphena Omung'ala, Human Resource Manager



Ms. Omung'ala holds a Bachelor of Commerce and a Master of Commerce (Business Administration). She also has diplomas in Human Resource, Labour Market and Microfinance. She is currently pursuing an Advanced Diploma in Psychology Tech, and is a member of the Institute of Human Resource Management. She has previously worked as HR and Training Officer at the Aga Khan Foundation's First Micro Credit Agency.

Mr. Benedict Atavachi, Finance Manager



Mr. Atavachi holds an MBA (Finance option) and a Bachelor of Commerce (Accounts) from the University of Nairobi. He is a Certified Public Accountant, CPA (K) and has attended numerous short courses in finance, accounting, risk management, leadership and corporate governance. Mr. Atavachi has over 20 years' experience in accounts and financial management. He has previously worked at the Kenya Utalii College.



1.5 FIDUCIARY OVERSIGHT

The **Mwongozo** Code of Governance provides guidance regarding the institution of functional committees by the Board. In compliance, the

Board established three standing committees to provide technical guidance on all operations of the Fund. These are highlighted below.

1.5.1 Policy, Strategy and Development Committee

The committee provides policy guidelines relating to the strategic objectives of the Fund. In addition, it oversees implementation of strategies relating to corporate investments, strategic partnerships, innovation and technology, and product development. The Committee has seven members with the CEO as its secretary.

- i. Ms. Faith N. Kibet – Chairperson
- ii. Ms. Caroline Amondi Oloo
- iii. Mr. James Kiiru
- iv. Ms. Mercy Muthoni Njeru, HSC
- v. Mr. Benson Kitoo Mutemi
- vi. Mr. Roy Sasaka Telewa
- vii. Ms. Juliet O. Nyang'ai
- viii. Mr. Moriasi Arabu Josiah – Secretary

“You are my partners in remaking Kenya – and my Government’s programmes reflect my faith in you,”

~ H.E. President Uhuru Kenyatta

1.5.2 Operations Committee

The Committee provides policy guidelines relating to operational matters which include finance, administration and human resource. It has seven members with the CEO as its Secretary.

- i. Ms. Juliet O. Nyanga'i – Chairperson
- ii. Ms. Julie N. Waweru
- iii. Mr. Suleiman Abdinur Ali
- iv. Ms. Edna Atisa
- v. Ms. Faith N. Kibet
- vi. Mr. Roy Sasaka Telewa
- vii. Ms. Mercy Muthoni Njeru, HSC
- viii. Mr. Moriasi Arabu Josiah – Secretary

1.5.3 Audit, Risk and Compliance Committee

The constitution of the Audit, Risk and Compliance Committee is guided by the PFM Act (2012) and Regulations (2015). The committee supports the Fund in regard to issues of risk, control, governance and associated assurance. It has five members and the head of Internal Audit provides secretarial support.

- i. Mr. Benson Kitoo Mutemi – Chairperson
- ii. Ms. Caroline Amondi Oloo
- iii. Ms. Edna Atisa
- iv. Ms. Julie Waweru
- v. Mr. Suleiman Abdinur Ali



Hehu Brothers

The Hehu brothers is a partnership of twins from Lari, Kiambu County. The two graduated in Business Administration from Inorero University and decided to venture into agribusiness. The YEDF advanced them an Agri-bizz loan of Sh. 630,000 which they invested in horticulture, pig and dairy farming. They sell their milk to Githuguri Dairies and their pigs to Farmers Choice Company. They also sell vegetables to vendors in Nairobi and Kiambu. This loan has enabled them put up a business that provides for their families as well as employs other youth. The two accountants are proud to be contributing to the government's priority agenda of food security and nutrition.



Chapter Two

SITUATIONAL ANALYSIS AND TURNAROUND STRATEGY





The Board was appointed in May/June 2016, following disbandment of the previous one, and inaugurated in July 2016. Prior to this, the Fund had challenges arising from weak corporate

governance, deficiency in accountability, lack of integrity and transparency, unclear strategic focus, conflicting interests, and slow uptake of innovation in service delivery.

2.1 WHAT THE BOARD FOUND

2.1.1 Fiscal Management

Poor fiscal management was one of the most urgent issues that the Board needed to address. This was evidenced by loss of Sh. 180 million in 2015 under unclear circumstances which led to revocation of appointment of the

previous Board. Moreover, a governance audit by the Inspectorate of State Corporations in 2016 recommended strengthening of internal controls as well as development of a robust Management Information System.

2.1.2 Public Confidence

The Fund's reputation had been shaken by negative media reports arising from poor governance, mismanagement and loss of funds.

This, coupled with delays in loan processing and non-responsive products, led to adverse public perception.

2.1.3 Staff Morale

There were instances of operational conflict and disharmony between the Board and the Secretariat owing to a hazy definition of roles that led to conflict of interests. In addition, the

Fund lacked an approved staff development and retention framework which led to career stagnation and a demotivated workforce.

2.1.4 Sustainability and Resource Mobilization

In the FY 2007/08, the Fund was allocated Sh1.4 billion as development grant from the National Treasury. Over time, subsequent allocations declined to Sh250 million in FY 2015/2016, significantly limiting the Fund's credit deepening

and service coverage. The cumulative budget deficit had risen to Sh456,035,770. In spite of these dysfunctional indications, the Fund had not developed a sustainability and resource mobilization framework.



2.1.5 Loan Repayment

The loan repayment rate, at 58 percent, was far below the industry standard of 95 percent. This was as a result of a high default, especially from

Financial Intermediaries (FIs), low confidence in the Fund's products and weak loan appraisal/repayment systems.

2.1.6 Loan Products

The Fund offered limited choices of loan products which in most cases were not in tandem with the dynamic needs of the youth. The loans were processed manually and took up to six months

to be disbursed while access requirements were perceived to be rigid. There were also gaps in the credit policy which required urgent attention.

2.1.7 Business Development Services

There were no documented policy guidelines regarding implementation and monitoring of the Fund's business support programmes such as entrepreneurship skill-enhancement trainings, mentorships, market linkages and business incubations. The service provision model

applied was costly to implement and therefore not sustainable. Consequently, these essential programmes had limited impact on the growth of youth-owned SMEs and coverage, especially in marginalized areas.

2.1.8 Human Resource

The Board inherited a staff complement of 397 employees, with the CEO's position having been held in acting capacity for over three years. In spite of a high-quality mix of technical qualifications and work experience in its personnel, the Fund lacked requisite human resource instruments to guide staff placement, career growth and compensation. There was

a draft organizational structure in use with a proposed staff establishment of 404, while the human resource policy was not aligned to the Human Resource Policies and Procedures Manual for the Public Service (2016) as required. The annual wage bill stood at Sh225.6 million – 54 percent of the recurrent budget.

2.1.9 Corporate Governance

On the basis of financial and special governance audit reports, there were pointed gaps in the conduct of Board matters by the previous Boards. For instance, the Public Investment Committee (PIC) report of 2016 questioned the previous Board's decision to appoint an officer

as a sole signatory of the Fund's bank accounts. Moreover, the Board operated without a charter, work plan and calendar to regulate meetings and other official activities. Notably, no Board performance evaluation had been undertaken since the Fund's inception.

2.2 TURNAROUND STRATEGY

The Board embarked on a transformative programme and strategy to streamline processes and improve service delivery. This was geared towards establishing a responsive, open, transparent, accountable and impactful entity

that embraced efficiency and customer focus. Specifically, the programme was modelled around three phases: corporate refocusing, rapid results initiative, and the 5Ps long-term change plan.

2.2.1 Corporate Refocusing

In consultation with various stakeholders, the Board offered guidance and strategic direction to purposely channel the Fund's available resources to identified priority areas. The Board initiated various short-term interventions, such as redefining performance framework,

reviewing the Fund's service delivery model, role separation between Board and management, sustained stakeholder engagement, and participatory goal-setting and visioning, which were collectively intended to instil reliability and responsiveness in service provision.

2.2.2 Rapid Results Initiative

The Board identified priority areas which formed the deliverables for the first 100 days under the RRI programme. This was aimed at strengthening internal processes with a view to enhancing output in the Fund's functional areas. Among

others, the RRI prioritised on reducing the loan-processing period, reviewing loan products, increasing uptake, and enhancing repayment/recovery.

2.2.3 Corporate Transformation under the 5 Ps

In the long term, the Board modelled its transformative agenda towards rebuilding the Fund into a responsive and sustainable

enabler in youth empowerment. The model was entrenched on five pillars: People, Products, Processes, Policies and Partnership.

2.2.3.1 People

The Board sought to enhance employee development, performance and retention through:

- i. Developing and implementing human resource instruments (organisational structure, career guidelines and salary structure);
- ii. Matching roles and competencies;

- iii. Strengthening performance appraisal and reward framework; and

- iv. Introducing a structured staff training and mentorship programme.

In addition, the Board substantively filled the position of Chief Executive Officer, which had remained vacant for more than three years.

2.2.2.2 Products

To make the Fund products more attractive and competitive, the Board set out to improve on uptake by:

- i. Designing loan products to match the market trends and demand;
- ii. Reviewing existing loan products to address emerging policy gaps;

- iii. Broadening loan products to deepen financial inclusion; and
- iv. Remodelling and strengthening business development services to enhance sustainability of youth owned enterprises.

2.2.2.3 Processes

To guarantee operational efficiency and effectiveness, the Board made deliberate efforts to strengthen internal processes through:

- i. Investing in a robust and efficient Enterprise Resource Planning (ERP) system;
- ii. Implementing an information system to sustain availability on 'cloud' and mobile platforms for wider utilisation;
- iii. Realizing a 1:1 computer to staff ratio to facilitate transactions and business processing;

- iv. Guaranteed system availability through deployment of security systems (security gateway, biometrics, CCTV, malware prevention systems);
- v. Automation of procurement and financial processes to eliminate red tape and avail audit trails;
- vi. Revising the service charter to make it more customer-focused; and
- vii. Automating loan processes to improve lead time.

2.2.2.4 Policies

The Board set out to entrench development of functional policies and procedures to enhance standardisation, consistency and overall efficiency by:

- i. Providing guidelines and control mechanisms for various operations;

- ii. Aligning operations to relevant laws and regulations; and
- iii. Defining roles, responsibilities and accountability.

