

Abstract.

This research has been done to determine the effects of the graduate loan scheme by describing the performance of the beneficiary firms in Nairobi. Of importance to the study was to establish who benefited from the scheme, what enterprises were started or funded and finally to examine how these enterprises have performed considering that they are owned by young educated entrepreneurs, a target group that has received little prior direct assistance for enterprise creation.

A descriptive study was designed in which the beneficiaries responded to a questionnaire. Also used in the study was some basic data on the beneficiaries and the scheme background obtained from the disbursing branches.

The findings of the study show that 32 firms had benefited from the loan scheme in Nairobi. Of these, 18 were confirmed to be operational at the time of the study, while the others were either dormant or to have unknown locations. Of the 18 operational firms, sixteen firms responded to the research instrument.

The study showed that the loan scheme has been of value in the start of these ventures and that graduates can start and run viable enterprises. There is need for the scheme

to continue and further assistance given towards preparing educated youth for careers in enterprise. Lending institutions such as the K.C.B. need to continue developing further their special loan scheme administration practices, by close monitoring and evaluation of the current loan schemes.