PROGRESS REPORT ON THE ESTABLISHMENT OF AN AFRICAN FUND FOR YOUTH: A FEASIBILITY STUDY
I. INTRODUCTION

1. Youth, defined by the United Nations as all persons within the age range 15-24 years, constitute a special target group in Africa's socio-economic development. Consistently high rates of population growth over the years in African countries have swelled their numbers into a significant proportion of the African population. Projections of population growth into the coming century, indicate that the category of youth in Africa will, in fact, continue to grow. The implications of this situation for the provision, by government, of jobs, education, training, health care, housing, etc., are serious.

2. At present, there are approximately 122 million youths on the African continent representing 19 per cent of the African population. This figure is expected to increase to over 266 million in the next 25 years, given the present rates of population growth. Youth population growth of this magnitude requires that measures be embarked upon to anticipate and respond, in a timely manner, to the demands which such growth will create.

3. In 1990, Africa had to create 11 million new jobs just to absorb the natural increase in the labour force. In the year 2000, this requirement is expected to increase to some 16 million, then to 25 million by the year 2015. All these new labour force entrants will be youths grappling with the spectre of unemployment which typically affects them more than any other group in the population. Present estimates place youths at 60 per cent of the unemployed in the African economy.

4. Similar pressures will be placed on African Governments to provide secondary, vocational, technical and higher education opportunities to millions more youth in the coming years. This will require huge investments, which most governments will be hard pressed to make. Housing, health and other social welfare provisions will also have to be increased to meet the monumental growth in demand.

5. The youth will find it more difficult to achieve their own self-fulfilment as responsible adults, citizens and income-earners. This would diminish their preparedness for responsible parenthood. The frustrations thus engendered among Africa's youth would increase their tendency toward anti-social behaviour: crime, drug abuse, anti-establishment inclinations, etc.

6. It is a cliche to say that Africa's future lies in its youth, yet this cliche has to be repeated. The youth of today will be the civic and political leaders, policy and decision makers, entrepreneurs, professionals, etc., of the twenty-first century - a century that will be characterized by revolutions in science, technology and informatics in the already developed countries of the world. It will be the responsibility of today's youth to bring Africa to participate in and benefit from that revolution; bring about food security and self-sufficiency; begin the process of real and meaningful industrialization as well as the socio-economic transformation and sustained and sustainable development of the continent.

7. The youth of Africa will stand ready to take on this responsibility only if governments succeed in empowering them, through appropriate enabling programmes that will raise their skills and knowledge, infuse in them attitudes and feelings of self-confidence and pride as well as a sense of mission to society. This would require a massive programme of economic and social investment throughout the continent which, given the discouraging prospects facing the African economy, governments of the region will find difficult to make.

8. However, the imperative for action to redeem and empower Africa's youth to assume their role in Africa's socio-economic transformation and development in the coming century demands that concerted action be taken by governments of the region, the international community, governmental and non-governmental organizations, grass-roots organizations and the private sector. These could all work together to provide the knowledge, skills and attitudes as well as the opportunities for engagement in productive and gainful socio-economic development that would assist Africa's youth in fulfilling their mission to society.
9. Cognisant of this urgent need, the ECA Conference of Ministers, at its twenty-seventh session in April 1992, called upon the Executive Secretary of ECA, in collaboration with the Organization of African Unity (OAU) and the African Development Bank (ADB), to undertake a feasibility study to ascertain whether there was a need for the creation of an "African Fund for Youth". In the event that the study determined that the creation of the fund was opportune, ECA was requested to put together a detailed proposal indicating how the fund should be established and operated in order to serve the development interests of Africa's youth. The study was to be submitted to the Conference of Ministers at its twenty-eighth session.