2.2.2.5 Partnership

The Board committed to establish strategic partnerships with key stakeholders to enhance the Fund's reach and long-term sustainability through:

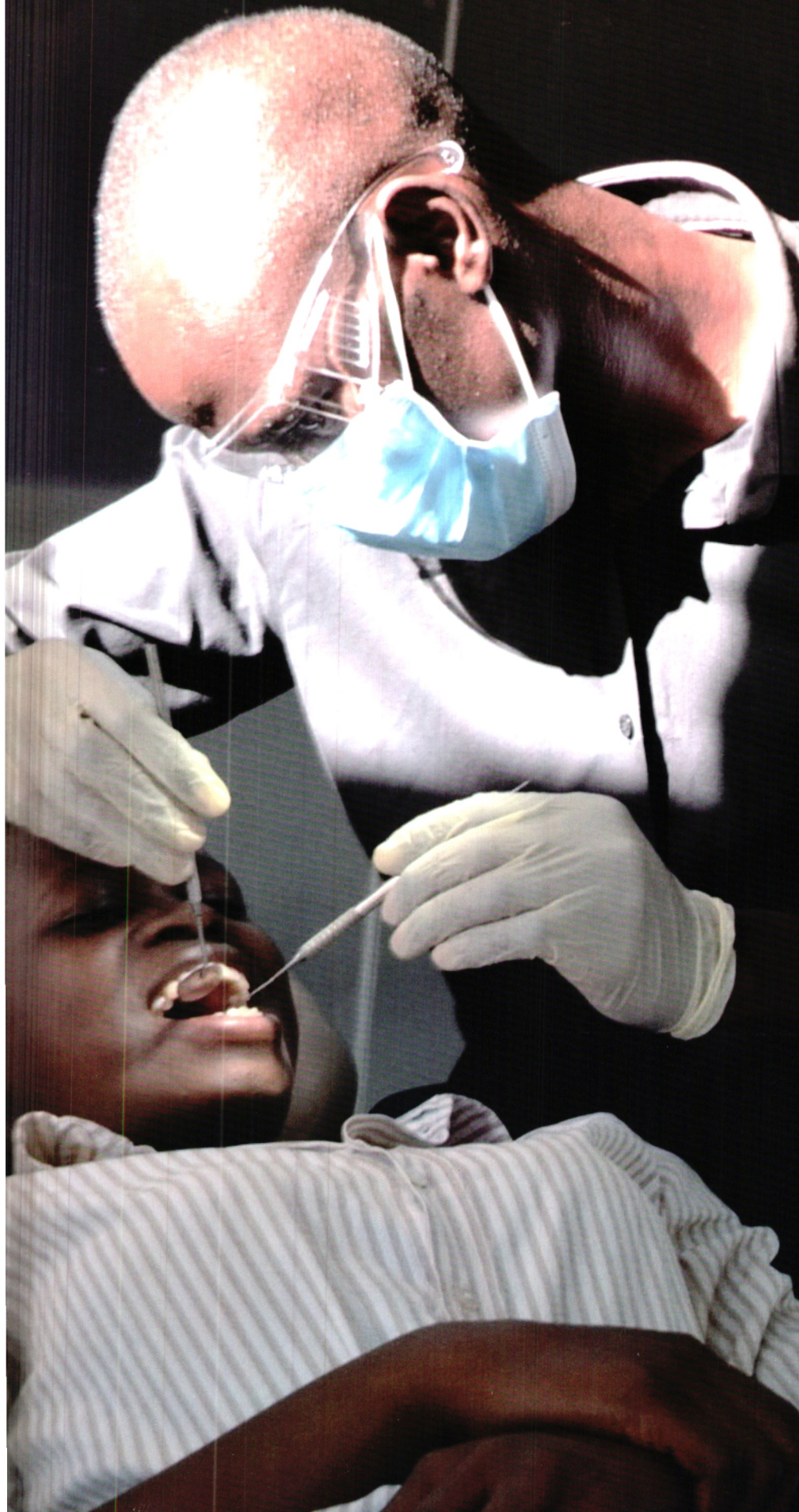
- i. Embracing partnerships to leverage on resources and expertise;

- ii. Re-positioning the Fund to attract potential strategic partners both in the public and private sectors; and
- iii. Developing synergies with other youth-oriented organisations for enhanced impact in youth economic development.

Royal Dental Clinic

My name is Vitalis Ogolla. I am a dental surgeon. In year 2012 my wife and I opened Royal Dental Clinic in Kisumu. The clinic picked up well and were pleased with the impact we were having on people's dental health. This put in me a desire to open a similar clinic in in my home county of Homa Bay. Unfortunately I did not have adequate finances. I met Dr. Maxwell Okoth who runs a very successful hospital in Ruai with financing from Youth Fund. He encouraged me to apply for a loan, which I did. We got a loan of Sh. 2 million which we used to import equipment to set up the Homa Bay clinic which is now operational. I am happy to relieve patients' pain and to put a smile on their faces. I am also happy to play a role in the government's agenda of providing universal health care, and to create employment opportunities for other youth.

I advise young people not to fear to start on their dreams, however small the start. Seek support from institutions such as YEDF and you will make an impact in people's lives.



Chapter Three

GOVERNANCE



Weak governance was identified as a major impediment to attaining the Fund's primary objectives. To strengthen operational framework and entrench sound corporate governance in line with Mwongozo Code of Governance, the Board developed operational policies and procedures, automated processes, commissioned a risk management framework and enhanced separation of duties. Moreover, it instituted three functional committees to ensure technical and operational matters were exhaustively deliberated upon and proper recommendations made.

3.1 BOARD CHARTER

The charter defines the Board's roles and responsibilities as well as functions and structures that support members in carrying out their strategic oversight function. It provides direction to the Board in offering leadership to the organization and to maximize long-term

The Board streamlined Fund operations to effectively deliver on its mandate by:

- i. Developing and implementing a Board charter;
- ii. Undertaking Board induction and continuous skills development;
- iii. Developing and implementing annual work-plans; and
- iv. Undertaking performance evaluation.

3.2 INDUCTION AND CONTINUOUS SKILLS DEVELOPMENT

In order to provide direction for effective governance and oversight, Board members were enrolled for an induction programme on Mwongozo, facilitated by SCAC. Moreover, they participated in experience-sharing and various tailor-made trainings to sharpen their skills in corporate governance. Some of the trainings

value of services provided to stakeholders. The YEDF Board charter provided members with tools to interrogate and align the strategic and operational plans to the Fund's mandate and aspirations for youth entrepreneurs.

attended included *Corporate Governance by Kenya School of Government*, *Best Practices in Public Financial Management by KCA University*, *The Rise and Fall of Organisations by the Institute of Internal Auditors*, and *Strategic Enterprise Risk Management by the Institute of Directors*.

3.3 ANNUAL WORK PLAN

The Board developed annual work plans to govern all its programmes. This ensured meetings and other scheduled activities were conducted as guided by the State Corporations Act and Mwongozo Code of Governance. A

total of 12 full Board meetings were held and passed 74 resolutions which helped streamline the Fund's service provision. Figure 1 presents a summary of major Board resolutions and their implementation status.

**Key
Achievement
in 4 Out of 8**

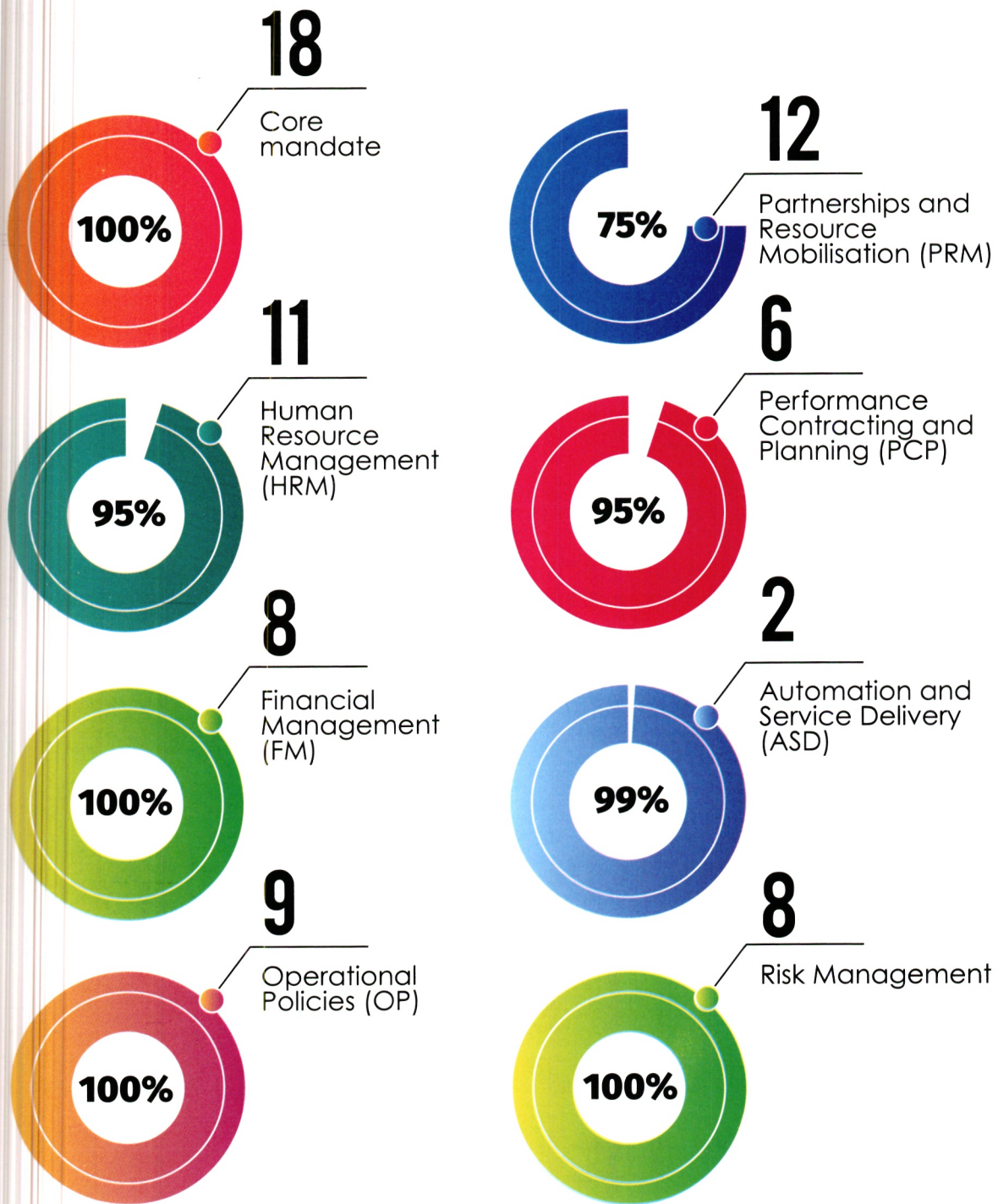


Figure 1: Implementation Status of Board Resolutions

100%

- CORE MANDATE
- FINANCIAL MANAGEMENT (FM)
- OPERATIONAL POLICIES (OP)
- RISK MANAGEMENT

Kamirithu Engineering Welfare Association

Members of Kamirithu Engineering Welfare Association started the group to help them pool savings and extend credit to each other at a small interest. They diversified to income generation and took a loan of Sh. 200,000 from YEDF in the year 2017 with which they procured welding machines. Their welding and fabrication business grew rapidly and they ventured into motor vehicle body building, specializing in small trucks. They have employed some of their members in the group while others have started their own enterprises. They plan to apply for a bigger loan to buy specialized equipment.



3.4 BOARD EVALUATION

The Mwongozo Code of Governance requires the Board to undertake annual performance evaluation to provide benchmarks for continual improvement. In its first performance evaluation

in FY 2016/17, facilitated by SCAC, the Board's aggregate score was 87.7 percent. This improved to 89.47 percent in FY 2017/18 as captured in Figure 2 below.

