

Perceptions of Youths on Government Venture Capital Fund (The Accrued Empowerment Benefits)

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Abstract

The study examined the effect of Centenary Bank Loan Management of the Government Youth Venture Capital fund on the economic empowerment of the youths in Uganda. The specific objectives were; (1) to examine the relationship between the bank loan portfolio and youth empowerment benefits; (2) to analyze the relationship between the bank's existing management regulations and the economic empowerment benefits derived by the youths; and (3) to ascertain the relationship between Centenary Bank loans management and its ability to work out problem loans amongst the youths and economically empower them. Results revealed that; (1) there is a significant and positive relationship between bank loan portfolio and youth empowerment benefits [$r = .664, p < 0.0001$]; (2) there is a positive and significant relationship between Centenary Bank's existing management regulations and the economic empowerment of youths [$r = .712, p < 0.0001$]; and (3) there is a positive and significant relationship between Centenary Bank loans management ability to work out problem loans and youth empowerment [$r = .559, p < 0.0001$]. It was therefore concluded that the Government of Uganda and the responsible ministries have the obligation to ensure that the Youth Venture Capital Fund is increased so that the youths can participate in development issues which strengthen the moral system and their behavior in the community. Similarly, the findings revealed that even though some youths have the required capital, they still need to be armed with a strong moral fibre that can enable them to discard the violence approach in society, gain entrepreneurial and the relevant life skills. This requires additional interventions some of which are academic and others religious such that ethics and morality are integrated into commerce.

Key words: Youth, Youth Economy, Uganda, Youth Empowerment, Capital Fund

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1 Introduction

While in the past the propensity to land a job after completed studies at Degree, Diploma and Certificate levels was easy. At present it has become not only difficult but also cumbersome. Many youths from all over the country in Uganda at present are endlessly hunting for jobs and as a result the Government came up with a Youth Venture Capital Fund which has been channeled through Centenary Development Bank to ameliorate the youth unemployment situation which has been exacerbated by the existence of few companies and enterprises that are owned by Government with the potential to offer employment opportunities. Uganda currently has the second youngest population in the world with over 78% below 30 years. The youth population in Uganda comprises of both the educated/skilled and the unskilled living in the rural and urban areas. In some regions like Karamoja and Northern Uganda, youth have been affected by the conflict that has plagued the region for the last 23 years. Such experiences and challenges arising from the breakdown of the social and economic infrastructure have had a strong bearing on their ability to access social and economic capital to acquire skills, and create their own opportunities.

Despite their basic qualification in terms of degrees, diplomas and certificates, many of the youths are prone to aspects like moral decadence, increase in crime, low spiritual commitment, substance abuse and the like which are not only counterproductive but risky to the economic and social development of the country.

According to the Uganda Ministry of Gender, Labour and Social Development, about 40,000 youth are released annually into the job market to compete for about 9,000 jobs on average. It is reported that the Government has put in place some legal and policy measures to address the unemployment challenge, such as; the National Youth Policy, the National Employment Policy for Uganda, the Skilling Uganda Strategic Plan 2012-2022 as well as the National Youth Council all of which provide a framework for youth engagement and employment. The Government of Uganda (GoU) Vision 2040 also focuses strongly on skills and employment. However, the above mechanisms have not been fully utilized to engage youth in the development agenda of Uganda which has limited their ability to realize their full potential.

Youth Empowerment required at present therefore should embrace both socio-cultural and political dimensions that are expected to translate into self-strength, control, self-power, self-reliance, own choice, life of dignity in accordance with one's values, capable of fighting for one's rights, independence, own decision making, being free, awakening, and capability. The aim is to help engage the youths to strengthen their local value and belief system and secure the future.

Such empowerment is designed to expand their freedom of choice and action. It is a means of increasing youths' authority and control over the resources and decisions that affect their

lives. As youths exercise real choice, they gain increased control over their lives. The current trend in Uganda is that the choices of the youths are extremely limited both by their lack of assets and by their powerlessness to negotiate better terms for themselves with a range of institutions, both formal and informal. They cannot access traditional bank loans that require collateral security despite their age, energy and desire for comfortable life.