10. Pursuant to this request, ECA, in consultation with OAU and ADB, made contact with member States and fielded missions in which ADB and ECA participated, to a representative sample of 10 African countries in all the subregions to seek the views of governments on the need for the fund, ascertain the inherent problems associated with the integration of youth in the development process and make an on-the-spot assessment of the adequacy of the institutions and mechanisms already in place at the national level for handling the task of managing the financing of youth empowerment programmes. The countries visited were the Congo, Egypt, Gabon, Kenya, Mali, Morocco, Mozambique, Senegal, Swaziland and Zambia. Three other countries which were also to have been covered by the missions did not respond in time to make the mission possible.

11. The present report summarizes the views of member States on the proposed fund, analyses the problems of youth which it should address and proposes how it might be organized and operated.

II. SUMMARY OF THE FINDINGS OF THE FEASIBILITY STUDY MISSIONS

12. The missions confirmed that in all the countries visited, youth problems were of utmost concern to the authorities. The definition of youth varied from the standard 15 to 24 years (as in Zambia) to 12 to 30 years (as in Swaziland) and 14 to 35 (Mozambique). In all cases, youth constituted a significant proportion of the population.

13. All the government officials contacted identified youth unemployment, especially educated unemployment, as the biggest social problem which they have had to contend with over the years. This problem is further compounded by the deteriorating conditions in rural areas which have accelerated the rural-to-urban migration trends, involving mainly youth. A related problem is the one of skill deficiency which is prevalent among the youth and which the school system in many African countries has not as yet adequately addressed. Then there are the problems of access to factors of production, primarily land and credit, which further complicates the plight of youth in the labour market. Therefore, a growing feeling of frustration is emerging among the youth which is increasingly being translated into anti-social behaviour and pushing up the levels of crime, drug-abuse and other social problems.

14. Among other things, observations in the field confirm that:

   (a) There is widespread unemployment and underemployment in the African countries but the problem was most acute for youth and women in general;

   (b) In the category of youth, there were generally more male job-seekers than women. On the average, around 60 per cent of the young job-seekers are male while women make up the difference;

   (c) On the average, illiterate youth and those with lower education up to junior secondary school level found it much easier to get integrated, while those with higher education starting from senior high school onwards, including university graduates, had more problems of settling down. On the whole, it is young high school graduates that had no opportunity of continuing their education career that constitute the largest proportion of unemployed youth among both men and women;
(d) Of the unemployed, young women were able to cope better with the situation than their male counterparts. Anti-social behaviour including crime, drug-abuse, etc., is more prevalent among young men than among young women;

(e) Of the unemployed youth, the vast majority were looking for salaried employment and only a small proportion envisaged self-employment. This is for the simple reason that without capital and given the impossibility of raising capital on credit from the commercial banks without employment, income or some collateral, it was futile to entertain fertile ideas about setting up a project for self-employment. Women were more handicapped in this respect, due to the added cultural factors that further reduce their chances;

(f) Youth that had undergone vocational training were more easily integrated into the employment stream whatever their technical level than were school leavers with general education. The latter were looking for employment wherever it could be found irrespective of field or job requirements;

(g) Lack of initial capital for unemployed youth to engage in self-employment is only half the problem. Lack of training and experience in skills that relate to the business field of operation available will continue to be a handicap and training should therefore constitute an important preoccupation of any efforts to address youth concerns; and

(h) Youth unemployment problems should be viewed in the context of the family and also in the social context of the community. Historically, youth from well-to-do enlightened families get employment opportunities much more easily than youth from poor families. The latter may be in the unfortunate position where they are normally looked upon by the family as the future bread-winner and hence the more despair and frustration of the family and the community, when gainful employment is not available to the school or university leaver. This problem is more pronounced in the rural areas where talking of youth problems is synonymous to talking about family problems.

15. The special problems of youth in Mozambique are representative of the situation in many countries of the region that are emerging from conflict situations. While Mozambique has its fair share of the difficulties described in the preceding paragraphs, it also has to contend with 100,000 demobilized soldiers, the majority of whom are youths. It must also provide for a large number of disabled and displaced youth of both sexes, in the difficult conditions of a post-conflict economy.