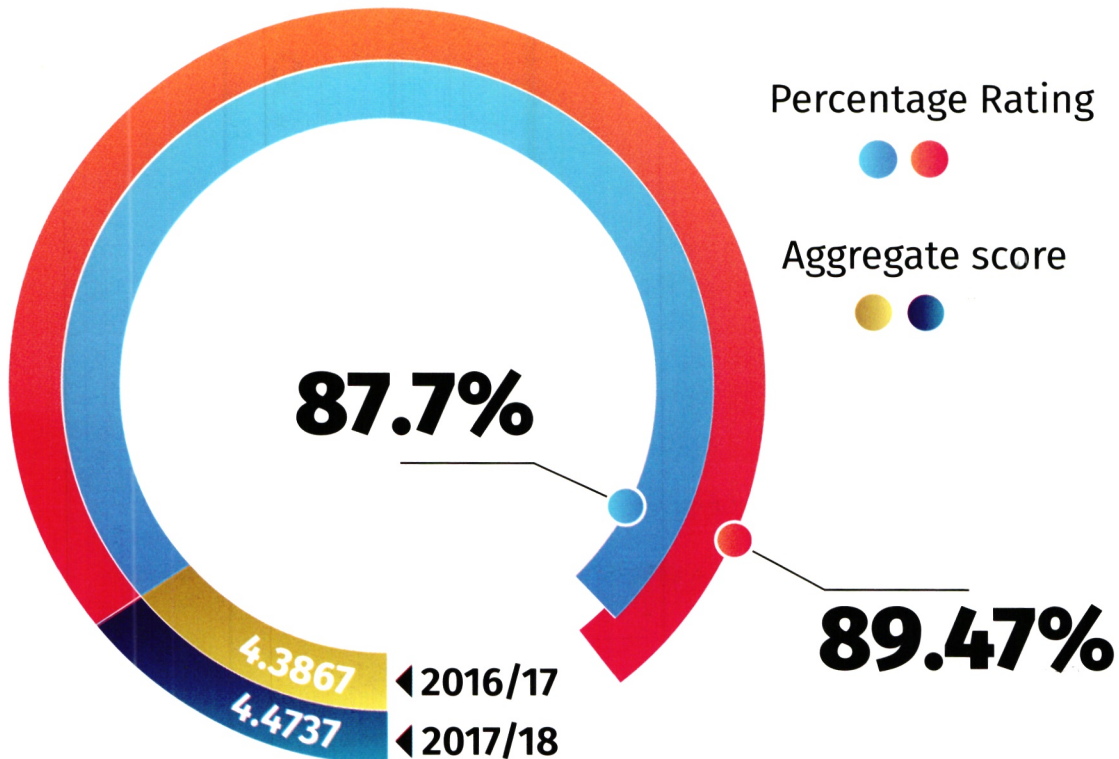
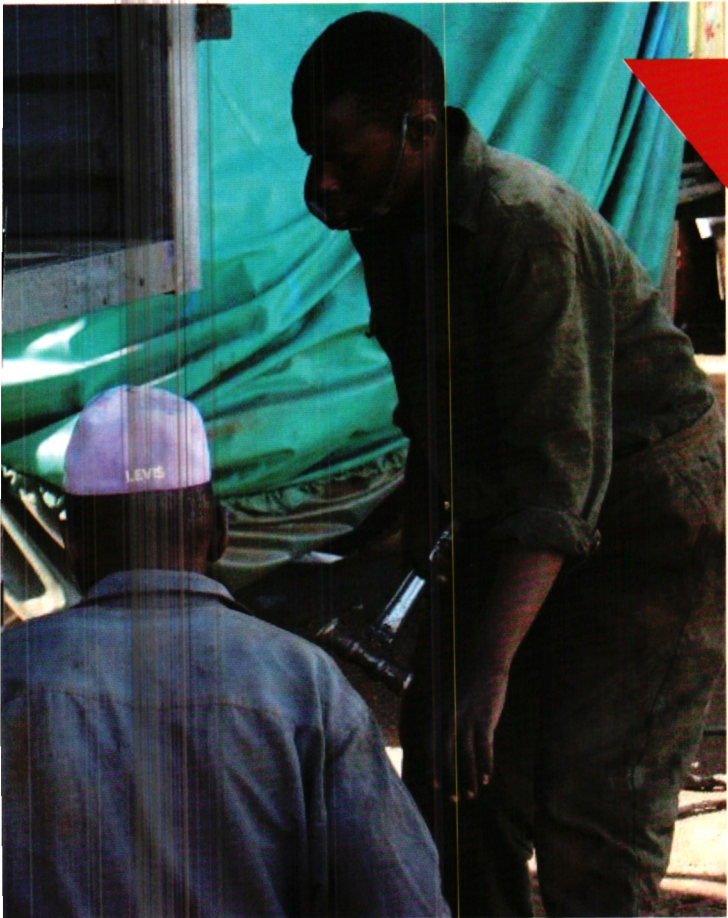


Figure 2: Board Performance Rating FY 2016/17 and 2017/18



“As large parts of the world age, Africa grows younger by the day. The youthful sons and daughters of Africa are our incredible resource.”

~ H.E. President Uhuru Kenyatta

3.5 COMPLIANCE WITH LAWS AND REGULATIONS

The Board complied with various provisions of the Constitution of Kenya (CoK) and other statutes as presented in Table 1.

Table 1: Board Compliance to Laws and Regulations

Reference	Issues addressed	Action taken
The Constitution of Kenya	<ul style="list-style-type: none"> Article 10 and 55 of CoK 	<ul style="list-style-type: none"> Loan disbursement that represented the face of the country and in tandem with provisions of equity and sustainable development Partnered with NCIC to sensitise youth on patriotism and national unity Developed credit policy and procedures manual that involved public participation Promoted AGPO programme through LPO financing
Public Finance Management Act (2012)	Prudent management of allocated funds	<ul style="list-style-type: none"> Developed and implemented Finance Policy and Procedure Manual (2018)

Reference	Issues addressed	Action taken
Public Procurement and Asset Disposal Act (2015)	Preferences and reservation in procurement	<ul style="list-style-type: none"> Allocated an average of 52% of total procurement budget to Youth, Women and PLWDs Disbursed Sh326 million to 525 AGPO registered firms
Leadership and Integrity Act (2012)	Respect for values, principles and the requirements of the Constitution	<ul style="list-style-type: none"> Developed and implemented Anti-Corruption Policy
Public Officer Ethics Act (2003)	Conflict of interest	<ul style="list-style-type: none"> Customized and implemented YEDF Code of Conduct
Anti-corruption and Economic Crime Act (2003)	Accountability and financial management	<ul style="list-style-type: none"> Enhanced internal controls, development of policies and a risk management framework
Employment Act (2007)	Human Resource Management	<ul style="list-style-type: none"> Aligned human resource policy and procedures manual to the provisions of the Act

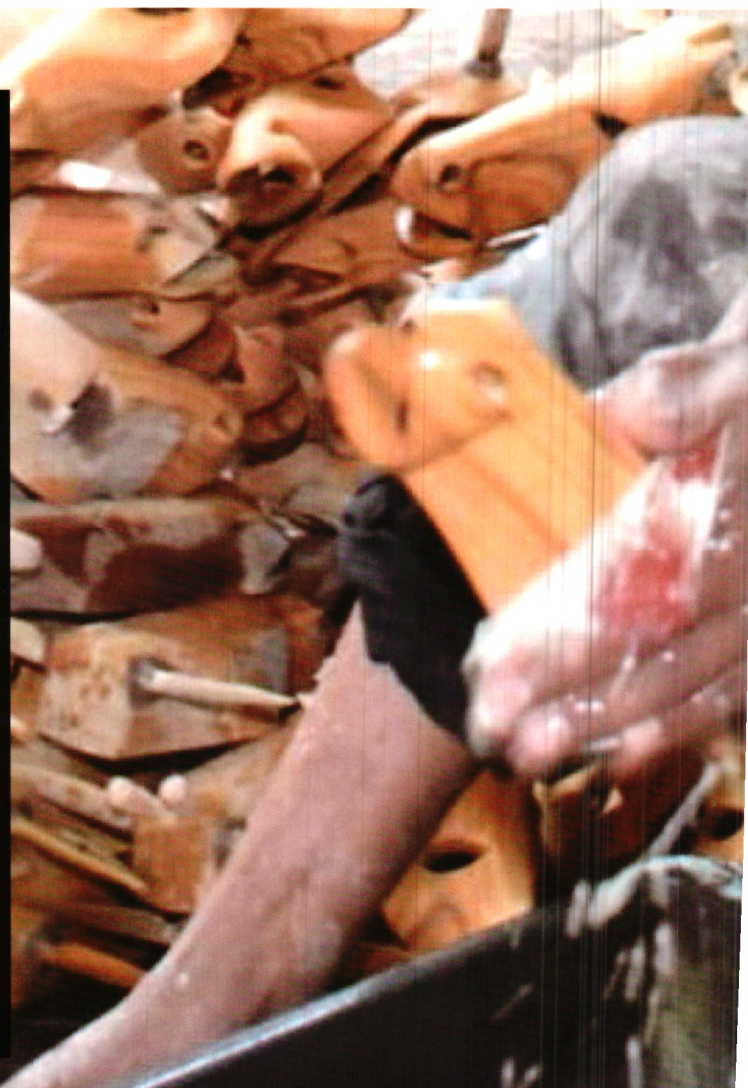
Magongo Curios Vendors Youth Group

We are a group of 20 and are located in Changamwe, Mombasa. We saw an opportunity in carving and vending curios whose main buyers are foreign tourists. All our members are in this business. We also have plastic chairs which we hire out for public and private events. We have taken five loans from the Youth Enterprise Development Fund. We started with Sh. 50,000 and then graduated to 200,000 followed by 400,000 and now 500,000 which we have received in 2019.

Besides loans, we also benefitted from entrepreneurship training and market support. YEDF has twice supported us to exhibit at the Mombasa International Trade Fair. We got the privilege to sell our products to His Excellency President Uhuru Kenyatta. YEDF has linked us to markets in Arusha, Zanzibar and Dubai where we occasionally travel to sell.

We are all fully employed in our business. None of us is looking to be employed elsewhere. Being in a group helps us to be our brother's keeper.

Pius Kisilu, , Chairman, Magongo Curios Vendors Youth Group





**Chapter
Four**

**ACHIEVEMENTS
AND IMPACT**

The Board embraced a collaborative approach with stakeholders in implementing its transformation programme. This yielded requisite synergies necessary to establish a high-performance culture to match expectations

from the youth. With the introduction of youth-friendly loan products and a modern ERP platform, the Fund is now optimally contributing to the economic empowerment of youth.

4.1 CUMULATIVE ACHIEVEMENTS

4.1.1 Access to Affordable Credit

Cumulatively, the Fund has disbursed loans amounting to Sh12.8 billion to 1,159,393 youth across the country. Out of this, Sh7.8 billion has been advanced through on-lending

and leverage agreements with financial intermediaries while Sh4.97 billion has been disbursed directly.