The study by Diwan (2003) observed that young people are the best resources for promoting their development and that they must be both architects and agents in meeting the challenges and solving the problems faced in today's world in the new millennium. It was concluded that youth empowerment is key to the current capacity-building process worldwide which enables them to engage in productive ventures in society. It is meant for the youths to participate not only in formal and informal decision-making, but also assist them to engage productive ventures through access to education, employment and health, as well as to resources. Empowering young people is therefore an act of allowing them the opportunity to make responsible decisions that affect their lives as vibrant active agents for development and change.

This study was therefore premised on the assumption that the current Youth Venture Capital Fund that was channeled through Centenary Bank has significantly served as a medium through which young people will be given tools to understand issues that are influencing their quality of life and become empowered to take action. The specific objectives of this study were therefore to;

- (1) examine the relationship between the bank loan portfolio and youth empowerment benefits;
- (2) analyze the relationship between the bank's existing management regulations and the economic empowerment benefits derived by the youths; and
- (3) ascertain the relationship between Centenary Bank loans management and its ability to work out problem loans amongst the youths and economically empower them. Consequently, the tested null hypotheses for this study were;
 1. There is no relationship between the bank loan portfolio and youth empowerment benefits.
 2. There is no relationship between the bank's existing management regulations and the economic empowerment benefits derived by the youths.
 3. There is no relationship between Centenary Bank loans management and its ability to work out problem loans amongst the youths and economically empower them.

This study is significant because according to Otago (2015), government withdrew the youth venture capital fund from two commercial banks of Stanbic and DFCU over failure to disburse loans to youths. The money was instead channeled through Centenary Bank after the two demonstrated they could not deal with the youth. Similarly, Kasirye (2015) noted that one approach to the youth unemployment challenge has been the promotion of self-

employment through the establishment of National Youth Funds. Consequently, the Youth Venture Capital Fund (UYVCF) worth UGX 25bn (about US\$ 10 million) was introduced in

2011 and also in September 2013, government significantly boosted youth schemes by allocating UGX 265 billion (about US\$ 100 million) to the Youth Livelihood Programme (YLP) over a five-year period.

2 Conceptual Framework

In developing the conceptual framework for this study, youth empowerment is measured by using indicators in two basic areas: youth access to economic resources which translates to increase in income, mobility in income generation, improved status like becoming employers, access to more resources, product diversification and business expansion. The moderating variable for this study is in youths’ access to training opportunities using financial management, business management and general skills (life skills) training as shown in figure 1.