16. In all the countries covered by the mission, important initiatives have been devised by government, often with substantial assistance from the international community, particularly NGOs, to address the growing problems facing youth. Apart from the mandates being prosecuted by the national ministries of youth, other supplementary arrangements have been made in the form of youth councils or national associations to facilitate the articulation of needs and empowerment strategies by the youth themselves. Also, special youth training programmes, employment generation programmes - particularly those that build capacity for self-employment, youth training and rehabilitation programmes - all abound in the countries covered by the mission. An innovative youth employment programme was found in Morocco, through which government-guaranteed loans are made available on concessional terms by commercial banks to youth entrepreneurs with good business projects. Zambia operates a revolving fund to provide credit at low interest to young entrepreneurs. In the Congo, the Forum for the Development of Young Entrepreneurs (FOJEP-DEV) provides both business training and credit for young Congolese who are interested in self-employment ventures. Similar programmes exist in all the other countries visited by the mission and no doubt, in the rest of the region as well.

17. Impressive as the national efforts are, they remain, in all cases, severely constrained by the inadequacy of resources. And while virtually all countries would wish to do more, they are hamstrung in their efforts by these same resource constraints. The proposed African fund for youth was therefore enthusiastically received by all the countries consulted.
18. Governments would like the fund to address, in order of priority, youth unemployment, skills training and general youth rehabilitation programmes. In those countries where youth organizations are not so well developed, the fund, if established, could operate either through the ministry responsible for youth affairs, or through the organ that coordinates the work of NGOs. In those where the youth are fairly well-organized, such as Kenya, Morocco and Senegal, the national youth councils or associations could constitute the liaison between the youths of that country and the fund. Yet another suggestion made to the missions was that a special unit could be created within government with participation of the youths, NGOs and the banking community to serve as the national focal point for the fund.

III. THE FUND

19. Practically all African Governments are faced with serious problems of youth unemployment and underemployment. These employment conditions affect the new labour force entrants of varying levels of education. Graduate unemployment is becoming severe in countries like the Congo and Senegal. With the economic crisis and the related slag in labour demand, school and university graduates now face a considerably reduced chance of finding gainful employment - a situation which frustrates the youth and leads to youth delinquency, anti-social behaviour and anti-establishment inclinations. With such a situation, African youth are beginning to feel betrayed and marginalized from the development process.

20. The plight of the youth however is of major concern to all African Governments which are evolving a number of policy measures aimed at reviving and expanding economic activity and thereby improve the overall employment situation. Awareness about the predicament of today’s youth and understanding of the important role that they have to play in the Africa of tomorrow are what have led the ECA Conference of Ministers to call for a mechanism to be put in place to assist governments to confront their current problems of youth empowerment.

21. It should be stressed here that the resource requirements to fully meet demands for assistance from the fund can only be expected to be enormous. The fund can therefore not substitute governments’ own budgetary appropriations for the empowerment of youth. For the continent as a whole, annual requirements would be in excess of US$1 billion even assuming a moderate national average of US$20 million. Some countries are spending amounts in excess of US$100 million annually for the purpose. A fund created for the purpose and deriving its resources from member countries' contributions alone would not be sustainable and indeed would have little justification unless countries would get more out of it than they put into it or unless they contributed in local currency for an account in their own country. The implication is that the principal resources of the fund would have to come from external sources and this, in turn, implies that viable programmes and mechanisms for resource transfer to the beneficiaries have been organized.

22. This is already happening in some countries where appropriate mechanisms for the integration of youth have been developed and funds from external donors have been forthcoming mainly as part of funding the reform process. The mechanisms take different forms depending on the country’s social specificities. These include social development funds created to fund youth group projects, or youth credit schemes with disbursements from commercial banks but without the need for a collateral. Several countries are exploring alternatives for the most appropriate mechanisms to be introduced to facilitate credit for funding youth group and women projects from commercial banks through guarantee mechanisms that would obviate the need for collateral. Whatever mechanism a government develops and adopts, it should operate within an already established policy framework accepted and understood by all the actors concerned. Unfortunately, some governments have made little progress in creating the policy framework for addressing youth problems which is a necessary first step towards charting out and implementing the requisite solutions.