4.1.2 Business Development and Support Services

The Fund provides business development and support services to enhance youth capacity to start, grow and sustain their businesses, by imparting the skills necessary to run a successful enterprise. These services include enterprise

development, market support and linkages as well as commercial infrastructure development. The cumulative performance in these functional areas (including the youth employment scheme abroad) is as presented in Figure 3.

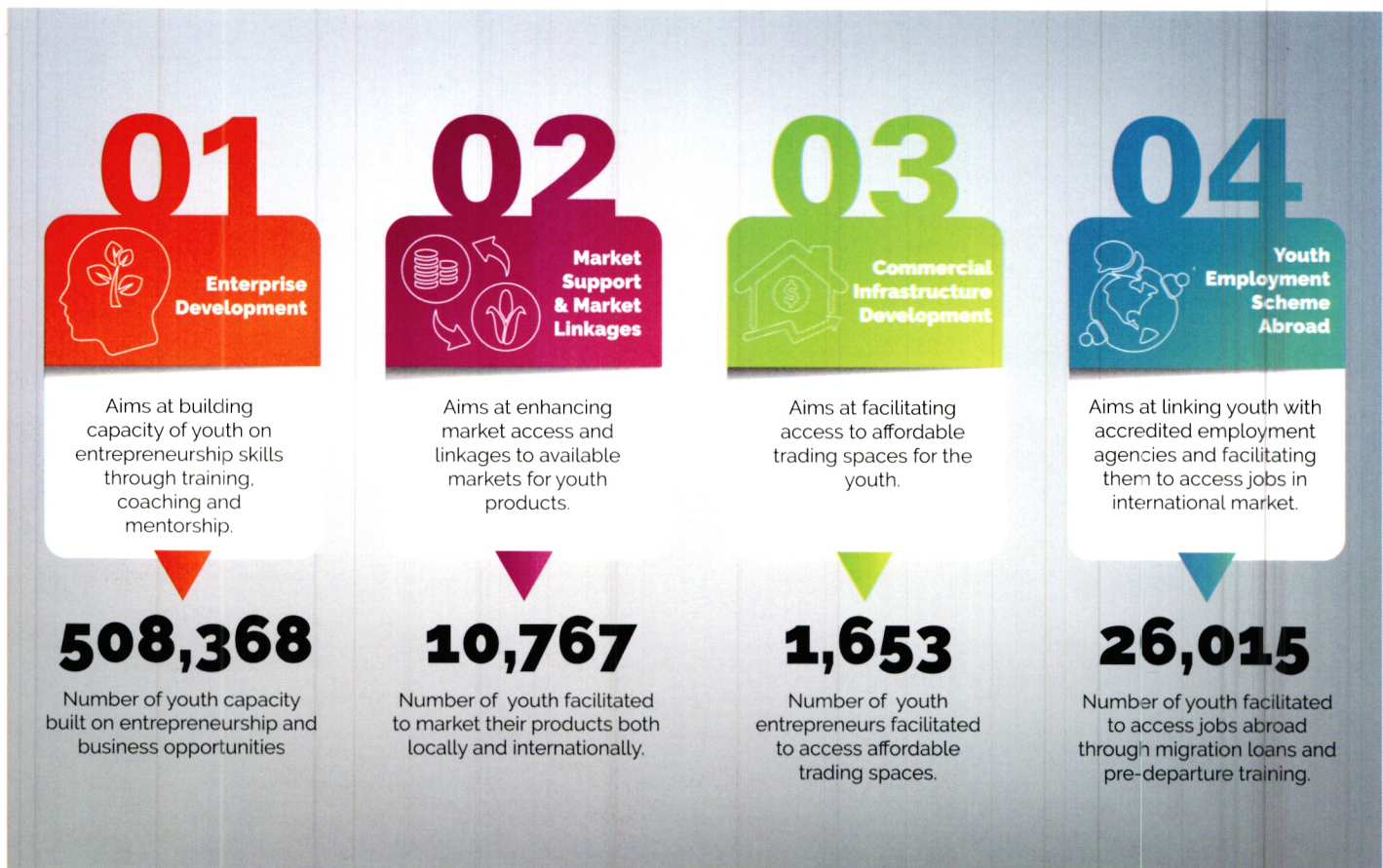


Figure 3: Business Development Services Cumulative Achievements

4.2 BOARD PERFORMANCE (JUNE 2016 TO MAY 2019)

4.2.1 Access to Affordable Credit

4.2.1.1 Re-engineering of Loan Products

In the Financial Year 2015/16, the Fund undertook a survey to identify gaps and to form a basis for addressing emerging issues and changing financial needs among the youth. This informed a re-engineering of loan products to meet the specific needs and expectations of this segment as well as ease accessibility. Subsequently, the Board reviewed and adopted a new Credit Policy and Procedures Manual which came to effect in June 2017. The revised policy introduced new product features which include:

- i. Lowered interest on individual business loans (Vuka) from 8 percent to 6 percent per annum;
- ii. Scaled up maximum amount for business expansion (Vuka) loans from Sh2 million to Sh5 million;
- iii. Reduced requisite group membership from a minimum of 15 members to five;
- iv. Doubled first loan value for group start-ups (Rausha) to a maximum of Sh100,000 from Sh50,000;
- v. Increased maximum amount for group loans (C-YES) from Sh400,000 to Sh1 million;
- vi. Increased maximum amount for individuals within groups (E-YES) from Sh100,000 to Sh200,000; and

vii. Introduced the following new loan products:

- a. **Agribizz** – to support youth in agribusiness for improved food security
- b. **Talanta** – to promote H.E the President's talent development programme
- c. **Asset Finance** – to support capital assets acquisition
- d. **Individual Start-ups** – to help actualize business ideas.

Worth noting, the Board approved first-ever Sharia-compliant financing which will be rolled out once concurrence has been obtained from Sharia Advisory Committee.

When the revised credit policy was adopted, the Fund saw an immediate and significant upsurge in loan uptake. In the first half of FY 2017/18, the Fund disbursed a total of Sh376 million, which was 101 percent more than the amount disbursed in a similar period the previous year. Aggregately, in FY 2017/18, a total of Sh549 million was disbursed to 109,840 youth, representing a 57 percent improvement compared to the FY 2016/17.

Shiru wa GP

My name is Shiru wa GP. I am a gospel musician. We had for long been ignored by financiers, largely because they do not understand the creative industry. The introduction of Talanta loan by the Youth Enterprise Development Fund was a blessing to us in performing arts. I obtained a loan of Sh. 2 million which I used to record an album and to start a music school for children and upcoming artistes. The Fund has actualized my desire of enabling others to discover and nurture their talents, especially in music. Youth Fund has made my dream come true. I am also happy to employ other artistes in the music school.



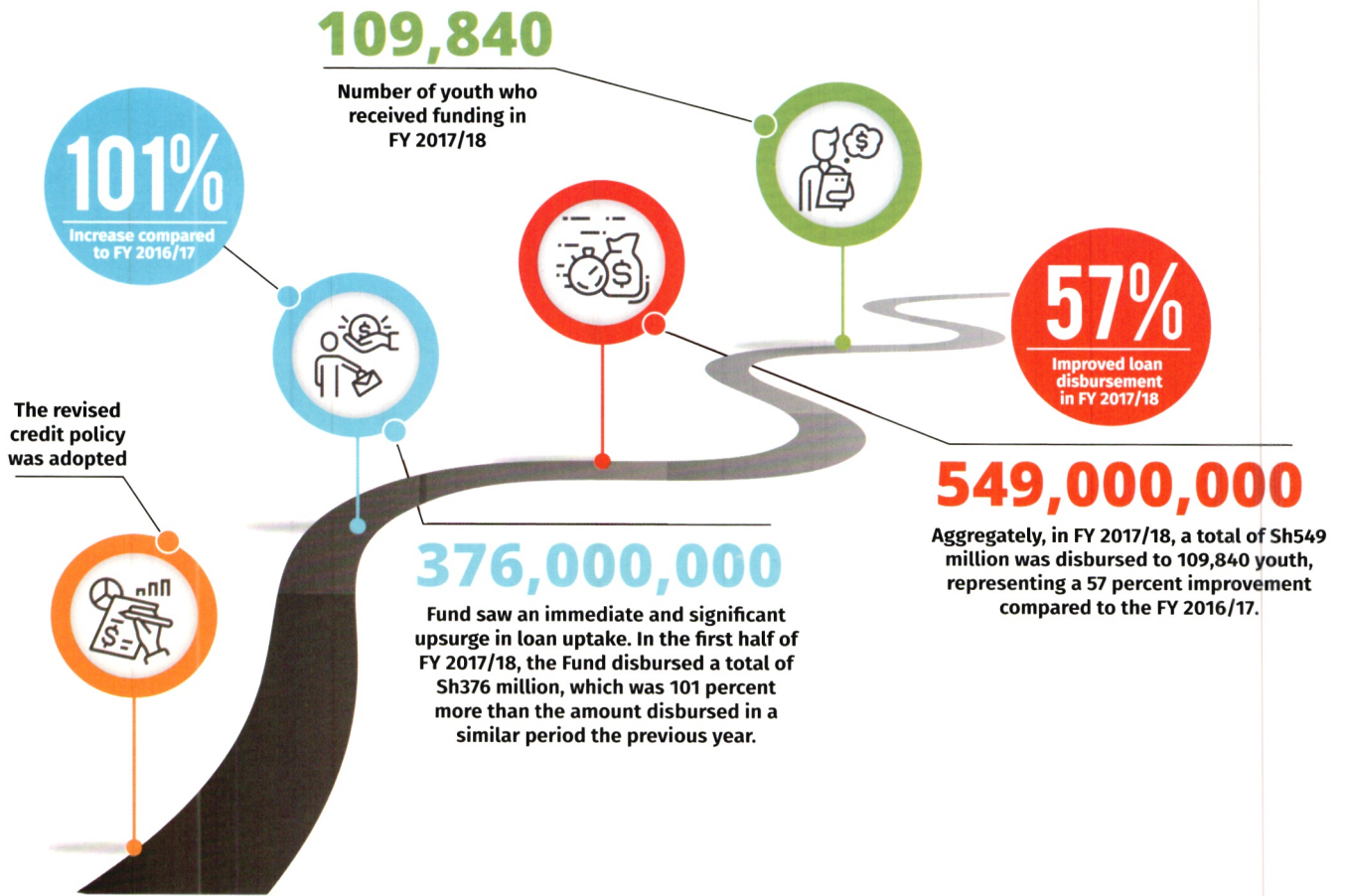


Figure 4: Re-engineering of Loan Products

4.2.1.2 Loan Disbursement

Between 2013 and 2016, disbursement through FIs and direct lending averaged Sh433 million. This has since increased by 18.7 percent to a Sh514 million during the term of the Board.

However, the Fund in FY 2013/14 discontinued lending through FIs due to failure to comply with affirmative action requirements.