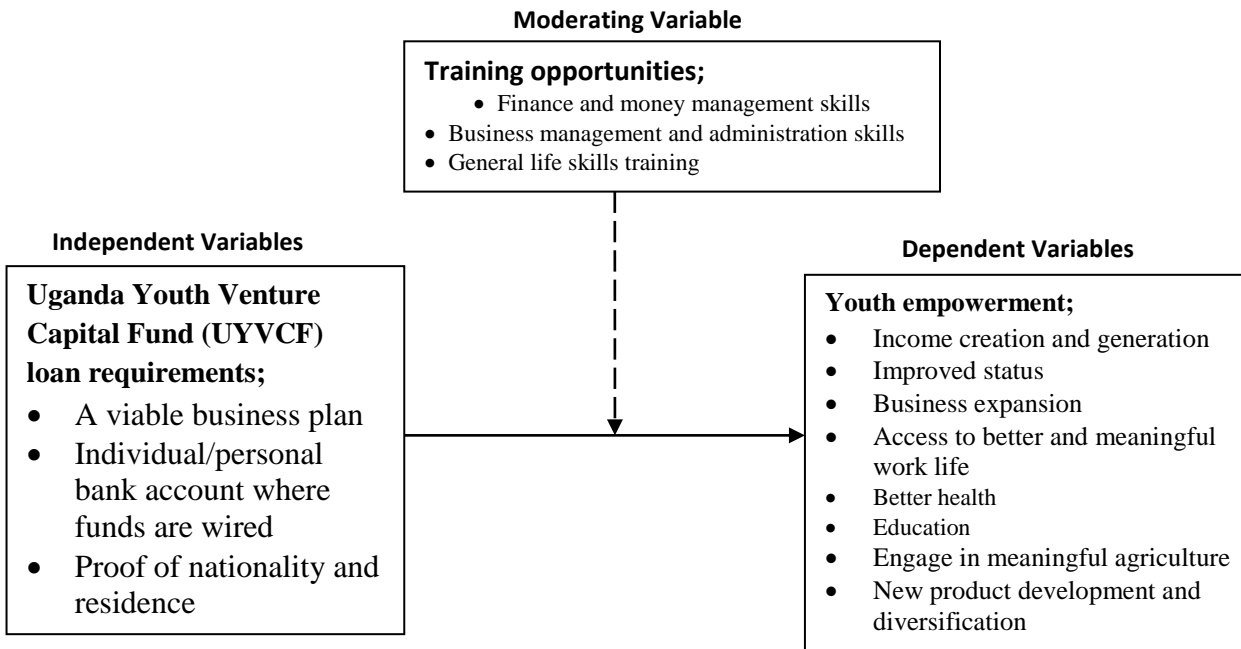


Figure 1: conceptual framework

3 Literature Review

According to Diwan (2003), youth empowerment is based on the belief that young people are the best resources for promoting their development and that they must be both architects and agents in meeting the challenges and solving the problems faced in today's world in the new millennium. The research by McMurray (2006) noted that most third world countries are characterized by high numbers of young people dropping out of school and unable to find employment. It was concluded that many others are turning to risky behaviours, exposing themselves to the dangers of substance abuse, unplanned pregnancies, sexually transmitted infections and HIV/ AIDS. In Uganda like elsewhere, there are many youths on the streets who feel they have no place in their own homes and communities and as a result such youths have often resorted to suicide while others have turned to criminal activities as a means of survival. Consequently, the government found it prudent to mitigate this escalating and unpalatable trend by earmarking funds that can provide opportunities for young people to develop the competencies they need to become successful contributing members of their communities.

According to the study by Pittman & Wright (1991), empowerment can be one of the most effective strategies for providing young people with opportunities to develop life competencies. Therefore, empowering youths is important because it leads to competencies that are linked to self-esteem. This was supported by the research by Harter (1993), who noted that youths with increased competencies are a great resource for the country's development given the increasing responsibility that accumulates throughout their daily activities while running the both the social and economic activities in the country.

Meanwhile, in a study conducted by DiBenedetto (1992), youths identified nine factors influencing their feelings of empowerment; (1) Non-authoritarian adult leadership; (2) Being able to experience and exercise power; (3) Receiving education and training; (4) Participating in critical analysis of issues; (5) Experiencing an environment of safety, closeness and appreciation; (6) Being able to honestly express opinions and emotions; (7) Accepting diversity; (8) Developing a voice; and (9) Being able to take action.

According to Tasli (2007), youth empowerment takes place in two ways. First, when they are given power to make decisions or to act on behalf of an organization and second, when they are equipped with knowledge such as being taught a skill. In this sense empowerment takes place when the youth is facilitated to rely on themselves rather than others.

It was also noted by Kate (1993) that resources are an important incentive to youth empowerment. The resources could either be concrete such as finances and technology, but they could also be abstract resources such as know-how, and skill training in fields such as management, leadership formation and conflict resolution.

Types of Empowerment

Youth empowerment examines six interdependent dimensions; psychological, community, organizational, economic, social and cultural. These are summarized in the table 1 below;

Table 1:Types of Empowerment

No.	Type	Description
1.	Psychological empowerment	This enhances individual's consciousness, belief in self-efficacy, awareness and knowledge of problems and solutions and of how individuals can address problems that harm their quality of life. This dimension aims to create self-confidence and give youth the skills to acquire knowledge.
2.	Community empowerment	This focuses on enhancing the community through leadership development, improving communication, and creating a network of support to mobilize the community to address concerns.
3.	Organizational empowerment	Aims to create a base of resources for a community, including voluntary organizations, unions and association that aim to protect, promote and advocate for the powerless
4.	Economic empowerment	Teaches entrepreneurial skills, how to take ownership of their assets and how to have income security
5.	Social empowerment	Teaches youth about social inclusion and literacy as well as helping kids find the resources to be proactive in their communities
6.	Cultural empowerment	Aims to recreate cultural practices and redefine cultural rules and norms for youth.