23. While government efforts continue to be made to develop national youth integration policies and also develop appropriate mechanisms for resource mobilization both internally and externally, there is the need for the regional institutions to make youth concerns part of their operational agenda. To the extent possible,
youth concerns should be taken into account at the stage of conception of development projects in much the same way as gender issues are. Appropriate operational measures would then have to be formulated in this respect.

24. The youth fund, to be created, should be regarded as a facility for catalysing sustainable programmes and projects, providing seed money to small-scale youth projects. While its ultimate goal will be to contribute towards youth empowerment through the financing of youth projects, it should also be viewed as a vehicle for channelling youth in the general direction of self-employment. The management of the fund should not lose sight of this objective.

25. On the whole, employment for youth and related training should be viewed in the context of general economic development. So long as there are economic problems, as is the case with the majority of African countries, unemployment and underemployment problems can be expected to persist in varying degrees. Few African countries will be able to absorb all the new entrants to the labour force for several reasons mainly related to the structure of the economies, structure of the population and the inadaptation of the education systems to actual labour demands. In general, therefore, there will always be some element of unemployment and the efforts of governments should relate to opportunities for reducing the problem to the minimum level possible. This is precisely what the fund should, inter alia, endeavour to assist with.

26. In what follows a series of proposals are made as to what objectives the fund should have, how it should be structured and managed, and how it could reach the youths in the field.

A. Objectives

27. The main objective of the fund is to assist Africa's youth, individually and collectively, to participate more meaningfully in the social, economic, cultural and political development of the continent, while in the process, benefitting economically, financially and morally from such participation. To this end, the fund will seek to:

(a) Develop among youth, knowledge and skills of relevance to Africa's socio-economic transformation and sustained development;

(b) Inculcate, through carefully designed education and training programmes, attitudes that would conduce to social stability and the development of self-confidence among them for their more effective participation in socio-economic activities;

(c) Create opportunities for a greater involvement of youth in productive and gainful economic activities, particularly as entrepreneurs in the private sector;

(d) Promote rural development activities as a strategy for slowing down the migration of youth from rural to urban areas as well as for increasing their participation as producers in the rural economy;

(e) Provide relief, protection and assistance to the disadvantaged and vulnerable such as youth refugees, offenders, drug addicts, unwed mothers and the disabled;

(f) Promote greater understanding and cooperation among African youths through the organising of cultural, sports and other similar activities at the subregional and regional levels; and

(g) Provide support to initiatives of youths to organize themselves through clubs, associations, brigades, etc., for social, cultural and economic endeavour.
28. Given that the main preoccupation of governments is youth employment and the related vocational training, the fund could be made to narrow down as much as possible to these two aspects for practical operational and management purposes.

29. Since the problem is most pronounced for the age bracket of between 20 and 30 years, the age target of the fund could be expanded accordingly. A fund for youth between 15 and 24 years will invariably limit activity to training, thus leaving out the more pressing problem of unemployment. The majority to be trained would comprise secondary school drop-outs alone as the rest of the youth would still be attending school or university. Up to the age of 21 most youth are under the direct care of the family for livelihood, and the national education system for education. For youth between 15 and 24 years, it would therefore be more relevant for the fund to assist efforts to re-orient education and training systems in order to respond to the future employment needs of the economy in ways that would endow youths with skills that would enable them to participate more easily in their countries’ economies.

B. Operations

30. The fund should operate from two windows:

(a) A social window for financing non-profit making social communal projects and also training for enhancement of employable skills. This window would also assist youth organizations in the pursuit of cultural and other activities that promote greater understanding and cooperation among them;

(b) A credit guarantee window. This window would aim at contributing directly to poverty alleviation at the grass-roots level through a credit guarantee scheme for the most disadvantaged youths. The window will finance a commercial bank credit guarantee revolving fund to enable youth obtain credit from commercial banks on prevailing borrowing terms but without the need for collateral, in the same way that "Women World Banking" (WWB) guarantee arrangement with commercial banks, obtain credit without collateral for women. For this purpose, the fund would have to enter into guarantee arrangements with banks in different African countries or hook on to existing WWB arrangements with commercial banks after agreements on modalities of operation have been reached.