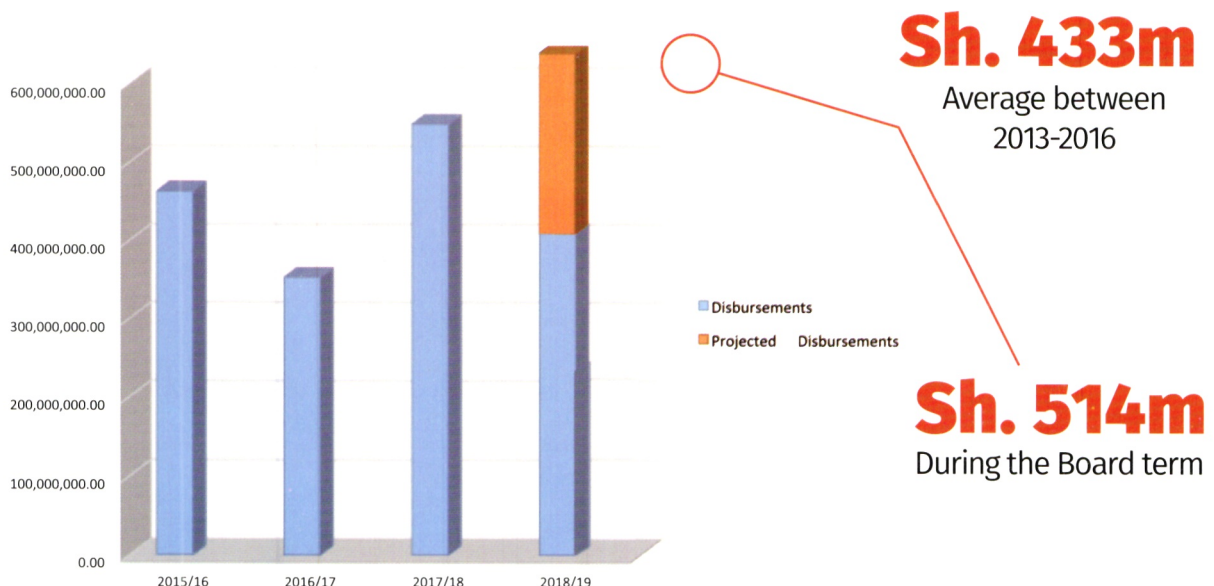


Figure 5: Loan Disbursements

There has been a consistent growth in amounts disbursed in the last three years. The significant rise in disbursements in FY 2017/18 was as a result of the implementation of the revised products, which had a direct impact on demand. The growth was also as a result of countrywide sensitization through collaborations with various partners.

The group loan product (C-YES) forms the bulk of the total Fund portfolio at 47 percent of the value disbursed in the last three years – implying

wider financial inclusion of youth beneficiaries. Individual business loans (Vuka), which have greater impact in asset accumulation and employment creation, absorbed 33 percent of the aggregate disbursement. In promoting the AGPO programme, the Fund advanced 12 percent of the total disbursement to help youth finance contracts from Government departments and agencies. Products introduced in the FY 2017/18 (Agribizz, Talanta and Asset Finance) are expected to upscale in subsequent years.

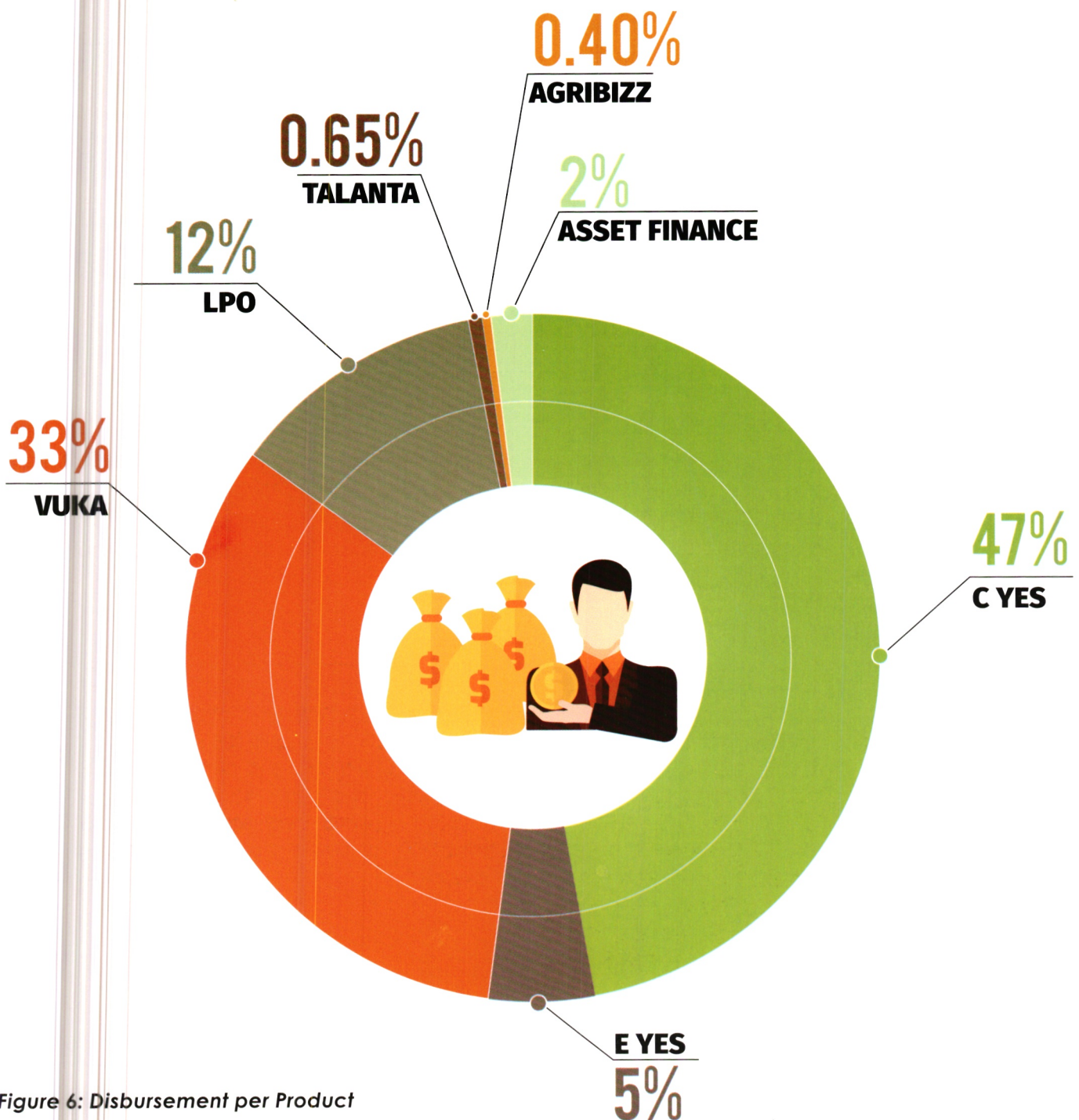
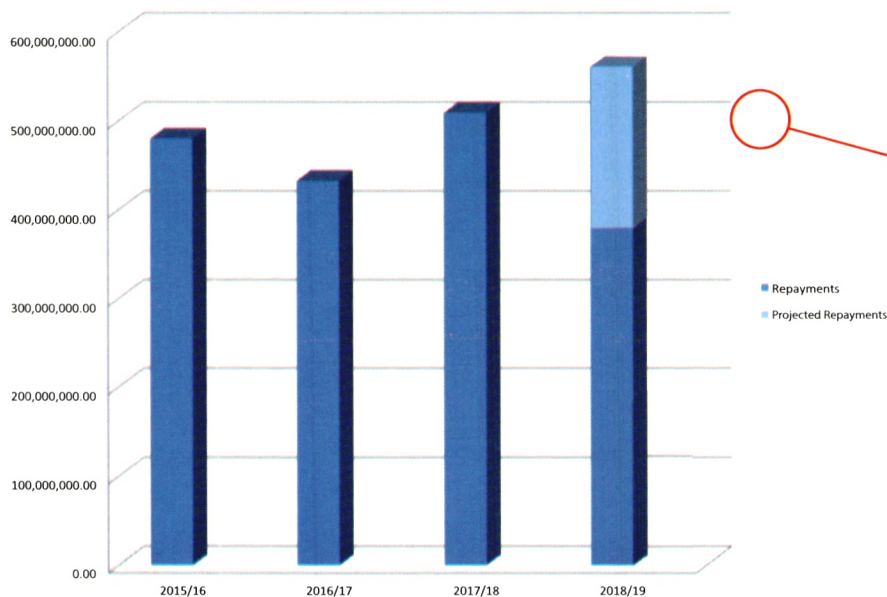


Figure 6: Disbursement per Product

4.2.1.3 Loan Repayments

Loan repayment has a direct bearing on the revolving fund. It is normally considered that a Portfolio at Risk (PAR) of 5 percent is a good benchmark in credit risk. Overall, the average recovery rate improved from 58 percent in the

FY 2015/16 to 88 percent in the FY 2018/2019. The Fund recorded the highest ever repayment/recovery in the FY 2017/18 of Sh509 million, which was an improvement of 18 percent from FY 2016/2017.



58%

Average between 2013-2016

88%

During the Board term

Figure 7: Loan Repayments Summary

The increasing loan repayment/recovery margins are attributed to the current quality of loan appraisal processes, pre-disbursement

trainings and post-disbursement support, as well as follow-ups, loan restructuring and enhanced recovery efforts.

4.3 BUSINESS DEVELOPMENT AND SUPPORT SERVICES

4.3.1 Entrepreneurship Training, Mentorship and Coaching

The Fund provides entrepreneurship training and business development support services to youth in business, which equip them with requisite skills to identify and tap into existing and emerging business opportunities. Over the last three years, the number of youth trained has risen by 11 percent to an average of 60,456 from 54,573. Besides, the Fund in partnership with the Tony Elumelu Foundation (TEF) mentored 78 youth who obtained essential entrepreneurial skills and qualified for business grants of US\$5,000 (Sh500,000) each.

The Fund has also developed an enterprise development policy which has standardised and improved the quality of entrepreneurial capacity-building programmes. Implementation of this policy has led to increased financial literacy, enhanced loan repayments and sustainability of youth-owned enterprises across the country.

4.3.2 Market Support and Linkages

The Fund facilitates youth to market their products and develop linkages with large enterprises. This is realized by according them opportunities to market their products both locally and internationally and linking them to established enterprises for business mentorship and transfer of technology.

In the first 10 years of the Fund, 5,644 youth

were facilitated under this programme. Towards revamping the function and enhancing performance, the Board approved a market support and linkages policy which saw the uptake increase by 107 Percent to 11,714 youth over the last three years. Moreover, with the implementation of online marketing on ERP the coverage is expected to increase.