The government of Uganda decided to empower the youths by channeling billions of money through viable commercial banks because bank loans are one of the principal sources of capital for business start up. The loan portfolio is typically the largest asset and the predominate source of revenue for most commercial banks. As such, it is as well one of the greatest sources of risk to a bank's safety and soundness. Whether due to lax credit standards, poor portfolio risk management, or weakness in the economy, loan portfolio problems have historically been the major cause of bank losses and failures. Therefore, the earmarked banks have an obligation to ensure that funds are prudently managed and professionally handled to serve the intended purpose.

Effective management of the loan portfolio and the credit function is fundamental to a bank's safety and soundness. Loan portfolio management (LPM) is the process by which risks that are inherent in the credit process are managed and controlled. Because review of the LPM process is so important, it is a primary supervisory activity. Assessing LPM involves evaluating the steps bank management takes to identify and control risks throughout the credit process. The assessment focuses on what management does to identify issues before they become problems.

For decades, good loan portfolio managers have concentrated most of their effort on prudently approving loans and carefully monitoring loan performance. Although these activities continue to be mainstays of loan portfolio management, analysis of past credit problems, such as those associated with agricultural lending and commercial real estate lending in the 1980s, has made it clear that portfolio managers should do more. Traditional practices rely too much on trailing indicators of credit quality such as delinquency, nonaccrual and risk rating trends. Banks have found that these indicators do not provide sufficient lead time for corrective action when there is a systematic increase in risk.

4 Methodology

The sample comprised youths who were beneficiaries of the UYVCF fund in Centenary Bank. Purposive sampling technique was employed in that only those youths who have accounts in Centenary Bank and also beneficiaries of the UYVCF fund were contacted. This sampling technique yielded a total of eighty (80) respondents out of whom sixty four (64) returned completed and usable questionnaires. A five point Likert Scale was used for rating the items of the opinion survey ranging from (5 = Strongly Agree to 1 = Strongly Disagree).

Reliability of the questionnaires was determined using Cronbach Alpha that stood at 0.886 implying that the questionnaire registered the highest form of reliability.

Correlation and regression analyses were performed using SPSS package version 20 to test the relationship and the general effect of local government perceived revenue collection on service delivery.

5 Analysis

Youth empowerment comprised the dependent variable and it was measured by the extent to which the youths have been able to meet their basic needs, participate in community development issues with the required civic efficacy. The full details of the youths' responses to these items are summarized in table 2.

Descriptive statistics in table 2 shows that the loan empowerment provided by the bank has enabled many youths to start up their own businesses (98.5%), employ fellow youths (95.4%), and as well meet their basic needs (81.3%). On the same note, a very low figure (48.4%) agreed that because of the loan empowerment program, youths have acquired entrepreneurial skills and that there is generally reduced violence (51.6%). Similarly, due to the loan empowerment program, youths now have income security (89.1%) and that there is increased academic achievement (70.4%). In addition, it was agreed that because of the loan empowerment, there is increased youths self-esteem and efficacy (87.5%). However, 51.6% of the respondents disagreed with the statement that they can be able to lead their communities in the future and also 73.5% disagreed that youths have adopted the cultural rules and norms with a need to marry. It is also noted from the analysis that that due to the loan empowerment, youths are able to participate in community development issues (87.5%) and an average number (65.6%) agreed that the loan empowerment has strengthened the moral system and improved behavior. This means that the behavioral aspects like youths' involvement in violence, their interest to get married and the comprehensive entrepreneurial skills need an additional intervention beyond the funds. Some of these aspects require religious emphasis in that there is need for ethics and morality to be appreciated as an important vehicle that can propel commerce and business. This is most likely to avoid the thinking that people can acquire wealth without work or succeed in life without engaging fully into recognized marriages.