C. Organization of the fund

31. African Governments have set up various institutions and organizations to address the youth problem. Youth themselves and NGOs have set up their own voluntary organizations, sectoral or activity groups, so that in any one country there will be several groups, albeit uncoordinated, trying to do one thing or the other in the general direction of furthering youth interests. Some governments have set up mechanisms for having voluntary youth organizations interact with government institutions dealing with youth, while in some other countries, the interaction between youth organizations and NGOs is fairly loose. There are cases where government institutions and youth organizations work at cross purposes and the youth feel generally marginalized.

32. However, because of the proliferation of youth organizations within a given country, and in the absence of a central youth organization to which all youth groups, organizations and cooperatives are affiliated, and which can interact with concerned government institutions/ministries on behalf of all youth, the task of governments in this respect becomes fairly intricate. For example, the Kenya Ministry of Culture and Social Services has registered 1900 youth organizations. What happens is that youth ranging on the average from 10 to 50 in number, but with common programmes and outlook, form associations to undertake, as a group, an income-yielding activity which may range from entertainment to a plant nursery. They are scattered all over the country with little coordination or exchange of ideas on opportunities that might exist for self-employment to supplement government efforts in this regard.
33. There is need to create awareness among youth of the different opportunities that may exist to empower them and the best arena for the exchange of views in this respect is a forum of youth organizations themselves. In this regard, there would be need in each country to have a structured national youth organization with its provincial, district and division chapters and where necessary, governments should help to make this possible. For some countries, this has been achieved with varying degrees of effectiveness.

34. In order to encourage this development, the initiatives should come from within. The proposed youth fund, however, would render moral support and inducement when benefits that may accrue to youth organizations from the fund are known. Having a structured national youth organization would make the work of government and indeed that of the fund easier if viable communication systems within the structure are organized.

35. It is therefore proposed that, for the purpose of the youth fund, and only where they do not exist, a central national youth organization (CNYO), which may take the form of an NGO if necessary, be set up not only to act as a forum for the generation of ideas and a contact point for donors wishing to assist a specific youth activity, but also help in the dissemination of information among the youths. Where properly constituted, the central national youth organization or equivalent institution already in place and serving the same purpose would constitute the fund’s arm in the country.

36. In each country, the fund will consult with the government or the CNYO or equivalent institutions (not a government ministry) that will act as the fund’s arm in that country for furthering the objectives of the fund. The CNYO or equivalent liaison institution would be legally constituted and duly registered in order to afford it legal personality for handling the affairs of the fund, among other things. The CNYO or its equivalent will operate independently of government except to the extent that it will be a consultative organ sharing the same interests and objectives as government and that it would require and avail itself of government assistance.

37. As the fund’s national arm, the necessary protocol and operational mechanisms and guidelines governing the relationship between the CNYO and the fund will be worked out and established in consultation with the government and also the relationship between the CNYO and the affiliated local youth associations. Government will help in expediting any legal necessities that may be deemed appropriate.

38. The CNYO will interact on behalf of the youth organizations with government, NGOs, CNYOs of other countries, provincial institutions, local banking institutions, private enterprises, individual philanthropists, etc. In the absence of a CNYO or equivalent and also where the fund should determine that a given CNYO’s capacity would be inadequate for the purpose, the fund, in consultation with government, may decide to operate through an NGO whose national coverage, competence and interest were deemed appropriate for the purpose of the fund.

39. At the national level, the CNYO or equivalent will centralize the management of the fund’s interests as shall have been established by the protocols, by-laws and operational guidelines and shall be deemed to have legal and moral personality to represent the fund.

40. ECA is currently undertaking a study on a women’s fund and gender banking with the aim of facilitating credit availability to women from the commercial banking system through guarantee mechanisms that would obviate the need for collateral. To the extent that the youth fund will seek to exploit the same guarantee mechanisms, duplication of effort would be avoided if attempts were made to have the two funds operate on similar lines. To this end, harmonization in operational approach or finally combining the youth fund window for credit guarantee with that of the women’s fund should be envisaged, if feasible.