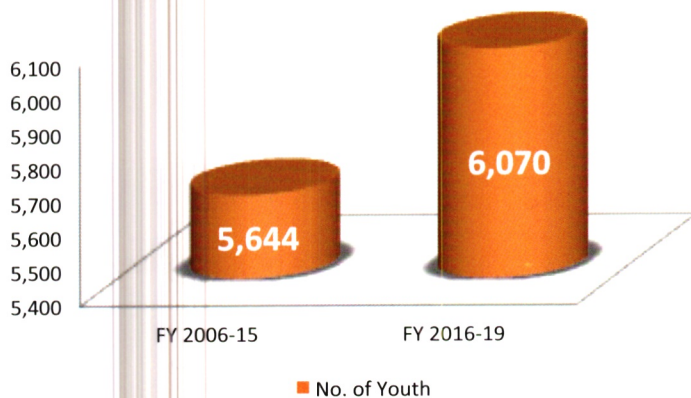


Figure 8: Number of Youth Facilitated to Access Markets

4.3.3 Commercial Infrastructure

One of the biggest challenges that youth-owned enterprises face is trading space mainly because of the high cost of building and renting. To mitigate this, the Fund partnered with Government agencies to establish commercial infrastructure and business incubation spaces appropriate for youth entrepreneurial needs. This has not only lowered the cost of doing business but also provided a conducive trading environment for youth to thrive. In the FY 2017/18, the Board oversaw completion and allocation of 150 modern market stalls adding to existing 15 units. Nevertheless, the Board has since discontinued construction of physical stalls in favour of business incubation model with partners.



150

modern market stalls in addition to the existing 15 units.

4.3.4 YESA Programme

The Fund runs the Youth Employment Scheme Abroad (YESA) programme through which it partners with Government and accredited employment agencies to give youth access to employment opportunities in foreign labour market. In the last three years, the Fund has facilitated 6,650 youth to access employment abroad. In the FY 2018/19, the Fund was accredited by the National Industrial Training Authority (NITA) to offer the mandatory pre-departure and homecare training to youth listed for employment abroad.



6,650

Number of Youth facilitated

4.3.5 Access to Government Procurement Opportunities

All public entities are required to reserve 30 percent of their procurement budget for women, youth and persons living with disabilities under the AGPO programme. The Fund complied with this requirement by reserving 52 percent of its total procurement expenditure for this category for the last three years. To further accelerate this programme, the Fund developed LPO financing and bid bond products to support youth entrepreneurs who win Government tenders. The total LPO amount advanced in the last three years is Sh326 million to 525 youth. The Fund has also incorporated content on AGPO in all its entrepreneurship trainings and sensitisation programmes.

52%

Percentage of reserved procurement expenditure for AGPO category

326,000, 000

Total LPO amount advanced in the last three years benefiting 525 youth

4.3.6 Youth Internship Programme

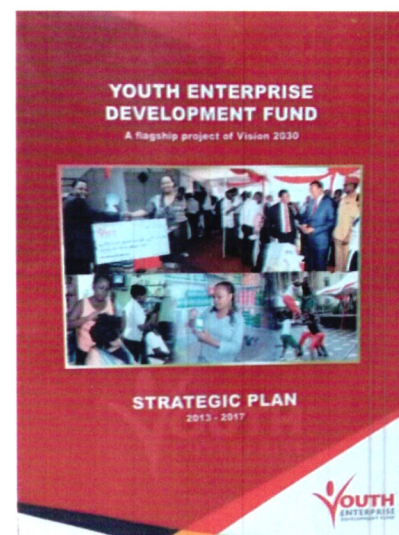
The Government in the year 2014 introduced a requirement that all Government entities offer industrial attachment, internship and apprenticeship opportunities to the youth. In line with Public Service Internship Policy and Guidelines (2016), the Fund has in the last three years engaged 230 youth on industrial attachment and internship as compared to 156 who had been engaged previously within a similar period. Through this program, the Fund has mentored youth and assisted them gain hands-on experience and prepared them for the job market.

230

Numbers of Youths offered industrial attachment and internship by the Fund in the last three years


4.4 END-TERM REVIEW OF THE 2013-18 STRATEGIC PLAN

The Board oversaw implementation of the Fund's strategic plan 2013-2018 and undertook its end term review with an aim of assessing the impact of existing programmes. However, development of the strategic plan 2018-2023 is yet to commence due to proposed restructuring of affirmative action Funds.



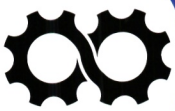
Chapter Five

YOUTH FUND AND THE “BIG 4 AGENDA”

1 Universal Health Coverage 

3 Food Security 

2 Affordable Housing 

4 Manufacturing 

The Big Four Agenda initiated by His Excellency President Uhuru Kenyatta is a national development programme (2018-2022) outlining Government commitment to improving livelihoods through affordable, decent housing, universal healthcare, food and nutritional security

and job-creation through manufacturing. To enable youth participation in the realization of these prioritized goals, the Fund has aligned its programmes to tally with key performance indicators of the Big Four Agenda.

5.1 UNIVERSAL HEALTHCARE



Government aspires to attain a 100 percent cost subsidy on essential health services and reduce medical out-of-pocket expenses by 54 percent. It intends to actualise this through providing low-cost health insurance products and schemes and empowering private healthcare facilities and services. Government further intends to encourage provision of private health insurance products targeted at the low-income segment and to manage low-income health insurance schemes.

To this end, the Fund has made its mission to sensitize youth on the need to take up medical insurance for themselves, their families and employees. In partnership with Population Services Kenya (PS-K) and National Aids Control Council (NACC), the Fund conducted public awareness campaigns and tailored sensitizations to youth on health and entrepreneurship.

In the FY 18/19, the Fund disbursed Sh130.2 million to youth entrepreneurs in the health sector to enable them kick-start projects in pharmaceuticals, medical supplies, building and expansion of clinics, health centres and hospitals, and purchase of medical equipment and accessories. Also, the Fund financed tenders and contracts awarded to youth in the health sector under the AGPO programme.

5.2 AFFORDABLE HOUSING



Government intends to deliver 500,000 affordable housing units in all counties in an attempt to reduce the cost of home ownership by 50 percent. To enable this initiative, the Fund has adopted a concept of incubation hubs to support affordable housing, which targets youth in the construction industry to provide services such as welding, moulding, electrical

work, painting and plumbing. Through this programme, the Fund plans to facilitate some 125,000 youth to acquire the tools necessary to carry out work at construction sites. Beneficiaries will then be linked to contractors undertaking housing projects under the National Housing Programme.

Moreover, out of the total amount to be disbursed in FY 2018/19, Sh170.1 million has been allocated to youth entrepreneurs in the housing and construction sector, to facilitate them acquire building materials, hire and purchase equipment, hire and pay site staff, stock up and expand their hardware businesses. The Fund also financed construction tenders and contracts through LPO financing.

5.3 FOOD SECURITY AND NUTRITION



The Government seeks to attain a 34 percent increase in the average daily income of smallholder farmers, create 1,000 agro-processing SMEs, 600,000 new jobs and increase

by 48 percent the contribution of agriculture to GDP. To this end, the Fund has partnered with GIZ-Kenya to enhance participation of youth in agriculture, where 10,000 youth will be supported in agricultural value chain related enterprises. In 2018/19, the Fund has projected to disburse Sh300million to support youth engaged in agriculture and agri-business. In addition, the Fund introduced a sector-specific loan product (Agribizz) to support youth in agriculture, value addition, farm machinery and inputs.

5.4 MANUFACTURING



The government intends to upscale the contribution to GDP of the manufacturing sector from 8.5 percent to 15 percent by 2021.

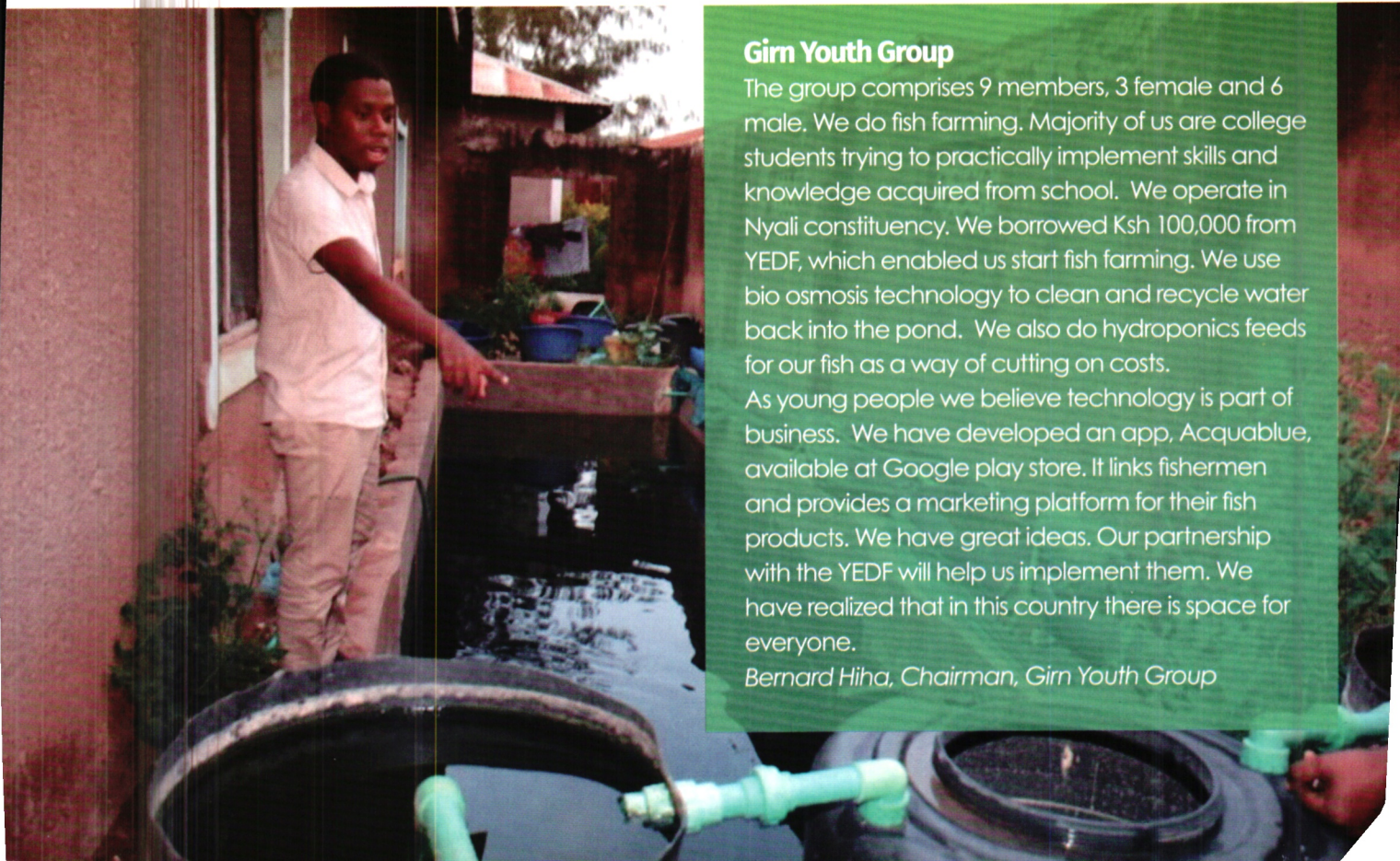
In support of this, the Fund disbursed Sh168.4 million to youth in manufacturing in FY 2018/19 to finance projects in food processing, acquisition of machinery, assembly lines, cottage industries, training of experts, machinery and plant operation, innovations, ICT and acquisition of raw materials. In addition, the Fund has been actively promoting the Buy Kenya-Build Kenya programme by ensuring 100 percent sourcing of local content.