5.1 Bank loan Portfolio and Youth Empowerment Benefits

Data was analyzed using both descriptive and correlation analysis. Therefore before testing the relationship between Centenary Bank loan portfolio and youth empowerment benefits, descriptive statistics was analyzed as indicated in table 3. It is indicated from the table that 87.5% of the respondents agreed that loan officers always review loans in their portfolio. In addition, 79.7% also agreed that loans more than 30 days in arrears are reported to Head Office. However, 62.5% of the respondents disagreed with the fact that loan officers handling loans are qualified. This means that not all loan officers in Centenary Bank are qualified. Results also show that 81.2% of the respondents agreed that grading of any loan commences from the date of the first installment. Also, 96.8% agreed that the bank performs a credit investigation on proposed and existing borrowers for new loan applications and an average number (60.9%) agreed that borrowers' outstanding liabilities are checked to appropriate lines of credit prior to granting additional advances. It should also be noted that 79.6% of the respondents agreed that all loan commitments are in writing while 76.6% agreed that the bank requires periodic submission of financial statements by all borrowers whose loans are not fully secured by readily marketable collateral. Last but not least, 95.3% agreed that the bank maintains credit files for all borrowers. Finally, 98.4% of the

Table 2: Responses on youth empowerment

No.	Item	Responses		
		SA &A	N	D & SD
		%	%	%
	Because of the loan empowerment...			
1.	I was able to start up my own business	98.5	1.6	0.00
2.	I am able to employ at least 1 fellow youth	95.4	3.1	1.6
3.	I have the ability to meet basic needs	81.3	9.4	9.4
4.	I now know the entrepreneurial skills	48.4	46.9	4.7
5.	I now have income security	89.1	10.9	0.00
6.	There is generally reduced violence in the community where I reside	51.6	46.9	1.6
7.	The academic achievement in my community is increasing	70.4	29.7	0.00
8.	My self-esteem and efficacy has increased	87.5	10.9	1.6
9.	I have the confidence to lead my community in the future	32.8	4.7	51.6
10.	I am able to participate in community development issues with the required civic efficacy	87.5	7.8	4.7
11.	Has strengthened the moral system and improved behavior in my community	65.6	12.5	21.9
12.	Many youths have adopted the cultural rules and norms with a need to marry	21.9	4.7	73.4

respondents agreed that written applications are required for all loans. The analysis here concludes that Centenary Bank has to work and win the confidence and trust of the youths so that it is looked at as an indigenous bank with credibility to handle this challenging assignment given by the Government.

Testing the Relationship between the Bank loan Portfolio and Youth Empowerment Benefits

After the descriptive analysis above, a correlation matrix was generated to establish the relationship between bank loan portfolio and youth empowerment benefits. As indicated in table 4, there was a positive and significant correlation between bank loan portfolio and youth empowerment benefits ($r = .701^{**}$, $p < 0.001$) implying that the loan portfolio plays a significant contribution to youth empowerment in Uganda. The finding therefore reveals the critical need for government to roll out bank loans using well registered, indigenous and professional banking system that has got friendly terms. These terms should be set by the Government itself and monitored with scientific evaluations of their impact on ground.

Table 3: Responses on bank loan portfolio

No.	Item	Responses		
		SA & A	N	D & SD
		%	%	%
1.	Loan officers always review loans in their portfolio	87.5	12.5	0.00
2.	Loans more than 30days in arrears are reported to Head Office	79.7	14.1	6.3
3.	Loan officers handling loans are qualified	18.8	18.8	62.5
4.	Grading of any loan commences from the date of the first installment	81.2	9.4	9.4
5.	The bank performs a credit investigation on proposed and existing borrowers for new loan applications	96.8	1.6	1.6
6.	Borrowers' outstanding liabilities are checked to appropriate lines of credit prior to granting additional advances	60.9	37.5	1.6
7.	All loan commitments are in writing	79.6	10.2	10.2
8.	The bank requires periodic submission of financial statements by all borrowers whose loans are not fully secured by readily marketable collateral	76.6	4.7	18.8
9.	The bank maintain credit files for all borrowers	95.3	3.1	1.6
10.	Written applications are required for all loans	98.4	0.00	1.6

