

# **MINISTRY OF YOUTH, SPORT AND CULTURE**

**DEPARTMENT OF YOUTH**



**Republic of Botswana**

**YOUTH DEVELOPMENT FUND**

**APPLICATION GUIDELINES**

**DRAFT**

## **DEFINITION OF TERMS**

**Out-of-school youth** - Any youth who is not currently attending any school and/or training.

**Unemployed youth** – Any youth who is not in any formal employment or not operating any form of business.

**Underemployed Youth**– Any youth who fall under the following:

- Employed on a part-time basis and earning below P500 per month,
- Employed on a full time basis and earning below P500 per month,
- Operates a small subsistence business making an average of P500 per month turn-over.

*(Note: a salary slip and employment letter should be produced as proof)*

**Recipient/Beneficiaries** – Youth who receive the fund for approved project.

*(Note: Beneficiaries shall be expected to work full time in the project/business.)*

**Fund** – Financial assistance given to the youth beneficiaries in the form of 50% grant and 50% interest-free loan.

**Grant** - funds given out to youth for approved projects. Beneficiaries shall not be expected to return such funds. This grant comes with issues of accountability and responsibility by the grantee and signing of a Memorandum of Agreement with the Botswana Government which is valid for Five (5) years.

**Loan** –funds given to youth for approved projects which the beneficiary shall be expected to repay with no interest. In cases of default, a five (5%) percent interest rate will be charged per month to the arrears. This loan comes with issues of accountability and responsibility by the youth and signing of a Memorandum of Agreement with the Botswana Government which is valid for Five (5) years.

## **1. BACKGROUND**

The Ministry of Youth, Sport and Culture has the portfolio responsibility among others for the coordination, implementation and evaluation of the National Youth Policy.

In implementing the National Youth Policy the Ministry has put in place a programme for Out-of-School, marginalised and unemployed youth to venture into income generating projects.

## **2. OBJECTIVES:**

- To promote active participation of youth in the socio-economic development of the country.
- To encourage the out-of-school, marginalised and unemployed youth to venture into sustainable and viable income generating projects.
- To promote the development of competitive of sustainable and growth oriented citizen owned youth enterprises.
- To reduce rural-urban migration by making it attractive to start growth-orientated enterprises at rural areas.
- To create sustainable employment opportunities for young people through the development of sustainable projects.

## **3. OPERATIONAL AND INSTITUTIONAL STRUCTURES**

3.1 The Department of Youth shall be responsible for the implementation and management of projects approved under the Fund

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District Youth Officers shall be responsible for:

- screening of applications,
- coordination of appraisal and adjudication of all submissions and
- monitoring of approved projects.

3.3 Project Officers shall provide technical assistance to District Youth Offices on fund management. All requests for funding shall then be referred to the Production Development Committee/Administrative Committee for adjudication.

#### **4. FORM OF ASSISTANCE**

- 4.1 Financial assistance provided by the Youth Development Fund (YDF) shall be in the form of grants and loans. The financial assistance may be used for infrastructural developments such as movable containers, poultry houses, piggery house, kraals etc required for the project or to cover working capital or both, provided that the requested amount falls within the fund ceiling.
- 4.2 Entrepreneurial development training is considered critical for the success of small businesses. In this regard, requisite training shall be provided prior to the disbursements of funds. The beneficiaries shall also go through project specific training, this shall be dependent upon skills gaps identified during monitoring of projects.
- 4.3 Monitoring and mentoring services shall be provided, and it is expected that this support will equip young people with the requisite skills for running businesses, thereby enhancing the prospects of success of the programme. Training, monitoring and mentoring under the Fund will be rationalized with other training programmes provided by Government institutions, including Local Enterprise Authority (LEA), Junior Achievement Botswana (JAB), Botswana National Youth Council (BNYC) and the private sector to avoid duplication of efforts.
- 4.4 The Fund shall leverage on existing infrastructure in the country to minimize costs and avoid duplication of efforts.

**(Note: Availability and suitability of land required for development of the project where applicable shall be the responsibility of the applicant.)**

#### **5. FUNDING GUIDELINES FOR YOUTH DEVELOPMENT FUND PROJECTS**

- 5.1 The fund ceiling shall be P100 000.00.
- 5.2 Funding shall be 50% grant and 50% interest free loan.
- 5.3 A penalty of 5% interest per month shall be charged to defaulters.
- 5.4 Beneficiaries shall benefit once under the Fund. The expectation is that they have to graduate and utilise other financial intermediaries to expand and grow their establishments.

- 5.5 Youth who benefitted from the Out-of-School Youth Grant, Financial Assistance Programme (FAP), KBL Kickstart and Citizen Entrepreneurial Development Agency shall not be eligible to be funded under this fund.
- 5.6 The repayment periods for the loan component shall be as follows:
- Up to P25 000 shall not exceed 36 months
  - From P25 001 to P50 000 shall not exceed 60 months
- 5.7 The grace period for the loan component shall not exceed 12 months and shall be as follows:
- Non-agricultural projects – **3 months**
  - Poultry, Beekeeping, Fish Farming, Rabbits, Horticulture – **6 Months**
  - Small Stock, Piggery – **12 months**
  - Livestock, Horses, Donkeys, Dog Breeding – **12 months**
- 5.8 Assistance is available to individuals and companies who meet the following criteria:
- Batswana aged 18-29 years
  - Out-of-school-youth
  - Unemployed youth
  - Underemployed youth
  - A legally registered business/company that is owned by young citizens.