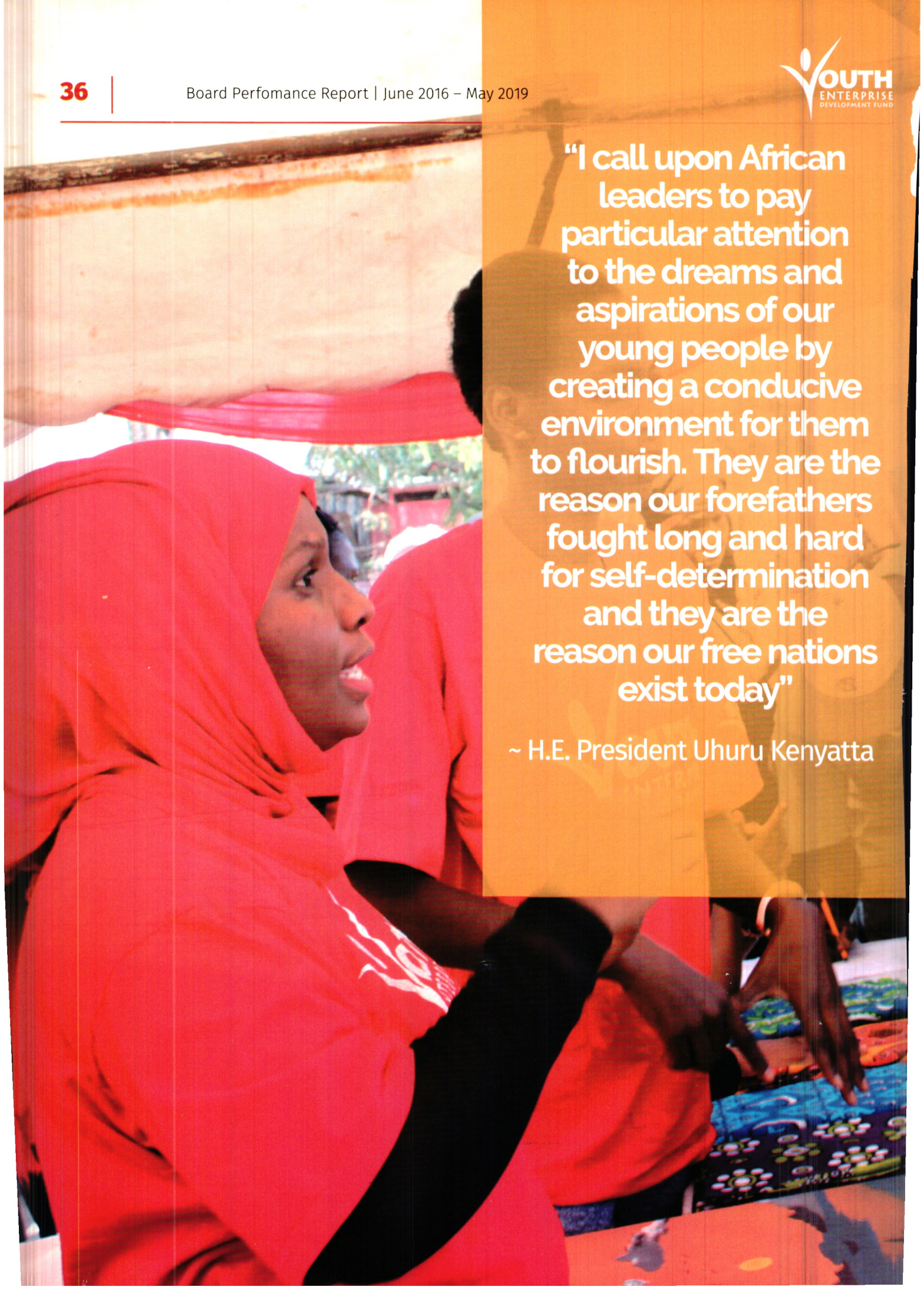
Girn Youth Group

The group comprises 9 members, 3 female and 6 male. We do fish farming. Majority of us are college students trying to practically implement skills and knowledge acquired from school. We operate in Nyalii constituency. We borrowed Ksh 100,000 from YEDF, which enabled us start fish farming. We use bio osmosis technology to clean and recycle water back into the pond. We also do hydroponics feeds for our fish as a way of cutting on costs.

As young people we believe technology is part of business. We have developed an app, Acquablue, available at Google play store. It links fishermen and provides a marketing platform for their fish products. We have great ideas. Our partnership with the YEDF will help us implement them. We have realized that in this country there is space for everyone.

Bernard Hiha, Chairman, Girn Youth Group





“I call upon African leaders to pay particular attention to the dreams and aspirations of our young people by creating a conducive environment for them to flourish. They are the reason our forefathers fought long and hard for self-determination and they are the reason our free nations exist today”

~ H.E. President Uhuru Kenyatta

Chapter Six

FINANCIAL MANAGEMENT



6.1 FINANCIAL PERFORMANCE

During its tenure, the Board ensured prudence in the Fund's financial management processes, significantly reducing its deficit from the Sh201, 614,139 reported in FY 2014/15 to Sh53, 265,605 in FY 2018/19. The specific interventions implemented by the Board include strict adherence to approved budgets, a lean organisational structure, cost-cutting measures, engagement in joint programmes with partners, migration from rented facilities to Government premises and enhanced resource mobilization efforts.

Sh. 201,614,139

Deficit reported in FY 2014/15



Sh. 53,265,605

Deficit reported in FY 2018/19

6.2 REVOLVING FUND

Over the last three years, the Fund has grown its revolving fund from Sh2.7 billion in the FY 2015/16 to Sh3.8 billion in FY 2018/19, made possible through deficit reduction and enhanced loan disbursements and recovery. This growth has significantly increased the number of beneficiaries and expanded coverage.



Sh. 3.8bn

Revolving fund
up in FY 2018/19
from...

Sh. 2.7bn

in FY 2015/16

6.3 BUDGETARY ALLOCATION

Development grant allocation grew from Sh105, 336,000 in FY 2014/15 to Sh335, 336,000 in FY 2019/20. This growth is attributed to prudent financial management, enhanced visibility and responsiveness in service provision to youth.

to

Sh. 335,336,000

in FY 2019/20

from

Sh. 105,336,000

in FY 2014/15



6.4 COMPLIANCE TO STATUTORY OBLIGATIONS

The Board complied with all statutory and reporting requirements within specified timelines as stipulated in the Public Finance Management Act (2012) and Regulations (2015). These

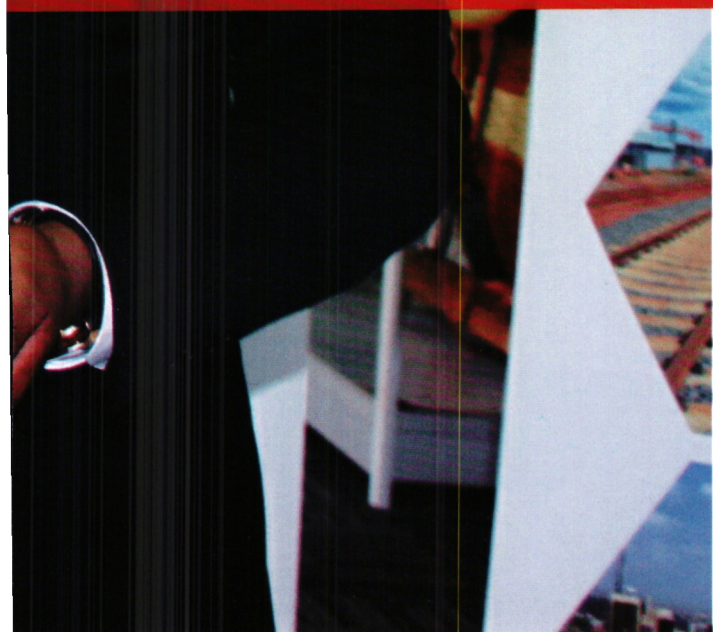
include remittance of all statutory deductions, submission of quarterly and annual reports, and timely preparation and submission of financial statements.





Chapter Seven

INSTITUTIONAL CAPACITY STRENGTHENING



The Board initiated structural and workflow interventions to strengthen the Fund's capacity to live up to its mission by promoting sound management, focused governance, and

dedication to achieving results. Some of the specific interventions spearheaded by the Board include:

7.1 DEVELOPMENT OF OPERATIONAL POLICIES AND MANUALS

The Board reviewed all of the Fund's operational areas to identify any inherent gaps, ensure consistency and enhance compliance while

undertaking official assignments. Table 2 provides a summary of key policies developed, approved and implemented.

Table 2: Summary of Key Policies

Policy	Objectives
Anti-corruption Policy	To guide measures promoting integrity, prevent and discourage corruption, enhance efficiency and facilitate evaluation of corruption-risk areas.
Human Resource Policy and Procedures Manual	To guide staff recruitment, selection, appointment, training, development, promotion, recognition and separation.
ICT Policy	To manage, protect and prevent against damage to ICT infrastructure, the employment of such infrastructure – software and hardware – and assure the security of all YEDF computers and applications.
Credit Policy	To govern lending, loan collateral security, insurance of borrowers, loan securities, credit restrictions, loan repayments and recovery.
Finance Policy and Procedures Manual	To regulate cash and bank management, the budgeting process, and financial reporting.
Market Support and Linkages Policy	To govern youth sensitisation on emerging trends, and superintend new trade regulations at both local and international levels.
Enterprise Development Policy	To manage pre-disbursement training, sensitisation on YEDF products and entrepreneurial skills.
Resource Mobilization and Partnership Policy	To provide a framework for support by partners, donors and collaborators. The policy also gives a guideline on networking, building and management of relationships with private and public partners.
Corporate Communication Policy	To provide guidelines on development, dissemination and receipt of information as well as efficient and effective communication mechanisms.

7.2 ENTERPRISE RISK FRAMEWORK

Recognising that risk management is a key ingredient to sound governance and an important means to goal-attainment, the Board commissioned development of the Fund's risk management framework, which focuses on the unpredictability of events in the business

environment – to minimize the potential adverse effects of risks and to set reasonable risk-acceptable levels. Over time, this has helped identify and mitigate potential exposure to risk, especially on credit, procurement, human resource and financial management.

7.3 AUTOMATION OF PROCESSES

The Board successfully initiated and implemented digital transformation, migrating operations from a manual interface to automating its business processes. The newly developed ERP system has improved operational efficiency

in loan processing, customer interaction, internal controls and accountability, document management, data retrieval and reporting, and payroll management.