5.2 Compliance with Existing Management Regulations and Youth Empowerment Benefits

Before determining the relationship between Centenary Bank youth fund loan regulations and the economic empowerment benefits derived by the youths, descriptive statistics was first analyzed. As indicated in table 5, the results reveal that most of the respondents (98.4%) agreed that Centenary Bank has loan policies and procedures. However, 81.2% of the respondents were of the view that loan policies do not effectively manage and minimize credit risk and that loan officers and managers fail to adhere to loan policies and procedures when engaged in lending activities (84.3%). The analysis also reveals that 71.8% of the respondents agreed that loan officers disburse loan funds to clients who do not exist. In addition, an average number, 57.8% of the respondents also agreed that loan repayment procedures and regulations are clear to them. Also, 62.5% agreed that all loans to clients are properly authorized and that the managing director has the authority to approve loans to clients in exception to procedures (84.4%). However, 59.4% of the respondents disagreed

with the statement that repayment of the loan as per the regulations helps the bank extend loans to others. Table 3 also shows that majority of the respondents (71.8%) are satisfied with the loans they receive from the bank and are ready to pay as expected and the same number(71.8%) agreed that their loan obligations to the bank is clear to them. Also, 70.3% agreed that they expect the loan they receive to change their lives. In addition, 90.7% agreed that they have been sensitized on the implications of failure to pay. Finally, 85.9% of the respondents agreed that the procedures for accessing the loan from Centenary Bank are clear and easy to understand. This means that there is need to train and retrain bank staff concerning youth fund management which differs significantly from the traditional loans. It is also implied here that other banking models such as the Islamic Bank System need be emphasized because most of the respondents were not happy with the existing regulations for access to loans that are emphasized at present. The Islamic Banking System may offer significant solutions to the scenario found here.

Table 4: correlation matrix

	Bank loan portfolio	Compliance with regulations	Working out problem loans	Youth Empowerment
Bank loan portfolio	-			
Compliance with regulations	.701**	-		
Working out problem loans	.767**	.767**	-	
Youth Empowerment	.664**	.712**	.559**	-

*. Correlation is significant at the 0.05 level (2 tailed)

** . Correlation is significant at the 0.01 level (2-tailed)

Testing the relationship between Centenary Bank management regulations and the economic empowerment benefits derived by the youths

A correlation analysis was also employed to determine the relationship between Centenary Bank’s existing management regulations and the economic empowerment benefits derived by the youths. Results support the hypothesis that there is a positive and significant relationship between the bank’s existing management regulations and the economic empowerment benefits derived by the youths ($r = .712^{**}$, $p < 0.0001$) as indicated in table 4. This means that for this scheme to operate effectively, regulations should be known, understood and adhered to by the youths. This is most likely to sustain the drive by the

government to solve the unemployment problem that is believed to be multifaceted ranging from an inadequate investment or supply for jobs to insufficiency in the availability of employable skills amongst the youths.

Table 5: Responses on compliance with existing management regulations

No.	Item	Responses		
		SA &A	N	D & SD
		%	%	%
1.	Loan officers and managers fail to adhere to loan policies and procedures when engaged in lending activities	84.3	1.6	14.1
2.	Loan officers disburse loan funds to clients who do not exist	71.8	1.6	26.6
3.	The bank has loan policies and procedures	98.4	1.6	0.00
4.	The loan policies do not effectively manage and minimize credit risk	81.2	7.8	11.0
5.	All loans to clients are properly authorized	62.5	32.8	4.7
6.	Managing director has authority to approve loans to clients in exception to procedures	84.3	14.1	1.6
7.	Loan repayment procedures and regulations are clear to me	57.8	9.4	32.8
8.	Am satisfied with the loan so far received from the bank and ready to pay as expected	71.8	25.0	3.2
9.	My loan obligation to the bank is clear to me	71.8	18.8	9.4
10.	I expect the loan I received to change my life	70.3	23.4	6.3
11.	I have been sensitized on the implications of failure to repay	90.7	0.00	9.4
12.	Repayment of the loan as per the regulations helps the bank extend loans to others	39.1	1.6	59.4
13.	The procedures for accessing the loan are clear and easy to understand	85.9	4.7	9.4