## **6. PROJECT APPLICATION AND APPRAISAL PROCEDURE**

- 6.1 All projects should be conceptualised, initiated and implemented by eligible youth.
- 6.2 Proposals for funding should provide a clear path of employing other unemployed youth.
- 6.3 The applicant should possess relevant knowledge and or experience, in skills intensive projects.
- 6.4 Project proposals should be accompanied by the following documents:
- 6.5 A copy of valid certificate of business name/ company registration
- 6.6 Three (3) quotations from 3 different companies/suppliers.
- 6.7 A copy of valid license of operation (where applicable).
- 6.8 Certified copies of valid Omang of all project members.

- 6.9 A letter of intent to lease or lease agreement in cases of operating businesses or proof of ownership thereof.
- 6.10 Curriculum Vitae of all members.
- 6.11 Certified copies of vocational and or academic certificates (where applicable)
- 6.12 Copy of partnership deed or group constitution or memorandum and articles of association (where applicable)
- 6.13 Certificates of business registration and shareholder's certificate should show all names of members.
- 6.14 Applicants requesting for financial assistance should collect and submit their proposal(s) to their respective Youth Offices in their area of operation **and NOT at Head Office**. Consequently, Youth Officer(s) will not endorse project(s) of youth or youth groups that do not fall under the area of their jurisdiction.

**(Note: Proposals that are not accompanied by required documents shall not be accepted.)**

7. Funding of proposals shall strictly depend upon the project viability.
8. The fund will finance project's fixed assets and working capital.
  - For Non-Agricultural projects, working capital shall be paid for a period of three (3) months only.
  - For Agricultural Projects such as poultry, working capital shall be paid for a period of six (6) months
  - Small stock, piggery will be paid for a period of (12) months
  - Livestock farming will be paid for a period of (12) months.

**(Note: 1. Connection and installation of electricity, water, telephone or borehole drilling will not be financed. 2. The working capital must be calculated in the overall project proposal.)**

9. Projects operating in backyards shall not be accepted unless approved by byelaw authorities.
10. Release of funds to successful projects shall be done after conditions precedents have been met. All payments shall be made directly to the suppliers and **not** to the beneficiaries.
11. The beneficiaries shall be responsible for the transportation of their goods from suppliers to their place of operation. Transport costs for such should be made part of the project budget.

## 12. OTHER SPECIFIC REQUIREMENTS

- 12.1 **Business proposal:** To get assistance under the Youth Development Fund, applicants are required to submit the Fund's application form.
- 12.2 **Project Evaluation:** Project proposals shall be subject to a thorough adjudication process by the PDC/AC to demonstrate viability.
- 12.3 **Agreements:** Applicants of approved projects will be required to sign binding loan and grant agreements with the Department of Youth at their respective District Youth Office.
- 12.4 **Reporting:** Beneficiaries shall be required to fully account for the funds and submit monthly progress reports accompanied by a detailed financial report to their respective District Youth Offices.
- 12.5 Business bank accounts are a requisite and periodic bank statements should accompany the monthly reports to the district youth office.
- 12.6 **Willingness to be guided:** The project beneficiaries must demonstrate willingness to be guided and developed as entrepreneurs. They will need to comply with the training, mentoring and monitoring processes.
- 12.7 **Management:** The project should be full time owner-managed.

## 13. TYPES OF PROJECTS NOT TO BE FUNDED:

- Bar/ Bottle Store/Liquor Restaurant/ any other alcohol related projects.
- Cash Loan
- Night Clubs
- Property Acquisition and Development
- Motor Vehicles
- Phone Shops
- Cattle Speculation
- Any other business that is not allowed by the laws of Botswana.

## 14. MONITORING OF YOUTH PROJECTS

Monitoring of youth projects shall be carried out by the Youth Officers, PDC/AC and other relevant stakeholders to ensure that funds are utilised for the intended purposes.

## 15. APPEALS STRUCTURE

**In the event of an appeal, the following procedure shall apply:**

- The appeal should be in a written form and be submitted to the District Youth Officer who shall then forward it to the Regional Youth Officer, who is a member of the Appeals Board.
- The appeal should be submitted to the District Youth Officer within 14 working days from the time of receipt of the rejection letter.
- The appeal should be addressed to the chairman of the Appeals Board, who is the Director of the Department of Youth, P/Bag 00185 Gaborone.
- **THE DECISION OF THE APPEAL'S BODY SHALL BE FINAL**

**Appeals Board shall comprise:**

- Director of Youth,
- Head of Project Division,
- Regional Youth Officer,
- Regional Projects Officer (Secretariat) for the respective region.
- An expert in the relevant field shall be called as and when the need arises