7.4 ICT EQUIPMENT

The Fund has ensured that each officer is allocated a personal computer both at the head office and at the County offices. At the head office, the Fund provides high speed Wi-Fi access to staff and visitors. The Fund also has installed firewalls to protect the integrity of its computer system from external interference. In 2016, the Fund installed a modern CISCO telephone system that interconnected County

offices through Voice over Internet Protocol (VOIP) platform. In addition to the Local Area Network (LAN), the Fund has rolled out Wide Area Network (WAN) that has interconnected the head office with regional offices. This has reduced communication costs, enhanced communication and collaboration with stakeholders thereby improving on service delivery.

7.5 OFFICE ACCOMMODATION

Until December 2017, the Fund's head office functions were housed at two different locations – at Upperhill and in the city centre. This posed coordination challenges and created obvious inconveniences in service delivery, besides wasting productive time for both staff and clients. Moreover, the Fund had rented 10 regional offices to coordinate decentralized operations. Through the Board's intervention,

all head office functions are now consolidated at the Renaissance Corporate Park Building, Upperhill, as the Fund's registered office. To minimise wastage and enhance coordination of National Government programmes at lower levels, the Fund moved out of rented premises to free Government spaces at county/regional offices.

7.6 STRATEGIC PARTNERSHIPS

The Fund developed a policy and strategy for continual prospecting, development and management of strategic relationships with credible organizations in both the public and private sectors. These relationships are aimed

at broadening the Fund's base of partners and collaborators in youth empowerment. In this regard, the Board approved the following collaborations:

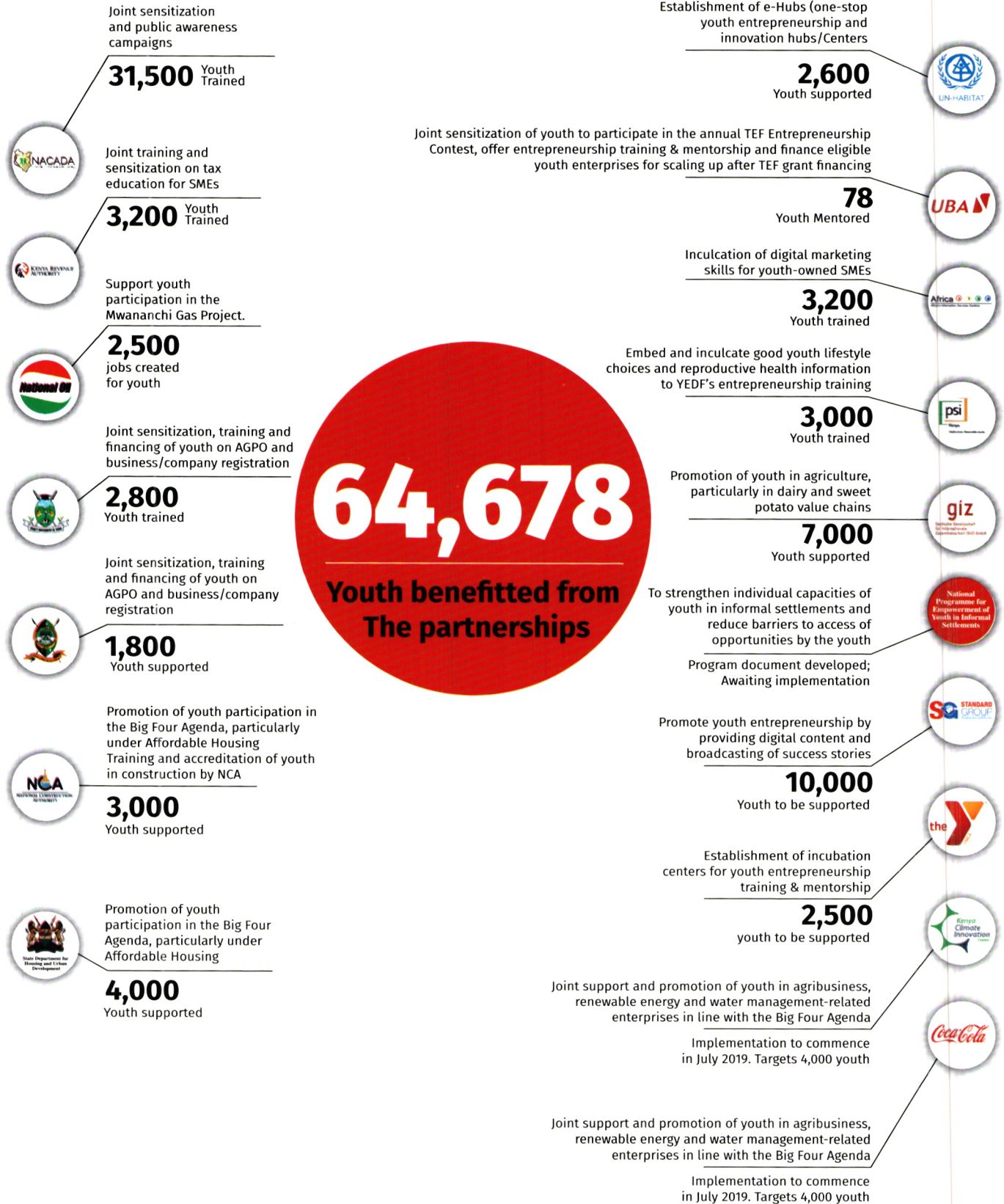


Figure 9: Collaborations Approved by the Board

7.7 BROADENED YEDF VISIBILITY CHANNELS

The Board takes cognizance of the enormous role of reaching out to various categories of youth. Whilst uptake of the Fund's services has significantly improved, there is need to enhance

its visibility and outreach initiatives to enlist more beneficiaries. In this regard, the Fund has developed the following strategies to broaden its visibility:

7.7.1 *Enhanced use of Digital Media*

The Fund has developed an interactive website, which provides a forum for sharing information with the public. To further enhance online communication, the Board approved the use of social media to reach more youth through mobile

channels. In this regard, the Fund introduced two weekly social media campaigns, YEDF Baraza and Chairman Live, which increased the Fund's following online from 5,000 to 30,400.

7.7.2 *Corporate Communications Policy*

The Fund has developed a Corporate Communications Policy that captures the Board's commitment to effective dissemination and receipt of information. This has minimized

communication breakdown and delays and in the process promoted use of appropriate and varied channels in informing and sensitising the youth.

7.7.3 *Partnerships with Media Houses*

The Fund partnered with various national and regional media outlets to sensitize youth on entrepreneurship and Government programmes targeting them. This enabled members of the

Board and staff to participate in focused radio and television discussions and newspaper interviews.

7.7.4 *Sauti 47 Joint Programme*

The Board undertook a joint programme with NACADA, NCIC and the Ministry of Interior and Coordination of National Government dubbed Sauti 47, which was designed to empower youth as agents of peace, security and national

cohesion. Through the programme, which reached out to 31,500 youth across the country, participants were empowered to embrace entrepreneurship for self-reliance and to live a life devoid of drugs and alcohol.

7.7.5 *Huduma Mashinani Programme*

The programme was initiated by the MPSYGA to enable the Fund and other affirmative action programmes to deliver services closer to target

beneficiaries. Through this programme, the Fund was able to reach youth and community leaders in some of the most distant parts of the country.

7.7.6 *Partnership with Public Administration*

The Fund works closely with public administrators at the grassroots such as sub-chiefs and other youth-serving offices to enhance uptake of its services. This is made possible through building

the capacity of administrators and constantly updating them on the Fund's programmes while encouraging them to use public barazas to sensitize the youth.

7.8 HUMAN RESOURCE MANAGEMENT

The Board implemented various interventions intended to create and monitor value-based systems and policies. This is in a bid to ensure that the Fund adopts the best practices in

regard to employees and create an attractive environment for current and prospective employees.

7.8.1 Human Resource Policy

The Board sought technical assistance from the Directorate of Public Service Management (DPSM) in developing the Fund's first-ever approved Human Resource policy, career guidelines and salary structure, which conform

to the Human Resource Policies and Procedures Manual for Public Service (2016). The policy and enabling instruments were approved by SCAC for implementation in April 2018.

7.8.2 Staff Recruitment

The Board competitively filled the position of the Fund's chief executive officer, which had been held on acting capacity for over three years. Further, the Board addressed the capacity

gap in the supply chain management unit via deployment of two professionals with help from the DPSM.

7.8.3 Organizational Structure

The approved organizational structure was implemented in order to align Fund services with County administrative structures. This service delivery model now allows the youth to access services at the devolved levels as opposed to the previous arrangement where other business development support

services were centralized at the Head office. Placement of staff was informed by a skills audit that helped in identification and deployment of right competencies in the right jobs. The operationalization of the new structure reduced the monthly wage bill by 26 percent.

7.8.4 Competency Development

The Fund lacked a structured employee capacity-enhancement programme that would ensure all staffers benefited equitably in developing their careers. For instance, regional officers whose responsibility involved assisting youth to access Fund services had not participated in any credit management or related trainings other than the basic skills

gained during induction. To bridge this gap, the Board ensured development, review and strict adherence to Training Needs Assessments (TNAs) for all staff. Following re-engineering of the Fund's products, all regional officers were trained on the new product features and loan instruments, customer relations, and project monitoring and reporting.

7.8.5 Staff Retention

Creating effective retention strategies to decrease employee turnover also stands out as one of the Board's most important achievements.

Some of the various strategies adopted are as presented in Table 3.

Table 3: Staff Retention Strategies

Programme	Action taken	Outcome
Team building	Held three staff team building events, and three Board/management working retreats to strengthen the spirit of team work.	Enhanced team work and synergy amongst staff
Staff training	Developed staff capacity building framework and ensured its implementation to address performance and competency gaps	Reduced error rate, improved reporting and customer experience
Enhanced medical cover	Developed HR policy that ensured parity among staff. As a result, contract staff are now included in the Fund's medical, group life and group accident covers	Reduced cost of medication, absenteeism and improved productivity
Mortgage and car loan	Approved policy to operationalize the mortgage and car loan scheme for public service	Budget allocated to enable staff self-development
Staff wellness programme	Subscription for corporate club membership to enable staff access recreational facilities	Enhanced work-life balance and reduce staff exposure to lifestyle diseases

7.8.6 Staff Separation

The Board took cognizance of litigations and unresolved matters arising from previous staff separations which only helped to escalate attendant costs. As a result, the Board put in place measures to ensure that separation is humane, procedural and cost effective. Today,

staff separations are conducted in conformity to relevant laws and policies. Moreover, the Board has ensured that work-related feedback is obtained from separating employees through exit interviews, clearance and handover reports.

7.9 COMMITMENT TO INTEGRITY AND ETHICAL VALUES

The Board has committed to instilling an appropriate tone at the top that embraces an acceptable value-system. Arising from this, management was guided to establish and commit to observing suitable standards of behaviour through a reviewed code of conduct approved by EACC, undertake

regular compliance audits, carry out employee sensitisation programmes, and partner with relevant Government agencies to minimize tendency to an unethical behaviour. The youth are also encouraged to report any unbecoming behaviour from the Fund's officers at regional offices.