5.3 Centenary Bank Loans Management and Its Ability to Work Out Problem Loans Amongst Youths

It can be deduced from table 6 that majority of the respondents (90.7%) agreed that clients with difficulties in loan payments are usually given a period extension and 93.7% also agreed that the consequences for clients who refuse or fail to pay loans are known. Similarly, it is noted that 98.5% of the respondents agreed that guarantors are called upon to pay in case of clients' nonpayment and that the decision to reschedule a loan is only taken by the loans committee (96.8%). Moreover, 76.5% of the respondents agreed that loans are restructured more than twice and that there is strict monitoring of loans which ensures improved loan

performance (85.9%). Similarly, 81.3% of the respondents agreed that properly monitoring of a weak loan or advance can decrease the chances of its default. Above all, 81.3% disagreed that credit monitoring is directly related with the occurrence of problem loans. Finally, a very small figure (43.7%) agreed that good and up to date training of bankers plays a very important and key role in their professional grooming and enables them to make wise loaning decisions. The findings here provide insights in the need to improve on the current policies and provide for transparency and integrity for both the bank loan officers and the youths as clients.

Table 6: Responses on Centenary Bank loans management and its ability to work out problem loans amongst the youths

No.	Item	Responses		
		SA & A	N	D & SD
		%	%	%
1.	Clients with difficulties in loan payments are usually given a period extension	90.7	9.4	0.00
2.	The consequences for clients who refuse or fail to pay loans are known	93.7	6.3	0.00
3.	Guarantors are called upon to pay in case of clients' non payment	98.5	1.6	0.00
4.	The decision to reschedule a loan is only taken by the loans committee	96.8	1.6	1.6
5.	Loans are restructured more than twice	76.5	14.1	9.4
6.	Strict monitoring of loans ensures improved loan performance.	85.9	9.4	4.7
7.	Properly monitoring of a weak loan or advance can decrease the chances of its default.	81.3	10.9	7.9
8.	Good and up to date training of bankers plays a very important and key role in their professional grooming and enables them to make wise loaning decisions.	43.7	20.3	36.0
9.	Credit monitoring is directly related with the occurrence of problem loans.	7.9	10.9	81.3

Testing the relationship between Centenary Bank loans management and its ability to work out problem loans amongst the youths and economically empower them

In order to test the hypothesis Centenary Bank loans management influences its ability to work out problem loans amongst the youths and economically empower them, a correlation matrix was generated. As indicated in table 4, the results reveal a significant and positive correlation between the Centenary Bank loans management ability to work out problem loans and youth empowerment ($r = .559^{**}$, $p < 0.0001$).

6 Discussion

This study provides an insight in the effect of Centenary Bank loan management scheme and the economic empowerment of youths. The high rates of labor force growth which is currently at 4.7% per annum has been well documented by Ahaibwe and Mbowa (2014). The authors interestingly observed that unemployment is lower among persons with no education and primary education while is higher among those with secondary education and above. Education in modern times has turned into a factory of producing job seekers. Lack of higher perspective of life has resulted in making the so called education more and more 'self-centered'. The result is that the educated youths live in constant fear and tension which is driving them to depression. Because of this worrying and unexpected trend, the government found prioritized and set aside 25bn for the economic empowerment of the youths in 2011. The expectation was that such a fund would turn around the inverted pyramid and ensure the highly energetic and productive age bracket of our population would use it gainfully and gradually solve this problem. The study here confirms that the government move is on the right direction and that there is a relationship between this fund and the expected benefits from this empowerment drive. According to Rosemary (2010) youth empowerment in Africa is mainly done in two ways; (i) through the provision of credit facilities; and (2) through the establishment of training facilities in which youth are engaged in petty trade, artisanship, peasant farming and are given on-the-job training in various aspects of industrial management. Ochola (2011) observed that the need for giving a helping hand to the youth has increased in the recent decades due to an increasingly pressured and complicated world.