41. This proposal would require additional field and desk work to detail all the operations and guidelines necessary for the resources to transit from the youth fund to the local CNYO intermediary, the commercial
bank, the local intermediary and finally to the youth project. Varied transit mechanisms will have to be envisaged for different country circumstances in order to save on administrative costs.

42. The idea will be to use existing institutions and organizations and avoid the creation of new ones. Basically, for a given country, the most appropriate commercial bank would be selected on the basis of country coverage, quality of service, viability or other pertinent criteria and a youth fund guarantee account opened by the CNYO. Depending on what may be determined as a reasonable initial amount, funds would be deposited in the account as fixed investment. The bank would lend its own funds on normal terms against this guarantee to eligible projects that it had determined to be viable up to an amount or percentage agreed upon earlier. Replenishment of the account would be according to prior agreements.

43. The fund would not guarantee the total amount of the lending to youth projects. The commercial bank would be expected to take some of the risk although there might be some reticence because youth may be considered as high risk. To the extent however that the bank would approve the loan only after determining that the project was viable and that it would have good loan repayment chances, the bank should also assume an element of risk. This aspect would have to be negotiated with the banks before the fund establishes a definite policy.

44. Once deposited in the local guarantee account of the fund, the funds shall not be drawn for utilization for any other purpose. Interest payments shall be ploughed back to the account so that the amount in the account can only increase but never diminish. When the guarantee account’s commitment capacity will have reached 80 per cent of the funds available, the commercial bank shall advise the fund accordingly so that arrangements for additional replenishment are undertaken on time.

45. For a guarantee fund to be initially meaningful however, there should be a reasonable starting amount which will depend on the specificities of each member country. Some will need a lot while others may require very moderate amounts. Banking systems in some member countries have established systems that already serve the same purpose for youth. It is not therefore all the African countries that would be expected to engage in this arrangement at the initial stage. Assuming, however, that all countries would participate and that the initial support from the fund to the guarantee account ranged between US$100,000 and US$1 million or an average of US$500,000, the financial requirements for this window alone would be in the region of US$25 million.

D. Eligibility for fund guarantee

46. Because youth has little experience and little or no resources, their projects would normally be expected to be small, simple and easily manageable. They would cut across all sectors including services in the informal sector at the grass-roots level. A project may, for instance, be the village carpenter, garagist or village transporter; raising chicken/pigs; food crop or horticultural production; small village shop; dressmaking, etc., or more sophisticated but simple to implement project entities. It will be for the commercial bank to determine the viability of the project idea, given the managerial capacity of the applicant. The overriding criteria will relate to the project’s capacity to repay the loan. Individual loan amounts limits would be determined at the country level.

47. It has been observed that community groups or cooperatives are in general better payers than individual small borrowers and since the main objective of facilitating credit is to reduce youth unemployment, youth would be encouraged to form themselves into groups of minimum three and conceive the project together. This is also essential for mutual control of each other. Several NGOs are engaged in training and assisting in raising funds for the implementation of grass-roots level projects in practically all African countries. They will be very instrumental in the implementation of the scheme and will be so encouraged.
48. Eligibility for loans under the guarantee fund would therefore be limited to youth cooperatives, youth organizations, youth groups and NGOs.

E. The social window

49. This will be for financing all the non-profit making activities of the fund including social communal projects that may be proposed by youth organizations or NGOs that may be deemed appropriate for fund financing, training, non profit-making cultural activities that are relevant to development and to the objectives of the fund. Guidelines for project eligibility and criteria for approval will be established for users bearing in mind the fund’s preoccupation with employment, least-cost approach considerations and also the social desirability of the project by the community.

50. The fund will also support youth to organize themselves where this is deemed to have a long-term positive impact on development and communal welfare.