The research Nedeljkovic (2014) provides the dangers of being young and unemployed and observed that this can lead to increase in the risk of poverty, deskilling and social exclusion as well as cause loss of motivation and mental health problems. Fresh graduates lacking experience often find themselves trapped in a vicious cycle. They often lack the experience needed to fill a job opening, which prevents them from getting employed. Thus, the job-searching period for them becomes considerably longer than for experienced workers, which leads to gaps in employment history, loss of skills and productivity, and harms their future work prospects.

Moreover, Banks (2016) noted that understanding the realities and repercussions of youth under- and unemployment requires looking behind outcomes and indicators at the local and global structures and processes that create both the hostile economic and social environment in which young people search for livelihoods. It should be noted here that the

unemployment problem is unique to Uganda or Africa alone. For example Jacobs (2014) reported that many young Americans are enduring staggeringly high rates of joblessness and expressed worry that the official unemployment rate for 16 to 24 year olds is 14.5 percent. This figure is reported to have been in double-digits for seven straight years. Jacobs concluded her study by noting that over three million young people are unemployed, and many more have dropped out of the labor market entirely. An important finding of the research was that while the unemployment rate for young workers has long been substantially higher than that of older workers, the severe job losses and anemic labor market recovery from the Great Recession have left millions of young workers in a particularly tough spot.

The study measured empowerment by the extent to which youths are able to start up their own businesses and employ others coupled with the ability to participate in community development issues with the required civic efficacy. According to Davis (1999), youth empowerment is often addressed as a gateway to integration of equity, civic engagement and democracy building. Youth empowerment is about facilitating the youth to forge partnerships with other groups in society; instilling a sense of ownership in the efforts to improve their well-being; and building their capacity to realize their aspirations and boost self-motivation.

According to Misha (2016), the main responsibility of the compliance function is to assist the senior management to effectively manage compliance risks that comprise the bank compliance with laws, rules and standards. The compliance risk is measured by using performance indicators such as increased number of customer complaints, irregularities in payments to enhance compliance risk. The compliance function also identify, record and assess compliance risks associated with the bank's operations, including new products and practices, proposed establishment of new types of business, customer relations, and material changes in the nature of such relations. It covers the fields such as lending, operation, deposits, transfers, etc. It therefore concluded that the bank has loan policies and procedures although such policies do not effectively manage and minimize credit risk. This is because the loan officers and managers fail to adhere to loan policies and procedures when engaged in lending activities

The study also stressed the need for the bank to work out problem loans which was measured by the extent to which the bank provides period extensions to clients with difficulties in loan payments, seizing of collaterals for clients who refuse or fail to pay, strict monitoring of loans, among others. According to Omitogun et al (2016), banks manage problem loans through loan workouts. Loan workouts can take a number of forms: simple renewal or extension of the loan terms; extension of additional credit; formal restructuring of the loan terms with or without concessions; or, in some cases, foreclosure on underlying collateral. Banks should choose the alternative that will optimize the recovery and minimize the risk of troubled loans because eradication of problem loans is a necessary condition to improve the economic status of the nation. If the problem loans are kept existing and continuously rolled over, the resources are locked up in unprofitable sectors; thus, hindering the economic growth and impairing economic efficiency. To minimize the negative impact of problem loans, lenders must be able to spot early warning signs of deteriorating credit and proactively work to reduce exposure to undue risk.

7 Conclusion

In conclusion therefore, economic empowerment using the bank loan scheme has been found to be effective and significant in shaping the destiny of the young generation by enabling them to develop new ventures, acquire entrepreneurial skills and better the quality of life in different multiple ways such as health, education and hygiene. The Government of Uganda therefore and the responsible ministries have the obligation to ensure that this type of funding is increased so that the youths can participate in development issues which strengthen the moral system and their behavior in the community. Working out problem loans, compliance with the regulations are key for an entity like Centenary Bank in the youth empowerment process. The traditional system therefore that has not been able to identify the difficulties that are embedded in loan payment and how rescheduling of loans can be done in a friendly and humane nature need to be revised. There is need for proper monitoring of the loan repayment, effective training and education to the beneficiaries to have the expected business acumen so that the acquired loans is not only a favor but a precursor for them to acquire civic efficacy and future economic security which have a multiplier effect beyond themselves.

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