51. The financing of communal social projects would be direct and on grant basis. The organization, community or NGO would however be expected to make at least nominal contributions in cash or kind as shall have been established in the operational guidelines.

52. As opposed to funds for the local credit guarantee account, funds for social projects and other youth activities would only be released from the main fund account upon the approval of the project by the fund. Modalities to facilitate timely transfer of resources to the end user will be embodied in the guidelines.

53. To the extent that other donors, local or foreign, may want to participate in the financing of a social project or youth activity through the mechanism of the fund, the CNYO would also open a separate social window bank account with the selected commercial bank for disbursement related to social projects.

F. Mobilization of resources

54. For the social window, an initial amount of US$10 million could be considered. Together with the credit guarantee window, the initial amount of the fund would be US$35 million. For the credit guarantee window, the initial amount of US$25 million would be too small when compared to requirements although it is quite substantial if African countries had to contribute the lot. There would also be reticence unless it was clear to governments that they would benefit much more from the fund facility than they invest in it. As the fund will require both local and foreign resources, it should however be possible to contribute to the youth fund in local currency while external resources constituting the largest part of the fund are mobilized from external sources principally from institutions, multilateral and bilateral donors, the United Nations system, local and foreign NGO's enterprises and individual philanthropists. Special youth fund activities involving sports, cultural and musical events will be organized regularly to generate resources for the fund. An All-Africa Youth Week will be observed every year, during which special fund-raising drives will be mounted in every African country to supplement the resources of the fund. ECA, OAU and ADB will undertake the exercise of external resource mobilization for the fund.

55. Governments’ contribution to the fund may be in local currency and will not be limited to any specific amount. Depending on the government’s interest to promote youth employment activity and its own financial capacity, it can make contributions to the guarantee account of the fund from time to time as the need arises and in consultation with the fund. However, for the operations of the fund to take off, each participating government will be under an obligation to deposit an initial minimum amount according to a formula to be determined by the Conference of Ministers but in any event not less than the equivalent of US$100,000 into the local youth fund guarantee account prior to the first disbursement of the fund.
56. Resource mobilization would be a continuous exercise and not a one-time assignment. If properly designed, the local guarantee account mechanism can attract funding as a credit component of development projects financed by multilateral and bilateral donors and institutions interested in contributing to development at the grass-roots level. If a special component of the fund were reserved for young women, then the chances of raising substantial additional funds would be largely enhanced especially if conceived, to be perceived by donors, in the context of poverty alleviation and women in development. The advantages are many:

(a) Poverty alleviation and women in development are common themes to which the international community is committed. If well-conceived, a fund addressing gender concerns and youth interests for poverty alleviation at the grass-roots level would receive support from a wide range of actors in development and therefore help the fund to be sustainable;

(b) The fund would not be limited to a specific amount, except the initial amount deemed necessary to start meaningful operations, but rather, it would be a mechanism for continuous mobilization of resources both internal and external for the financing of clearly defined operations and activities and hence act as a vehicle for channelling the resources of donors interested in supporting those types of operational activities that target women; and

(c) Using the fund’s component for women youths as justification, the Fund would have the advantage of being eligible to draw from existing funds created for women. In essence therefore, and subject to modalities to be worked out and agreed upon, some existing funds, or some of their aspects, could be pooled under the umbrella of the women youth component of the fund.

G. Structure of the fund

57. The fund will consist of the following bodies:

(a) Executive board; and

(b) Office of the management of the fund.

(a) The executive board

58. The executive board of seven will meet at least once a year to review the operations of the fund and to advise on funding programmes and priorities. It will consist of four experts representing ECA, OAU, ADB and Women World Banking and three members representing the three highest contributors to the Fund. The representative of ECA shall be the chairman of the board. The executive board shall establish its own rules of procedure.

(b) Office of the management of the fund

59. The fund will be managed by the African Development Bank, from its headquarters in Abidjan.

IV. ACTION REQUIRED

60. The Conference of Ministers is requested to consider the proposals contained in this document and to provide the necessary directive and mandate to enable ECA to proceed with the requisite follow-up actions.